THE DEMAND SIDE OF REMOTE WORK

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WHAT’S THE PROBLEM WE ARE TRYING TO SOLVE?

RETURN TO THE OFFICE =

The Google Example:

- Decades of encouraging employees to live near their office AND to spend as much time there as possible.
- Now – 20% can work remotely from anywhere
- Another 20% can move to any Google office
- Other 60% can work from home during the week, work from anywhere up to one month

What happened??

And why are they also buying so much real estate in NYC?

*Tech commercial leasing space up 76% in 2021 - today's NYTimes*
WHAT DOES REMOTE WORK AND BACK TO WORK LOOK LIKE
May 12th, % change compared with February 2020

UK
US
Canada
Ireland
Sweden
Austria
Norway
Denmark
Spain
France
Australia
Belgium
Germany
Italy
Portugal
Slovakia
Czech Rep
Greece
OCCUPANCY OVER TIME - MARCH 4, 2020 TO OCTOBER 12, 2022

*On March 22, 2021, Kastle moved from daily to weekly data reporting to provide a more robust and comprehensive picture of office occupancy. We have also recalculated data back to the start of the time series for consistency. This has only a marginal impact on most cities and the national average.

To learn more about KastleSafeSpaces visit: [www.kastle.com/kastlesafespaces/](http://www.kastle.com/kastlesafespaces/)
KASTLE BACK TO WORK BAROMETER
Weekly Occupancy Report from Kastle Access Control System Data

BAROMETER THIS WEEK

49.0%
10 CITY AVERAGE OCCUPANCY

<table>
<thead>
<tr>
<th>City</th>
<th>Wed 10/5</th>
<th>Wed 10/12</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York metro</td>
<td>43.8%</td>
<td>47.8%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Philadelphia metro</td>
<td>39.5%</td>
<td>41.5%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Washington D.C. metro</td>
<td>44.0%</td>
<td>45.9%</td>
<td>1.9%</td>
</tr>
<tr>
<td>San Francisco metro</td>
<td>40.1%</td>
<td>42.0%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Average of 10</td>
<td>47.4%</td>
<td>49.0%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Los Angeles metro</td>
<td>45.0%</td>
<td>46.6%</td>
<td>1.6%</td>
</tr>
<tr>
<td>San Jose metro</td>
<td>41.6%</td>
<td>43.2%</td>
<td>1.6%</td>
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<tr>
<td>Austin metro</td>
<td>63.1%</td>
<td>64.3%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Chicago metro</td>
<td>45.2%</td>
<td>46.2%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Dallas metro</td>
<td>53.7%</td>
<td>54.3%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Houston metro</td>
<td>58.1%</td>
<td>58.6%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

Kastle customers are in more than 2,600 buildings in 138 cities. The Barometer reflects swipes of Kastle access controls from the top 10.
REMOTE WORK ISSUES STARTED LONG BEFORE COVID….

- Remote office work in contemporary context – starts with SMOG and telecommuting 1970s
- Cutting office space isn’t new – office size fell by 1/3rd from 1970s to mid-2010s *
- IBM moved 40% of its US employees to permanent remote by 2009 **
- Dot.com office space squeeze – begat “Hoteling” and hybrid work in 2001, faded by 2007***


THE PANDEMIC EXPERIENCE
VS TELECOMMUNING

• What we know about the experience of remote work before the pandemic:
  • For individual employees – life satisfaction may be higher, but work-related and career outcomes are worse on every dimension examined.*
  • For teams, remote workers cause problems of communication**
  • More work for supervisors**

• Remote work in the pandemic:
  • Grateful to save your job
  • Keeping the business and society going
  • We were all in this together – the entire office

• Remote work post-pandemic – different, much more like the dot.com period
  • Jobs aren’t at risk – have been plentiful
  • Individuals choose to be remote
  • Bosses more likely to be in the office

IS “PERMANENT REMOTE” GOOD FOR EMPLOYERS?

- Cut office space and office expenses – big cost savings
  - Works fine for individual contributors – e.g., patent attorneys
  - What are you going to do for home offices?
  - Liability? OSHA/FLSA?
- For other than individual contributors (most all white collar workers)
  - A lot of things are harder to do – collaboration, innovation, maintaining culture, employee engagement, etc.
  - Demands a lot from supervisors: not everyone wants to be remote
    - Two types of dire
  - Consider “personal assistants” – ability to redirect
HOW ABOUT HYBRID? (EVERYTHING BUT ALL-AT-HOME & ALL-IN THE OFFICE)

• Plus – most employees like it
  • If you are doing it and competitors are not, easier to hire and retain
  • Hard to take away now after having it for a long time
  • Caveat: Like it less if they can’t choose when to be in the office

• Minus – what’s in it for the business?
  • Doesn’t save office space – “hoteling” was not a success: how easy is it to work in two places
  • More remote time = less social interaction
  • All the problems of remote work – scheduling zoom meetings, IT problems
    • Agile project mgmt isn’t going to work well. Hard to get spontaneous interactions

• Could employers get a lot of the benefits with “work from home” sick days and special needs
PERFORMANCE ISSUES -

- Caveat: Few employers can measure or even try to measure white collar job performance
- Will the “Hawthorne Effect” of the pandemic fade now?
- Nature of supervision: a lot is informal, pick up what to do by example
  - Employers could invest in more supervision, more training for remote: Will they?
- Fundamental differences between remote and face-to-face in current evidence
  - Less communication now with remote workers, mainly within “silos”*
  - Neuro-science differences with face-to-face in building relationships**
  - Remote work and isolation***
- Short-term vs long-term
  - Experienced employees moving to remote is unlike new hires starting remote
  - Turnover and training costs _____________________

* “The effects of remote work on collaboration among information workers” 2022. Nature. [https://www.nature.com/articles/s41562-021-01196-4](https://www.nature.com/articles/s41562-021-01196-4)


MORE THINGS FOR EMPLOYERS TO WORRY ABOUT

• What if you find that a majority of work from home employees…
  • Are working mothers?
• What should you say when those who can’t work from home ask, what’s in this for me?
• Or when those working from home say, what do I get in return for the office perks I can’t access
• Or when executives ask, what happens to our culture and values when new hires are remote?
WHAT TO WATCH -

- Investment in “tattle-ware” = don’t trust remote work
- Commercial real estate prices
- Continued statements from CEO’s – Silicon Valley