

A blurred office desk with a laptop, a mug, and papers. The background is out of focus, showing a window with light coming through. The foreground shows a desk with a laptop, a mug, and some papers. The text is overlaid on a dark semi-transparent box.

# THE DEMAND SIDE OF REMOTE WORK

---

PETER CAPPELLI – GEORGE W. TAYLOR PROFESSOR OF MANAGEMENT

DIRECTOR – CENTER FOR HUMAN RESOURCES

THE WHARTON SCHOOL

# 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?*

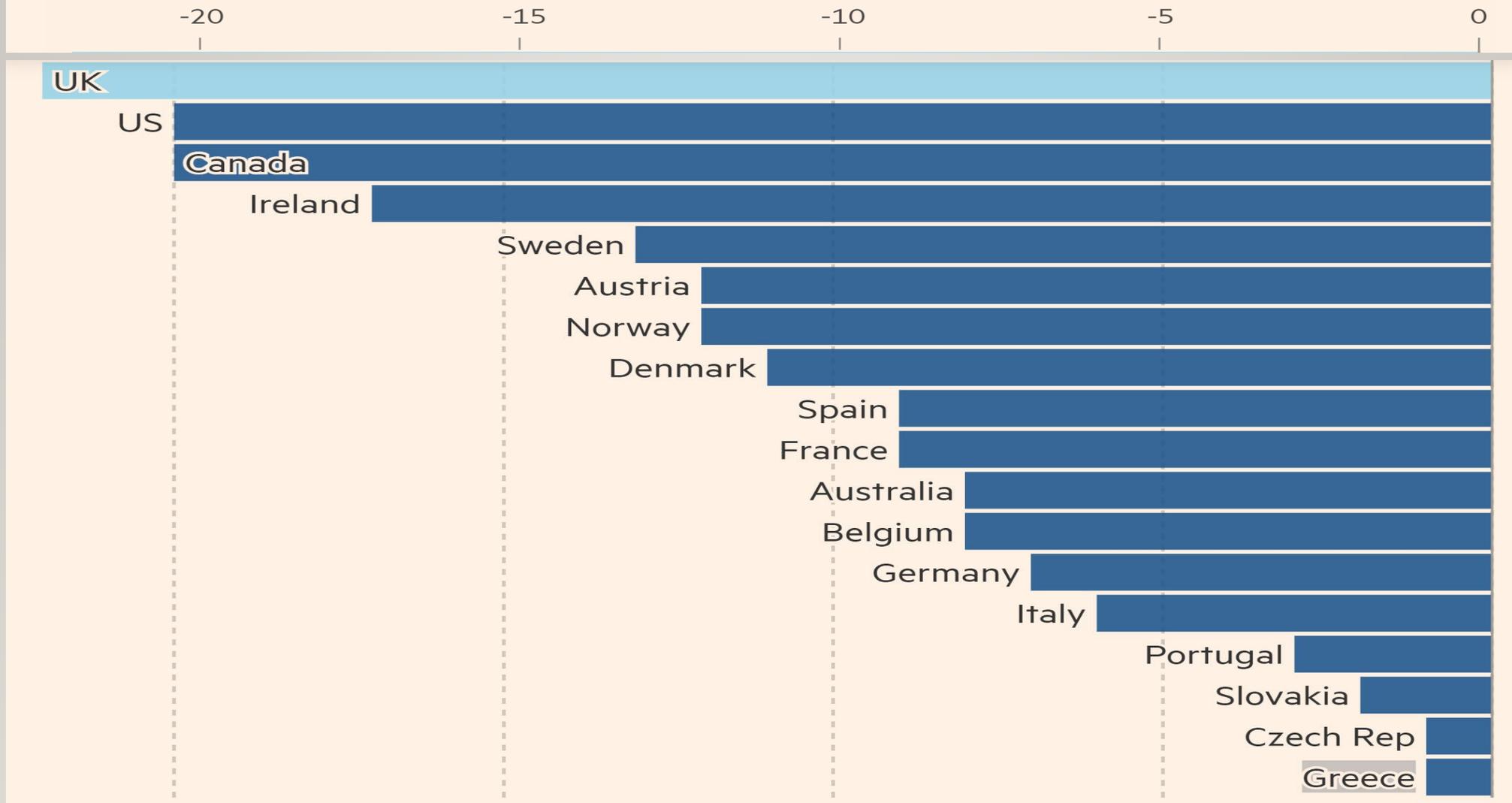
*Tech commercial leasing space up 76% in 2021- today's NYTimes*

A wooden desk with a laptop, glasses, papers, and a mug. The scene is a clean, organized workspace. A pair of black-rimmed glasses is perched on a stack of papers in the center. To the left, a silver laptop is partially visible. In the foreground, a white mug sits on the desk. The background shows more papers and a small vase with greenery, all slightly out of focus.

# WHAT DOES REMOTE WORK AND BACK TO WORK LOOK LIKE

---

May 12th, % change compared with February 2020





# KASTLE BACK TO WORK BAROMETER

10.17.22

Weekly Occupancy Report from Kastle Access Control System Data

## 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.





# KASTLE BACK TO WORK BAROMETER

10.17.22

Weekly Occupancy Report from Kastle Access Control System Data

## BAROMETER THIS WEEK

# 49.0%

10 CITY AVERAGE  
OCCUPANCY



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

# 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 1/3<sup>rd</sup> 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\*\*\*

- 
- \* June Langhoff, “Does Place Still Matter? The Role of the Workplace in a Distributed World,” New Ways of Working Network summary, May 1, 2007, <http://www.westerncontract.com/wp-content/uploads/Does-Place-Still-Matter.pdf>; Nikil Saval, *Cubed: A Secret History of the Workplace* (New York: Doubleday, 2014).
  - \*\* Sarah Kessler, “IBM, Remote Work Pioneer, Is Recalling Thousands to Its Offices,” Quartz, March 21, 2017, <https://qz.com/924167/ibm-remote-work-pioneer-is-calling-thousands-of-employees-back-to-the-office/>.
  - \*\*\* Thomas Wailgum, “What Happened to That Whole Hoteling Thing?” *CIO Magazine*, February 15, 2007.

# THE PANDEMIC EXPERIENCE VS TELECOMMUTING

---

- 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

\* For examples, see C. D. Cooper and N. B. Kurland, "Telecommuting, Professional Isolation, and Employee Development in Public and Private Organizations," *Journal of Organizational Behavior* 23 (2002):511–532.

\*\* Remote teams have more conflicts within the team than do teams in the office because of communication challenges. P. J. Hinds and D. E. Bailey, "Out of Sight, out of Sync: Understanding Conflict in Distributed Teams," *Organization Science* 14, no. 6 (2003): 615–632. T. D. Golden, "Co-workers Who Telework and the Impact on Those in the Office: Understanding the Implications of Virtual Work for Co-worker Satisfaction and Turnover Intentions," *Human Relations* 60 (2007): 1641–1667. R. Bonet and F. Salvador, "When the Boss Is Away: Manager–Worker Separation and Worker Performance in a Multisite Software Maintenance Organization," *Organization Science* 28, no. 2 (2017): 244–261.

# 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>

\*\* E.g., Michael Platt. 2021. The Leader’s Brain. Wharton Business Press.

\*\*\*Ward Van Zoonen and Anu E. Sivunen. 2022. The impact of remote work and mediated communication frequency on isolation and psychological distress [European Journal of Work and Organizational Psychology](#) Volume 31 [Issue 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