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Internet Usage and the Workplace: It's Now an HR Issue

Abstract and Overview

In 1995, the Internet first gained a serious foothold in corporate America, spurring a profound transformation. Workers could now send written communications in seconds rather than minutes; look up information in minutes rather than hours; and perform complex business-to-business transactions in hours rather than days. In short, the Internet streamlined time-consuming business tasks and cut down needless bureaucracies. Yet, while the Net introduced e-mail, e-commerce and research tools, it also fostered e-zines, E*Trade and e-porn. And recently it has opened even more avenues in entertainment, gambling and shopping, becoming a central source of leisure and enjoyment for employees. Because of this, the Internet is beginning to create negative productivity and "hostile workplace" problems.

As such, corporate Internet access has shifted from an information technology issue – networks and firewalls – to a human resources issue. As this shift continues, human resource professionals will be relied upon to take a greater role in managing employee Internet usage. HR departments will be challenged to make the Internet a benefit for both the corporation and the employee. This white paper will analyze the impact of the Internet on the corporate workplace, as well as discuss technology solutions for HR professionals who want to maintain productivity and civility in their workplaces while preserving employee access to the Internet.

History of the Internet in Corporate America
While e-mail was the first Internet application to take hold of corporate America, the World Wide Web clearly had the biggest impact. Little did scientists Tim Berners-Lee and Robert Cailliau know how dramatically their modest research paper – "WorldWideWeb: Proposal for a HyperText Project" (November, 1990) – would boldly transform the business world. Berners-Lee and Cailliau envisioned a simple navigational tool linking computer data, text or graphics, together into a web of pages. Hence, the designation "World Wide Web" was born. People around the world would be able to view information on others' computers through a single, basic interface.

The WWW prototype was first demonstrated in December 1990. On May 17, 1991, the WWW was tested on computers at the European Laboratory for Particle Physics in Switzerland, CERN (Conseil Europeen pour la Recherche Nucleaire). As soon as browser software became available for more common operating systems such as Microsoft Windows and Apple Macintosh, this new tool was immediately embraced by the businesses and individuals. By 1993, the Web had an annual host growth rate of 341,634 percent. This growth, while not at the same dramatic rate, continues to this day (see chart below).

<u>Internet Domain Survey – January 1999</u>

Date	Host Count
January 1999	43,230,000
July 1998	36,739,000
January 1998	29,670,000
July 1997	19,540,000
January 1997	16,146,000
July 1996	12,881,000
January 1996	9,472,000
July 1995	6,642,000
January 1995	4,852,000
July 1994	3,212,000
January 1994	2,217,000
July 1993	1,776,000
January 1993	1,313,000

(Source: Internet Software Consortium, 1999)

College researchers may have created the Internet, but private industry was the engine that gave it its explosive growth. Businesses started to link satellite offices the way remote universities first networked their computers in the early days of the Web. Corporations set up e-mail accounts for employees to communicate with clients, vendors and others. Web pages were created to become "online storefronts." Important business documents were transferred, edited and returned with rapid speed. Suddenly, time and resources opened up. Companies began to streamline and profit in enormous ways.

Distractions and the Productivity Drain
Today, as the 1990s come to a close, there is no doubt that the Internet has made employees' working lives easier. E-mail has replaced lengthy phone conversations – and with more accuracy. File transfer and attachments allow several offices to edit documents without using an envelope (or fax machine). Business-to-business transactions, from ordering materials to scheduling office supply shipments, can be made without a phone call. And employee training is as easy as calling up a password-protected Web site. All these time-savers have helped employees increase their output and become more productive during the last few years.

However, as the Internet has streamlined work processes, it has also given workers access to new and more interesting avenues at their desktops. In fact, with entertainment, gaming, sports, shopping and other activities available at the touch of a button, the Internet is a temptation many workers have a hard time resisting. Couple this with the limitations of Internet access at home – slow, 56k dialups or expensive cable-modem services – and it becomes obvious why workers use their company's connections for the majority of their Web leisure.

Unfortunately, all indications point to the problem getting worse, as streaming video, shopping and music download technologies get much better, enticing more employees toward non-work activities. The trends are disturbing:

- 30 to 40 percent of employee Internet activity is non business-related and costs companies millions of dollars in lost productivity, according to IDC Research.

- Between 19 million and 26 million Americans have access to the Net at work, according to a leading Internet access management company. On average, each spends approximately 6 hours per week online.

- Charles Schwab reveals that 72 percent of its customers plan to buy or sell mutual funds over the next six months, and 92 percent of these plan to do so online during work hours.

- The cost to businesses in lost employee productivity from the Internet broadcasts of the Starr report and the Clinton grand-jury video was in excess of $450 million, according to a study reported by ZDNet.

- Worldwide, e-commerce will generate $95 billion in revenue by the end of this year, according to the latest figures from Activmedia.

- More than two-thirds of active Internet users in the United States seek out entertainment content online, according to a report by Cyberdialogue.

- Internet use is displacing social and leisure activities such as watching TV, reading and sleeping, according to over two-thirds of respondents in a trends survey by Strategis Group.

- Online music sales will generate $2.6 billion in revenue by 2003, representing 14 percent of the U.S. music market, according to Jupiter Communications.

Legal Ramifications
The Internet is clearly succeeding at capturing employee eyeballs that should be focused on work-related activities. But, in some cases, it is also creating an entirely different and potentially more serious corporate problem – hostile work environments. Whereas lewd jokes, questionable bulletin board items or inappropriate comments used to put companies in hot water, employees today are accessing Web sites that promote hate groups, pornography and illegal activities. Viewed by an offended co-worker, any of these cyber-activities could bring lawsuits upon a company.

Pornography, in particular, is a growing concern. Several national surveys and statistics point to the prevalence of e-porn in the workplace:

- According to SexTracker, porn sites receive more than 27 million hits per day, with top sites receiving a staggering 2.8 million hits per day.

- 70 percent of all Internet porn traffic occurs during the 9-to-5 workday, according to SexTracker. This means that one in five workers access cybersex at work.

- According to a survey of 110 companies (from 50 to 15,000 employees) by Elron Software, explicit Web sites were being accessed at 62 percent of companies.

- Pornography on the Internet generated $1 billion in revenues in 1998 and represents 10 percent of total e-commerce business, according to *The Industry Standard.*

- The profitability of the most successful Internet porn sites is 30 percent, while Amazon.com has not yet turned a profit.

No major Internet lawsuits have been filed to date by employees against their employers. However, there is evidence that that risk is increasing. In recent focus-group research of *Fortune 500* companies by New York-based Strategic Surveys Intl., more than 60 percent of the respondents had disciplined or fired employees based on an Internet access issue. A survey by *PC World* magazine last fall found that one in five companies had disciplined employees for improper Net activities. At Bank of America, which grants Net access to between 30,000 and 40,000 employees, repeat porn offenders are terminated, no questions asked. Understandably, upper management now believes there are only two options – fire offenders or risk lawsuits.

How Human Resources Can Help
Human resource professionals can provide options for frustrated upper-management personnel. HR, more than any other department, is uniquely positioned to offer solutions that not only allow employees to access the Internet, but also prevent productivity problems or potential hostile-workplace situations. The problem has moved beyond the information technology department. It is no longer about corporate computer network configurations. It is about corporate policy.

One key solution currently adopted by several *Fortune 500* companies is creating an "acceptable use policy" for Internet usage. Included as part of an employee manual or signed during employee training, these types of policies outline in very clear terms what kind of Internet usage is permitted, what kind is not, and the consequences for violating the rules. These policies often include:

- **a disclaimer** that warns against the dangers of the Internet and preventing the company from being liable for any material viewed or downloaded;

- **a summary of network use limitations** that outlines appropriate and inappropriate uses of the computer network resources (i.e., no personal commercial uses, no illegal copying, communication of trade secrets, etc.);

- **an agreement not to waste or damage computer resources** that includes details on accessing the Internet through firewalls (to avoid viruses and hackers), avoiding frivolous use (i.e., downloading large personal files, sending mass mailings, engaging in chat rooms, etc.) and notifying the administrator if one suspects a virus; and

- **a 'no expectation of privacy' statement** that waives privacy rights over any materials sent or created using the company's computer network, allows the company to monitor and/or log Internet usage, and permits the company to block sites with inappropriate content.

Another solution for managing corporate Internet access – and the only foolproof way of enforcing "acceptable use" policies – is Web filtering software. Installed on a company's server, this type of software is able to filter inappropriate Web sites while still allowing useful ones to be accessed. Many of these programs have detailed categorization, allowing managers to block everything from pornography to stock-trading sites. And upcoming versions of filtering software will offer managers the ability to block certain sites in certain users or groups, such as preventing the jobs board from Ernst and Young from being accessed by your company's own accounting department.

Are you unsure what your employees are accessing? A reporting tool – integrated in some filtering software packages – can tell you exactly how much company Web usage is being wasted in a variety of categories (pornography, entertainment, sports, etc.). Armed with data from weeks of logging and tracking, it then becomes very easy to advise upper management on what kinds of sites need to be filtered.

Summary and More Information
The Internet has indeed had a profound effect on corporate America, changing the way many businesses communicate and streamlining many office processes. Yet, while the Internet has certainly made working life easier, it has also created distractions and encouraged potential legal problems. And despite recent rises in corporate output and profits, all indications point to the Internet becoming a much greater entertainment and personal tool than ever before.

As a result, what used to be strictly a technology issue – reserved for the IT department – has become a corporate policy issue. Human resource professionals, more than any other group, have the background and knowledge to tackle the issue of corporate Internet usage in upcoming years. Thankfully, with access policies and filtering software, HR personnel also have some of the solutions that can help find the appropriate balance between work time and personal time on the Internet.

- For more information on the history of the Internet, log onto: http://www.columbia.edu/~rh120/ or http://www.isoc.org/internet-history/

- For more examples of sample Internet "acceptable use policies," log onto: http://www.websense.com/products/iap.htm.

- For more information on filtering software, log onto: www.zdnet.com, www.cnet.com, or www.websense.com.