

COVID-19's Biggest Legacy

Remote Work and Its Implications for the Postpandemic Labor Market in the US



Executive Summary

Before the pandemic, roughly 8 percent of workers with office jobs worked primarily from home. After a year of positive experience with remote work, that figure could settle at 20 to 50 percent in the postpandemic world. Many companies are likely to shift from no remote work options to a hybrid model, where some workers do not need to be at the office at all, some must come in infrequently, and others work primarily at the office. The main reason for the shift is that the remote work experiment during the pandemic has gone better than expected. The shift to remote work also provides employers with benefits: lower expenses on office space; a larger pool of candidates; and reduced costs by hiring in cheaper labor markets.

However, the willingness to shift to remote work rests on the assumption that the performance of individuals and organizations won't be negatively affected by the shift to remote work. This assumption was supported by the experience of employers during 2020, an unusual year, with both a once-in-a century pandemic and one of the deepest recessions in US history. It may very well be the case that the effectiveness of remote work will continue, even after the pandemic is long gone and the economy fully recovers. But there are several reasons to be cautious about that prediction.

One reason for caution is that it is not easy to isolate the factor that drove higher worker productivity in 2020. High performance could stem from higher rates of productivity of working from home versus working in the office. Or workers could have worked harder or longer hours due to stressors of the 2020 economic crisis: worker productivity increased because they were afraid to lose their jobs, had to take up the slack of laid-off colleagues, or simply pushed themselves due to a heightened sense of urgency to keep the business afloat.

Another reason for caution is that remote work may have unforeseen effects on collaboration and culture over time. The quality of collaboration may remain strong as long as employees maintain the relationships established with colleagues from the time they worked together face-to-face in the office. But over time, this familiarity could weaken as the workforce churns. And lastly, it is too early to assess the long-term impact of remote work on corporate culture.

In sum, we simply do not yet know whether remote work will remain as effective five to ten years from now, when economic conditions are normal and many workers have never regularly worked together in an office environment. There is a risk that after several years of remote work, some companies will conclude that remote work does not work as well as expected and decide to bring workers back to the office.

That would not be easy. We expect that because of the shift to remote work, millions of US workers will relocate within the next decade. Some will move further away from the office, making a daily commute extremely taxing, and some will move completely out of the commuting zone, making a daily, or even weekly, commute impossible. Forcing workers back to the office would have significant consequences for employee retention.

Within the shift to remote work, no one story fits all. There are large variations in remote work rates across occupations, industries, and geographies. Occupations likely to experience a permanent increase in remote work rates include jobs in technology and

IT, finance and insurance, engineering, and administrative support. Black and Hispanic workers are strongly concentrated in blue-collar and manual services jobs and are much less likely to benefit from the shift.

Rates of remote work significantly vary across geographies as well. Interestingly, we find that even after taking other factors into account, workers in states with more restrictive social distancing policies are more likely to work remotely. We also find that remote work rates are higher for workers living in metro areas, especially large ones, and for workers living in metro areas where a larger share of commuters use public transportation.

Work from home (WFH) trends will have a major impact on organizational culture and on how organizations operate. Though the impact may be considerable on individual organizations, the rise of remote work is so large that it could also greatly affect the entire US economy and society. We expect a major improvement in the quality of life for many US workers by reducing commute times and enabling them to live in larger spaces in more attractive areas with lower costs of living.

Insights for What's Ahead

- 1 In the coming years, every business leader will have to make important strategic decisions related to the major shift to remote work. The first decision is to determine if remote work works. To make a more accurate determination, many companies will need to improve their in-house performance analytics, such as work quantity, quality, and feedback from clients and coworkers, to determine optimal remote work rates.
- 2 It is very likely that optimal remote work rates will vary across types of jobs. For example, thus far, workers in tech occupations have unusually high remote work rates.
- 3 A hybrid model is likely to emerge in which some workers do not need to be at the office at all, some come in infrequently, and other work primarily at the office. Business leaders would need to balance between two goals: optimizing the remote work rate and maintaining equity across employees.
- 4 Business leaders should make the shift to optimal remote work rates more gradual and avoid promising that it will be the new normal.
- 5 Companies will have to make contingency plans for a possible reversal if remote work proves less effective than currently expected.
- 6 The work of the talent acquisition function will change more than most functions. This will require companies to reexamine their talent acquisition strategy and decide whether they should hire outside of commuting zones anywhere in the country, hire outside of the US, offer different pay in different locations, and/or mention remote work options in job advertisements.
- 7 For some companies, the shift to remote work will have almost no impact on corporate culture. In other companies, the impact will be significant, especially in highly collaborative companies where the workers are "one large family." Such companies should be more cautious about shifting to remote work, be more proactive in mitigating the disruption to culture, or consider whether the culture in place is right for remote work or needs to change before remote work can succeed.

The Future of Remote Work

How many will work from home?

Before the pandemic, roughly eight percent of workers with office jobs worked primarily from home. That figure could settle at 20 to 50 percent in the postpandemic world. After a year of experience with employees working primarily from home, a growing share of organizations expect remote work to become the new normal for many of their employees. This is likely because many employers:

- 1 Perceive that remote work does not seem to hurt productivity;
- 2 Recognize that reversing remote work policies after a year or more would be difficult;
- 3 Can increase their potential talent pool beyond their current metro area to the whole country, if not the world;
- 4 Can reduce office space and its cost; and
- 5 Can lower labor costs by hiring in less expensive labor markets.

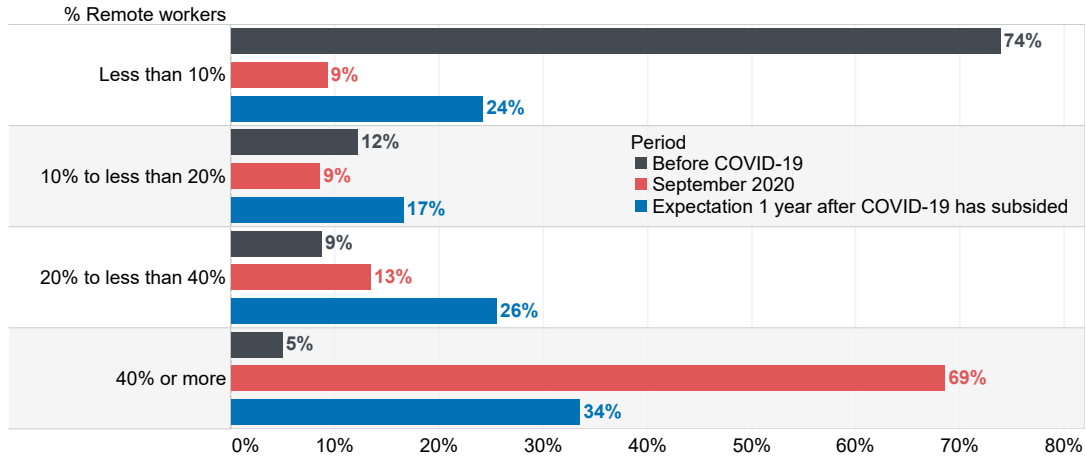
Current trends in remote work and projections by employers and workers may indicate more permanent future trends. Employees working remotely during the pandemic may also be more likely to work remotely afterward as a result of habit formation. Many companies are likely to shift to a hybrid model in which some employees work primarily at the office, some primarily remotely, and others divide time between office and home. According to a September 2020 survey of 330 HR leaders by The Conference Board,¹ before the pandemic, only about a quarter of organizations reported that more than 10 percent of their workforce worked primarily remotely (at least three days a week). By September 2020, over two-thirds of companies reported that 40 percent or more of their workforce worked primarily from home, a reflection of how much WFH increased during the pandemic. Just over one-third of respondents expect that 40 percent or more of their workers will continue to work from home three or more days per week a year after the pandemic subsides (Chart 1). The portion of respondents in organizations that employ mostly professional and office workers (not shown in chart) with this same expectation is even higher, at 50 percent.

1 Frank Steemers, Robin Erickson, Amanda Popiela, and Gad Levanon, *Adapting to the Reimagined Workplace: Human Capital Responses to the COVID-19 Pandemic*, The Conference Board, October 2020. Survey fielded September 14-25, 2020.

Chart 1

One-third of survey respondents expect that 40 percent or more of their employees will work primarily from home a year after the pandemic has subsided.

What percent of your US full-time employees are working primarily virtually/remotely (at least three days a week)?



n=313

Source: The Conference Board; [Adapting to the Reimagined Workplace: Human Capital Responses to the COVID-19 Pandemic](#) (survey fielded September 14-25, 2020)

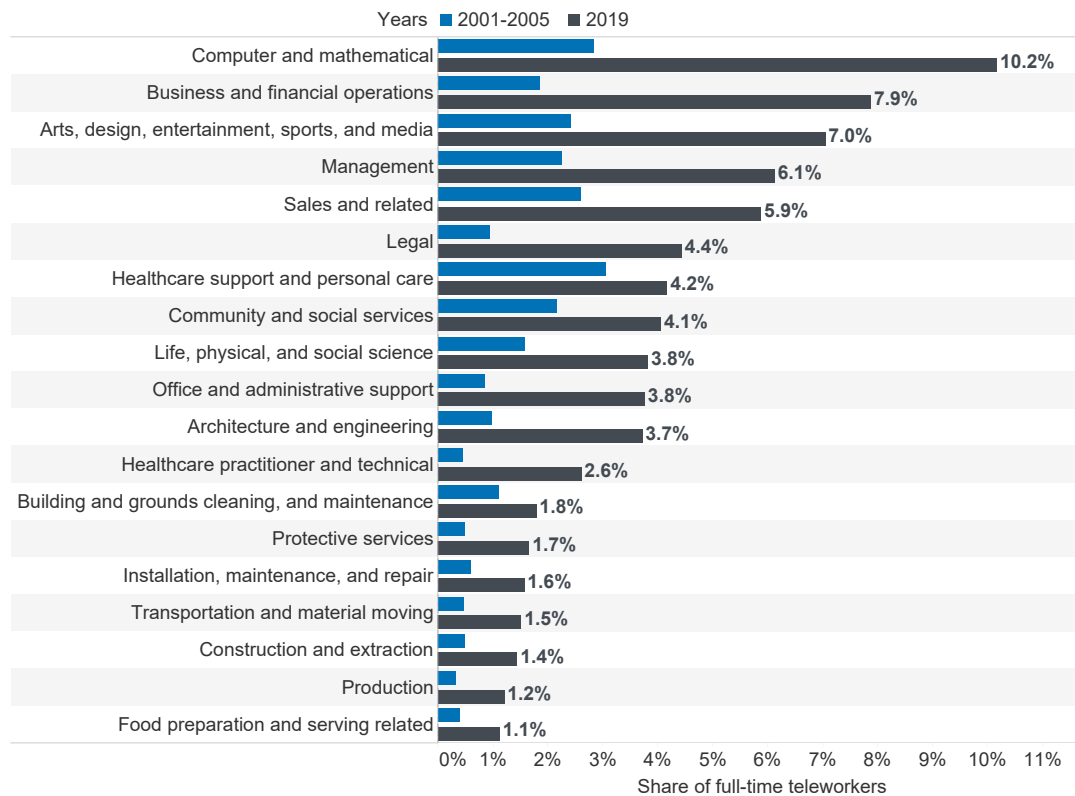
Working from Home by Occupation and Industry

While the incidence of telework is likely to be significantly higher after the pandemic, no one story fits all organizations. There will be large variation in remote work rates across occupations and industries. All indications suggest that tech-related jobs will have one of the highest teleworking rates, followed by business and financial occupations. This was already true before the pandemic, although to a lesser degree (Chart 2).

Chart 2

Before the pandemic, the share of full-time remote workers was already on the rise, especially in computer, business, and financial occupations

The share of full-time workers who work primarily from home, by occupation, 2001-2005 average and 2019



Note: Full-time remote workers are defined as those who are employees, excluding part-time workers, self-employed, and people in military occupations, who responded to a question from the American Community Survey that they work primarily from home.

Source: The Conference Board using microdata from IPUMS-ACS, University of Minnesota

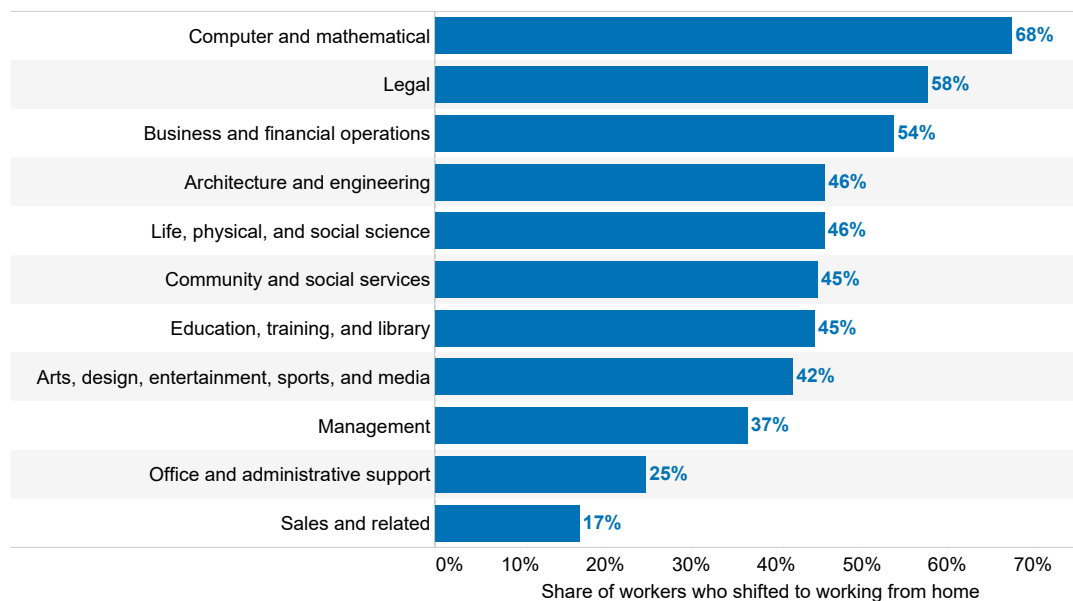
Data from the Current Population Survey from the US Census Bureau and US Bureau of Labor Statistics on which types of workers shifted to WFH because of the pandemic may indicate the occupations for which remote work is “here to stay.” Chart 3 shows that in

January 2021, the share of employees engaged in WFH was still high in occupations in computers (68 percent), legal (58 percent), and business and financial operations (54 percent). Jobs in these occupations may be least prone to return to the office after the pandemic. Positions in law and in architecture & engineering, which did not have high numbers of remote workers before the pandemic (4.4 percent and 3.7 percent in 2019, see Chart 2), are likely to experience larger increases in telework rates.

Prior to the pandemic, employers were reluctant to allow office and administrative support workers, mostly hourly workers without a bachelors' degree, to primarily work from home (3.8 percent in 2019, see Chart 2). The difficulty in monitoring the work and overtime hours of in-office support may have been a barrier to telework in this occupation, a privilege often reserved for high-skilled, salaried workers. The pandemic seems to have disrupted this trend as well, although office and administrative WFH rates continue to be smaller compared to professional occupations.

Chart 3
**Computer, legal, and business & finance occupations
have the highest WFH rates**

The share of workers who shifted to remote working at any time in the last four weeks because of the pandemic in January 2021



Note: Remote work is defined as those shifting to working remotely because of the pandemic. We use the supplemental COVID-19 question that was added to the Current Population Survey in May 2020 : "At any time in the last four weeks, did you telework or work at home for pay because of the coronavirus pandemic?"

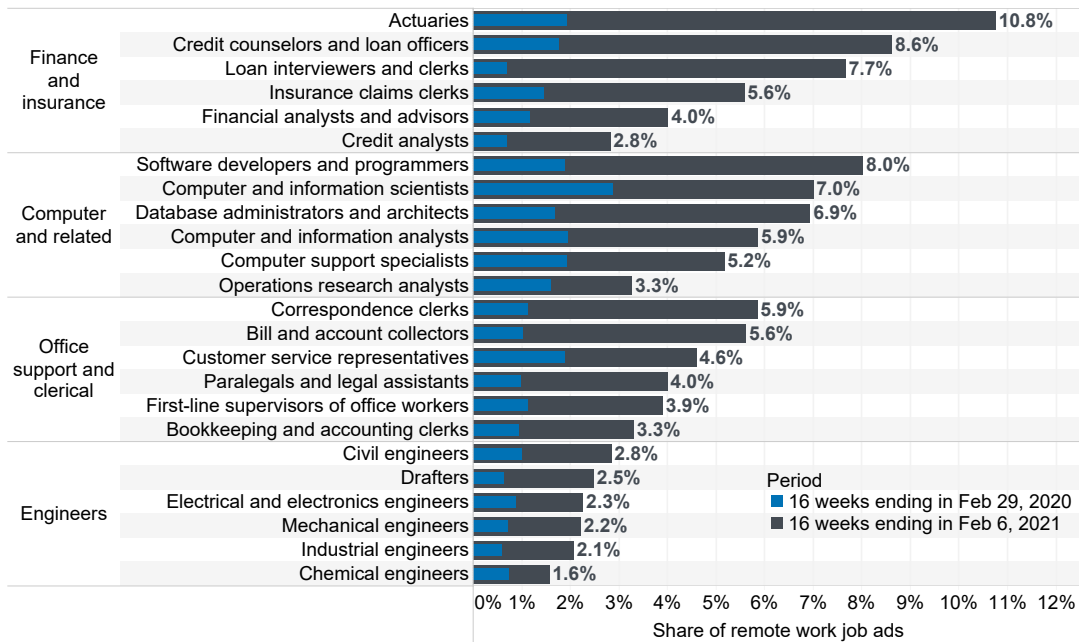
Source: The Conference Board using data from the US Bureau of Labor Statistics

The shift to remote work is also reflected in how companies advertise job openings. A larger share of online job advertisements now mention the option to telework, especially in professional occupations, underscoring this shift. Chart 4 shows that between the end of February 2020 and February 2021, a group of occupations experienced a two- to five-fold increase in remote-friendly job ads. Especially for finance, insurance, and computer-related occupations, employers are recruiting workers with the option to work remotely. The same is true in office, clerical, and engineering occupations. Before the pandemic, these jobs were rarely advertised with remote work as an option.

Chart 4

The share of job ads mentioning remote work has increased since the start of the pandemic

The share of job ads that mention remote work by occupation, 16-week period ending February 29, 2020 versus period ending February 6, 2021



Source: The Conference Board®-Burning Glass® Help Wanted OnLine™ (HWOL) data series

In recent months, there is significant variation across industries in WFH rates for similar occupations. For example, office workers in the internet, insurance, utilities, public administration, and finance industries were much more likely to work remotely than office workers in, for example, the food services, retail, personal services, and transportation industries where most workers cannot work from home.²

² These results are based on a regression model estimating the probability of engaging in work from home, taking into account demographic factors, education, location, occupations, and industries.

Table 1

In some industries, working from home is more common

Industries with

High remote work rates	Low remote work rates
Chemical manufacturing	Accommodation
Computer and electronic product manufacturing	Construction
Finance	Food manufacturing
Insurance	Food services and drinking places
Internet publishing and broadcasting	Health care services, except hospitals
Internet service providers and data processing services	Hospitals
Professional and technical services	Personal and laundry services
Public administration	Repair and maintenance
Telecommunications	Retail trade
Transportation equipment manufacturing	Transportation and warehousing
Utilities	Wood products

Note: These results are based on a regression model estimating the probability of engaging in WFH, taking into account demographic factors, education, location, occupations, and industries.

Source: The Conference Board analysis on microdata from the Current Population Survey

Differences across groups—by race, gender, and age

The ability to work from home varies across demographic groups, according to their concentration in certain occupations. Demographic groups concentrated in industry and manual services occupations, where remote work is uncommon, are less likely to work from home.

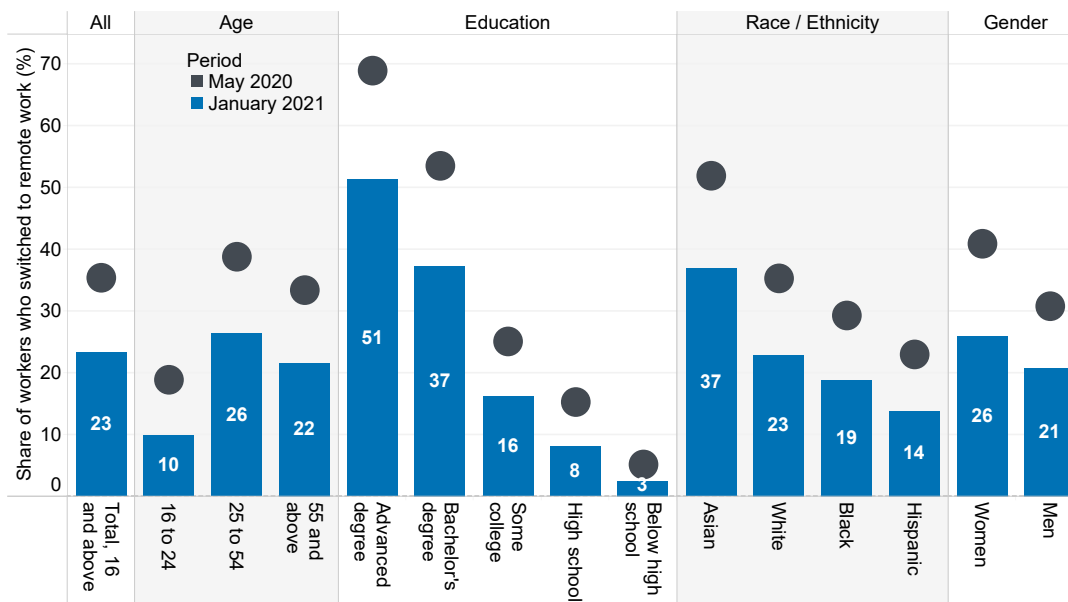
Chart 5 shows that in January 2021, only a small share of workers with a high school degree (8 percent) were able to shift to working from home because of the pandemic; only 3 percent of those without a high school degree were able to do so. In contrast, workers with a bachelor's (37 percent) or advanced degree (51 percent) have worked remotely in much larger numbers, far above the national average in January 2021 (23 percent). Early in the pandemic, (May 2020), the telework rate for those with a bachelor's degree and above was even higher, showing that working remotely is an option for the large majority of workers in this high-skilled group.

There are also differences among racial and ethnic groups. As of January 2021, over a third of Asian workers (who make up a disproportionate share of computer-related occupations) are working remotely. Hispanic and black workers have seen much lower shares of remote work (14 percent and 19 percent, respectively).

Chart 5

Employees with certain characteristics—an advanced degree, aged 25 to 54, Asian, or female—shifted to remote work in larger numbers

The share of workers who shifted to remote working at any time in the last four weeks because of the pandemic, May 2020 and January 2021



Note: Remote work is defined as those shifting to working remotely because of the pandemic. We use the supplemental COVID-19 question that has been added since May 2020 to the Current Population Survey: "At any time in the last four weeks, did you telework or work at home for pay because of the coronavirus pandemic?"

Source: The Conference Board using data from the US Bureau of Labor Statistics

Workers aged 55 and above have been less likely to work from home than those in their "prime," aged 25 to 54. (Chart 5). WFH rates are still higher for prime-age workers, even after taking into account differences in demographics and other factors.³ This is surprising. Before the pandemic, the reverse was true—older workers were *more* likely to work from home. Since the virus poses a higher health risk for older adults, we expected higher rates of WFH for this group. Older workers, who are more vulnerable to increased health risks of loneliness and isolation during the pandemic, may choose to return to the office at higher rates to preserve the social interactions of the workplace.

Lastly, Chart 5 shows that during the pandemic a larger share of women worked from home (26 percent) compared to men (21 percent). Women with children aged 6 to 13 years were the likeliest to work from home, but childcare is not the only reason why. Our more detailed analysis of remote work rates (not shown) demonstrates that women are working from home at higher rates than men even after taking into account differences in race/ethnicity, age, education, occupation, and industry. But this analysis does not capture women who have dropped out of the labor force due to pandemic-related factors.

³ These results are based on our regression model estimating the probability of engaging in work from home, taking into account demographic factors, education, location, occupations, and industries.

In normal times, women already take on a greater share of childcare and home responsibilities than men. This fact may incentivize women to work from home. However, during the pandemic, because of school closures, dependent care responsibilities, and because women are disproportionately represented in face-to-face service occupations, many do not have the option to WFH. As a result, women have experienced a larger [reduction in hours worked](#), or they have dropped out of the labor force in larger numbers compared to men.

As organizations plan an eventual return to the office, hybrid options that combine remote and onsite work and let employees choose what works best for them may exacerbate gender inequities in the workplace. According to The Conference Board September 2020 survey of 330 HR leaders, 41 percent of respondents indicated that a return to the workplace would be required for some and voluntary for others.⁴ It is this mix of requiring some but not others to return to the office that can create inequities if “face time” is important for getting “good” projects and earning promotions.

Telework may limit women’s career advancement opportunities relative to their male colleagues who may choose (or be required) to go into the office at higher rates. Further, while [studies](#) show that (during normal times) flexible work arrangements can increase women’s labor force participation, working hours, and retention rates, even at times when family responsibilities have increased, working from home may reduce women’s work-life balance because women who work flexibly tend to expand their domestic burden. Employers should be aware that certain aspects of optional WFH policies may [unintentionally lead to unequal outcomes](#) for women.

4 Frank Steemers et al, [Adapting to the Reimagined Workplace](#).

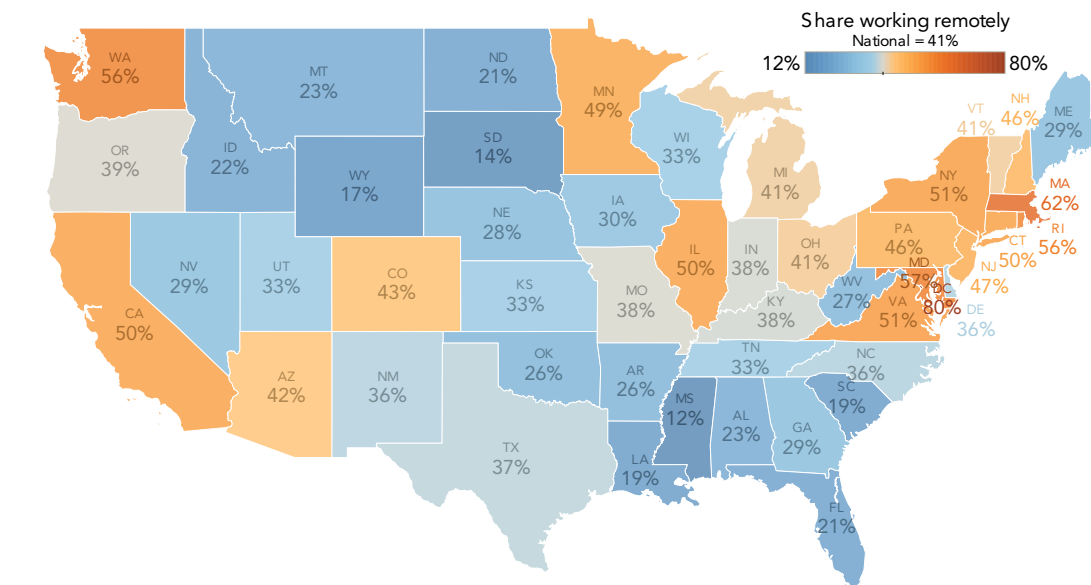
Geographic Differences

The prevalence of telework significantly varies across geographies. Chart 6 shows that workers in their prime (aged 25 to 54) in professional and office jobs on the West coast and in the Northeast were much more likely to work from home because of the pandemic.

Chart 6

On the West coast and in the Northeast, a larger share of workers worked remotely because of the pandemic

Share of workers in professional and office occupations aged 25 to 54 who switched to working from home because of the pandemic, January 2021



© 2021 Mapbox © OpenStreetMap

Notes: Remote work is defined as those shifting to working remotely because of the pandemic. We use the supplemental COVID-19 question that was added to the Current Population Survey in May 2020 : "At any time in the last four weeks, did you telework or work at home for pay because of the coronavirus pandemic?"

We excluded education, library, training, and healthcare occupations from professional and office workers.

Source: The Conference Board using microdata from the Current Population Survey

Some of the differences in remote work rates across geographies could be explained by differences in industry and occupational composition. To tease out the specific determinants we conducted a regression analysis, in which we controlled for the impact on remote work rates of gender, age, race, family structure, industry, and occupation.

Interestingly, we find that even after accounting for other factors, workers in states with more restrictive social distancing policies were much more likely to work remotely. Geography also mattered in other ways:

- 1 Size of the metro area.** Holding other things equal, workers in large metro areas are more likely to work remotely than workers in small metro areas, which in turn are more likely to work remotely than workers living outside of

metro areas entirely. The impact of metro size on remote work rates may be related to commute times. The benefit of working remotely is larger when the commute time is longer.

- 2 **Public transportation.** Holding other things equal, workers living in metro areas where the share of commuters using public transportation is higher are more likely to work remotely in recent months. The risk of infection when using public transportation is perceived to be higher than when driving, walking, or biking.

Some of the geographical gaps in remote work rates were heavily influenced by the pandemic. For example, some differences between regions stem from differences in policy across states. Once the pandemic is over, these policies may no longer directly affect remote work rates. However, the discrepancies in remote work rates across regions caused by these policies (from 2020 to 2021) may outlive the pandemic because of habit formation. Employees who worked remotely during the pandemic may be more likely to permanently adopt working from home as an option compared to workers who returned to their offices sooner over the course of the pandemic.

Impact on Productivity

Employee productivity in a remote setting may be one of management's biggest concerns when determining the ultimate staying power of WFH policies. While there is [no clear consensus](#) among executives about whether working from home has been successful, studies indicate that the WFH experiment has gone better than expected for both workers and employers. Based on a [Stanford University](#) survey, 42 percent of working-age Americans reported being more productive while working from home during COVID-19 than working on business premises before the pandemic, and an additional 44 percent said that their WFH productivity was "about the same" as before.⁵

A survey of 330 HR leaders conducted by The Conference Board⁶ in September 2020 showed similar results. Among the 141 organizations that had at least 80 percent of their employees working primarily from home, half reported increased workforce productivity while 35 percent indicated there had been no change in productivity. However, 83 percent of these same companies with increased productivity reported an increase in hours worked since the pandemic, underscoring that higher self-reported productivity could merely be a result of employees working longer hours. In fact, research suggests that during the pandemic, remote workers have devoted a third of their commute time savings to their primary job.⁷

[Research](#) also shows that several tangible factors may affect overall remote worker productivity, including the impact of WFH on worker efficiency, job satisfaction, and communication and knowledge flows.

5 Productivity comparisons before and after the COVID-19 pandemic are based on a Stanford University survey of 7,500 US residents aged 20 to 64 who earned more than \$20,000 per year in 2019 and was carried out in two waves in August and September/October 2020.

6 Frank Steemers et al., [Adapting to the Reimagined Workplace](#).

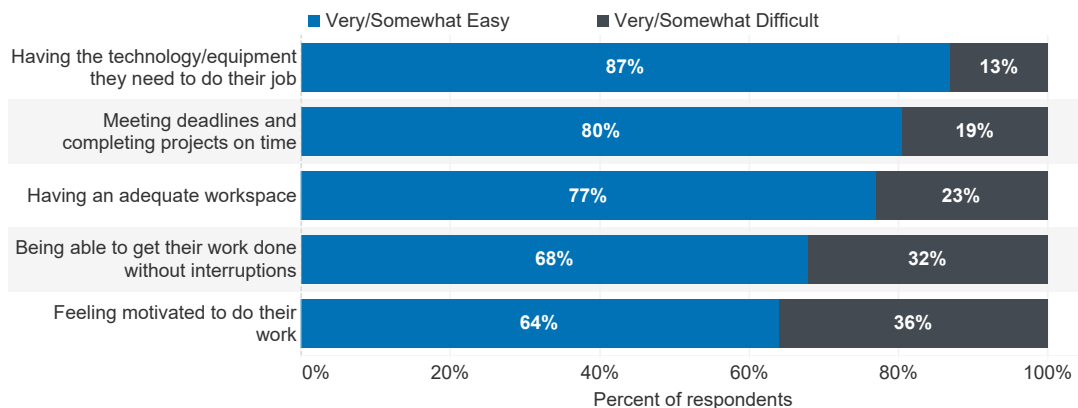
7 Jose Maria Barrero, Nick Bloom, and Steven J. Davis, ["60 Million Fewer Commuting Hours per Day: How Americans Use Time Saved by Working from Home,"](#) October 29, 2020.

According to the [Pew Research Center](#), after seven months of telework, an overwhelming majority of remote workers said they were well situated to work from home. Most teleworkers report that the following have been “easy” for them: having the right technology and equipment to do their job (87 percent), meeting deadlines and completing projects on time (80 percent), having adequate workspace (77 percent), getting their work done without interruptions (68 percent), and feeling motivated to do their work (64 percent)—all contributing factors to maintaining worker efficiency (Chart 7).

Chart 7

Most remote workers have the tools, technology, and environment to work efficiently at home

Among employed adults currently working from home all or most of the time, percent saying that, since the coronavirus outbreak, each of the following has been easy/difficult for them



Source: [Pew Research Center](#), based on a US survey of employed adults conducted October 13–19, 2020.

However, WFH also poses risks to job satisfaction and workplace communication which may ultimately hinder productivity and innovation. Evidence shows that, in normal times, telework can increase productivity by raising job satisfaction through improved work-life balance, shorter commutes times, and fewer distractions. However, it can also lower satisfaction and productivity due to greater isolation, hidden overtime, and too much blending of home and work life, especially for certain populations.⁸ For example, according to [Pew](#), about half of both mothers and fathers with children under 18 who have been teleworking say it has been difficult for them to work without interruptions, compared to only 20 percent of teleworkers without children under 18.

Communication and knowledge flows may also suffer in the absence of in-person interaction, which may further hinder worker productivity and innovation. [Business leaders](#) see reduced creativity and innovation as one of the biggest downside risks to the COVID-19 WFH experiment, which could reduce productivity at an organizational level. The dearth

8 [Productivity Gains From Teleworking In The Post COVID-19 Era: How Can Public Policies Make It Happen?](#) OECD, September 7, 2020.

of collaboration and new ideas could translate into fewer new products and services in the wake of the pandemic.

Driving Innovation in a Remote Setting

While innovation is often spurred through informal interaction and spontaneous dialog, [Stanford](#) research shows that innovation is a discipline that is the product of deliberate efforts to cultivate and nurture ideas. Remote work also offers great opportunity to leverage the benefits of transformations that can happen in isolation. In the absence of impromptu water cooler conversations, companies can foster these and other practices to yield creative solutions:

- 1 Invite outside perspectives.** Homogeneous teams have long been recognized as a downside risk to creativity and innovation; diverse teams are critical to generating new ideas. In this era of disruption, it is more important than ever to inject teams with fresh ideas. Leaders can be more deliberate about [combining perspectives](#)—as easy as occasionally adding outside collaborators to your Zoom calls—to help make those unexpected connections that can lead to creative outcomes. Moreover, in a remote setting, the pool of external collaborators is expanded from the immediate geographic vicinity to across the globe.
- 2 Leverage the creative benefits of isolation.** Collaboration is not the only path to innovation. The combination of collaboration and [isolation](#) can yield transformative ideas. The seclusion inherent in remote work gives workers the opportunity to catch up on their own thoughts, reflect, and clarify ideas. [Research](#) suggests that team brainstorming should follow periods of independent contemplation so that team members can come to the table with unique contributions.
- 3 Develop structured opportunities for knowledge sharing.** To compensate for the lack of chance encounters, management can intervene to provide structured opportunities for workers to share knowledge and ideas that can lead to greater creativity. One [study](#) found that structured meetings between pairs of workers organized by management with the goal of sharing and documenting best practices improved performance and worker productivity. The largest productivity gains occurred among low performers when paired with high performers.

To solve tough problems remotely, companies can also create [networked communities](#)—groups of people or teams who work independently but collaboratively toward a common goal. Success is achieved faster not only when independent participants explore different possibilities but also when they share progress and developments during planned “idea-sharing” sessions so that everyone advances from the collective knowledge gained.

Finally, management can improve virtual facilitation during formal brainstorming sessions (using virtual whiteboards, polls, and other online tools) to ensure that everyone has a way to have their ideas heard.

- 4 Reduce affinity distance.** According to the [Harvard Business Review](#), there are three types of distance in remote collaboration: physical (geographical location and time zone), operational (team size, availability, and skill set) and affinity (unity, trust, and understanding). Affinity is the “secret sauce” of the team that drives

culture, creativity, and innovation. Reducing affinity distance by increasing trust, rapport, and empathy among team members through virtual teambuilding can lay the bedrock for innovation, even in a remote setting.

Finding the “sweet spot” may optimize remote worker productivity

In practice, WFH should be a [choice for workers and balanced with onsite work](#). Because a high frequency of remote work may diminish productivity, it may be best to follow a “Goldilocks” principle in establishing telework policies to reach optimal productivity levels: that is, too little telework may leave potential productivity increases uncaptured, while too much telework may decrease productivity.⁹

This “sweet spot” in remote work may vary across industries and occupations, depending on the need for independent, focused work versus meetings and collaboration. For example, a higher frequency of WFH may prove more productive for finance and IT jobs and less productive for sales occupations where in-person interactions are often key to making a deal.

In sum, the effects of WFH on productivity in the future is still unclear. The COVID-19 remote work experiment has been coupled with an economic crisis and other stressors, such as care of dependents and concerns about personal finances and health, which make it difficult to isolate the productivity effects of WFH during the pandemic.

Impact on How and Where Companies Hire

Employers appear more willing to hire remote workers since the onset of the COVID-19 pandemic compared to before the pandemic. Most organizations surveyed by The Conference Board in September 2020¹⁰ reported they are now more willing to hire remote workers (88 percent of respondents compared to just 52 percent before the pandemic, Chart 8). However, half of respondents still prefer that employees live within commuting distance to the office location, foreshadowing a hybrid model of remote and in-person work after resolution of the pandemic.

Twenty-six percent of surveyed organizations are willing to hire 100 percent virtual employees anywhere in the US, and 10 percent are even willing to hire globally. For companies with predominantly professional and office workers, the willingness to hire fully remote employees is even greater (30 percent anywhere in the US, 14 percent anywhere globally). Consequently, recruitment practices will undergo major changes in many companies. This new willingness to hire remote workers could foretell a trend of shifting professional and office jobs to less expensive domestic or even offshore locations and hiring workers whose flexibility needs (for child or dependent care, for example) may once have kept them from applying.

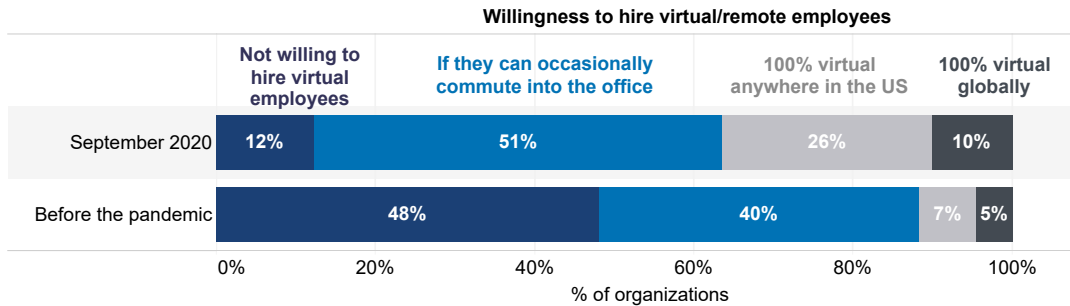
⁹ [Productivity Gains From Teleworking In The Post COVID-19 Era](#), OECD.

¹⁰ Frank Steemers et al., [Adapting to the Reimagined Workplace](#).

Chart 8

Organizations are more willing to hire full-time, remote employees than before the pandemic, though half still prefer employees within commuting distance

In general, how willing is your US operation to hire full-time employees who work predominantly virtually/remotely?



n=308

Source: The Conference Board; [Adapting to the Reimagined Workplace: Human Capital Responses to the COVID-19 Pandemic](#) (survey fielded September 14–25, 2020)

Hiring fully remote employees from anywhere in the US or globally enables employers, especially those located in the highest cost metro areas, to reduce labor costs. A study by [Upwork](#) finds that employers can save 21 to 60 percent on wages by capitalizing on variations in cost-of-living and median wages across different US regions. Some companies are also implementing pay cuts for existing workers who choose to permanently telework from a cheaper city. As companies increasingly embrace fully remote employees, a study by [Glassdoor](#) suggests that salary adjustments will be greater for certain occupations than others (i.e., roles in tech, marketing, and sales) and for workers leaving high-cost areas.

Some of this compensation adjustment may take a while to implement. Though CEOs recognize that remote work will require different compensation and benefits in the long term, few organizations, especially in mature economies, are targeting a revamp of their total rewards programs in the coming year, according to The Conference Board C-Suite Challenge™ Survey.

In the future, remote hiring could also become a tool to retain workers who may expect remote working not as a perk but as a normal part of business. In a WFH world, it is easier for employees to change jobs without worrying about commute times or relocating, which places additional pressure on employers to develop attractive remote work policies that help people do their jobs while enabling better work-life balance.

The Impact of the Shift to Remote Work on Company Culture

A major shift to remote work will probably have some impact on company culture, though not all cultural traits should be impacted. For example, cultural traits like customer focus and integrity should not be impacted by the shift to remote work.

The main feature of work likely to change is the amount of informal interaction between employees. Employees may feel less attached to each other. It may be harder to maintain a company culture where “we are one big family.” Companies where strong emotional ties among employees are an important determinant of loyalty, performance, and retention may be more affected. In these cases, companies may be more reluctant to adopt remote working, and in these companies the challenge of adopting remote working while maintaining corporate culture is larger. Some companies may have to reexamine whether they have the right culture in place going forward.

Corporate culture may also change due to a decline in business travel. Reduced business travel will be one of the permanent changes in the business climate in a postpandemic world, say 74 percent of CEOs globally, according to a recent survey by The Conference Board.¹¹ Before the pandemic, some business leaders travelled for a large part of the year, making them somewhat less accessible. In the future, these leaders may be more involved in the day-to-day operations of the company, leading to a more top-down culture, with less autonomy for middle management. However, such involvement might also make executives more in tune with the day-to-day functioning of the organization.

Looking Ahead

The biggest long-term legacy of COVID-19 in the US may be the shift to remote work. Many US employers adopted remote work amid the pandemic. However, it remains to be seen whether remote work is effective in terms of increasing productivity, reducing costs, and retaining corporate culture.

The rise of remote work is so large and so sudden that it could end up being one of the biggest disruptions to the US economy and society in recent decades. Meanwhile, for workers, remote work appears to possess more positives than negatives. We expect these changes to lead to a major improvement in the quality of life for many US workers by reducing commute times and enabling them to live in larger spaces in more attractive areas at lower cost.

11 Charles Mitchell et al., *C-Suite Challenge™ 2021: Leading in a Post-COVID-19 Recovery*, The Conference Board, January 2021.

Authors

Gad Levanon is Vice President, Labor Markets for The Conference Board, where he oversees the labor market, US forecasting, and Help Wanted OnLine® programs. His research focuses on trends in US and global labor markets, the US economy, and forecasting using economic indicators.

Elizabeth Crofoot is a Senior Economist at the Committee for Economic Development of The Conference Board where she researches policy and business responses to labor market dynamics, including issues around workforce training and women's labor force participation.

Frank Steemers is a Senior Economist at The Conference Board and his expertise is primarily in the analysis of the labor market in the US and other mature economies.

THE CONFERENCE BOARD is a member-focused think tank that provides trusted insights for what's ahead. We are a non-partisan, not-for-profit entity holding 501(c)(3) tax-exempt status in the United States.

THE CONFERENCE BOARD, INC. | www.conferenceboard.org

AMERICAS | +1 212 759 0900 | customer.service@conferenceboard.org

ASIA | +65 8298 3403 | service.ap@conferenceboard.org

EUROPE, MIDDLE EAST, AFRICA | +32 2 675 54 05 | brussels@conferenceboard.org

COMMITTEE FOR ECONOMIC DEVELOPMENT
OF THE CONFERENCE BOARD | +1 202 469 7286 | www.ced.org

THE CONFERENCE BOARD OF CANADA | +1 613 526 3280 | www.conferenceboard.ca

PUBLISHING TEAM

DESIGN Peter Drubin, Maria Cristina Rueda

EDITOR Stephanie Cady

PRODUCTION Chris DiStasio