

REPORT

Future Workforce Report

How the growing acceptance of remote work will lead to increasingly distributed and flexible teams in 2021 and beyond

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Introduction

2020 has been a year of profound change for businesses and professionals shaped by the global pandemic. As we approach the new year and reflect on the last nine months of the global shift to remote work, many may wonder what this experience will mean for the American workforce going forward. To better understand the impact of the pandemic on the future of work, we surveyed 1,000 hiring managers about the current state of hiring, their sentiment toward a remote workforce, and their future staffing plans in our [Future Workforce Pulse Report](#).

The key results are as follows:

- **Companies continue to be remote:** Nine months into the pandemic, 41.8 percent of the American workforce remains fully remote.
- **Companies say remote work is getting easier, not harder, as time goes on:** 68 percent of hiring managers say remote work is going more smoothly now than when their company first made the shift to at the start of the pandemic.
- **Remote work will continue through 2021:** Managers believe that 26.7 percent of the workforce will be fully remote in one year suggesting that individuals will gradually continue to return to the office, but a significant share will remain remote in the near future.
- **The number of remote workers in the next five years is expected to be nearly double what it was before COVID-19:** By 2025, 36.2 million Americans will be remote, an increase of 16.8 million people from pre-pandemic rates.
- **Increased productivity and flexibility continue to be key benefits of remote work:** Hiring managers cite reduction of non-essential meetings, increased schedule flexibility, and no commute as aspects of remote work that have worked better than expected.
- **Remote work and freelancing go together:** Survey reveals that those who are most comfortable with remote work are also most likely to be engaged with independent professionals

The Current State of Remote Work

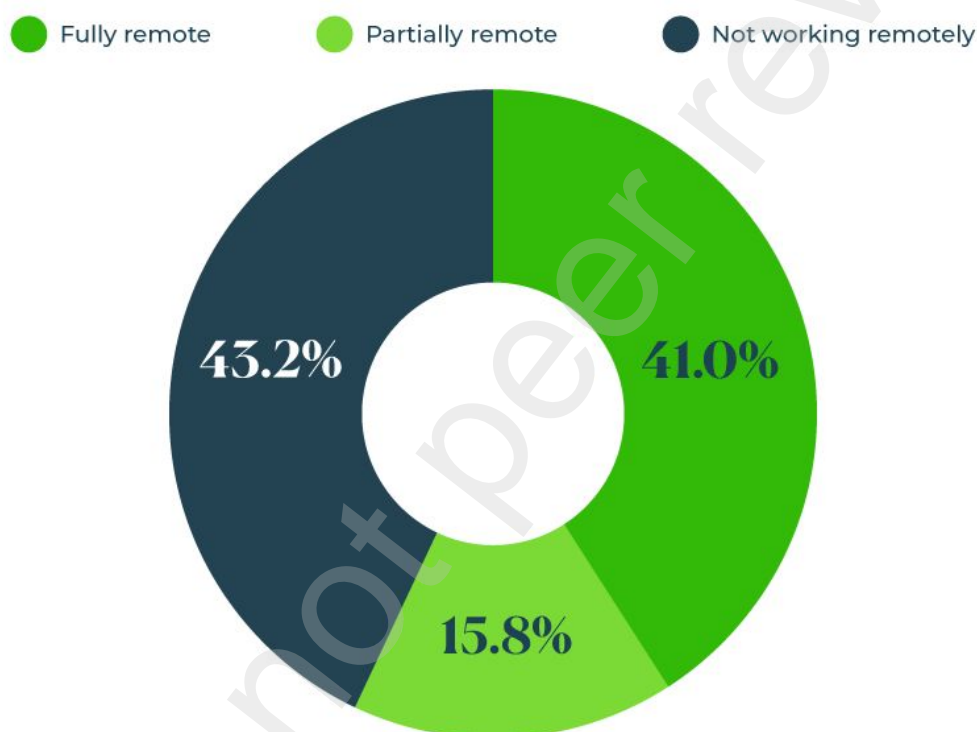
To understand the potential long term impacts of the rapid shift to remote work caused by the pandemic, we examined how the current remote work experiment is operating in the U.S. Our survey estimates that 56.8 percent of Americans are still working from home at least some of the time. Of that group, 41.8 percent remain fully remote, which is a 5.9 percent decline from the percent that were remote at the peak of the pandemic in April. Another 15

percent are currently partially remote, meaning some days they work remotely, some days they work on site.

What percentage of teams are currently remote?

56.8% of teams are working remotely at least part of the time.

And more than 2 in 5 of those teams are now fully remote.



While research suggests a lot of uncertainty in measuring the full scope of remote work, these findings are consistent with some other estimates. Gallup, for example, finds that 58 percent of workers are remote at least sometimes, although they find a mix that is less full-time and more part-time.¹ Given the high magnitude of uncertainty, the results are also relatively consistent with Barrero, Bloom, and Davis who find that 41.4 percent were working from home in October.²

¹ It is worth noting that the BLS estimates only 21.2 percent are teleworking post-COVID, a much lower share. However, their estimate does not include those who were teleworking for reasons unrelated to COVID. Even this difference is unlikely to account for the full disagreement between the BLS and the Gallup, FWR, and Barrero et al results, which is an important question for future research. In addition, in contrast to other surveys, we find a much more modest decline in WFH from the peak.

² Barrero, Jose Maria, Nick Bloom, and Steven J. Davis. *Why Working From Home Will Stick*. working paper in progress, 2020.

How Remote Work is Going

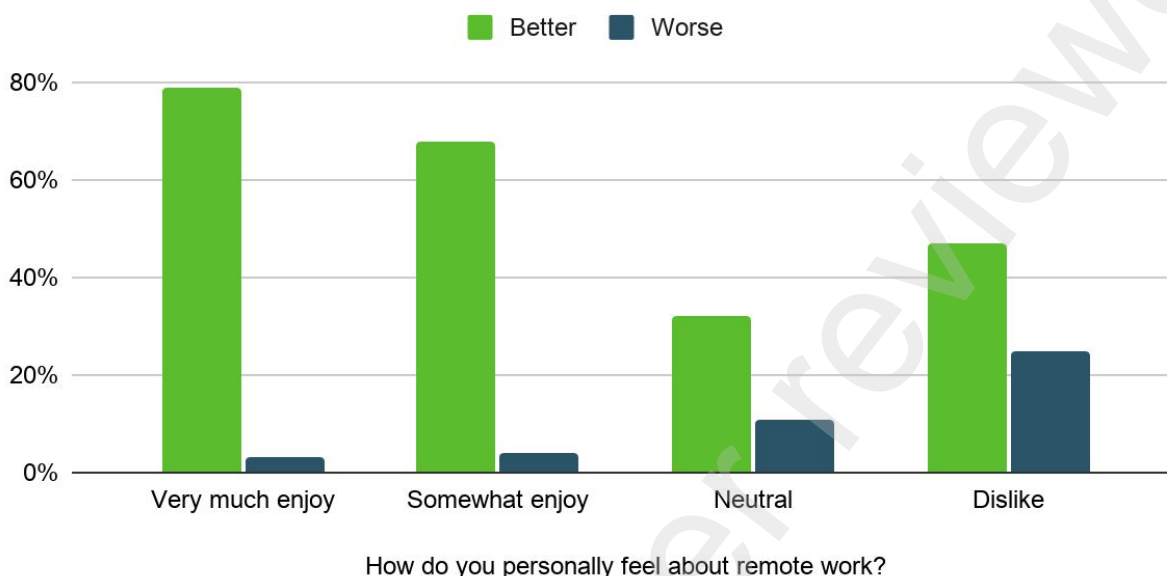
Earlier this year, we released our annual [Future Workforce Report](#) which found that most hiring managers felt remote work was going better than expected as of April. An important concern about remote work was whether these early positive results would erode as businesses struggled to maintain company culture and onboard new workers, and as new challenges arose. However, as we argued in April, many of these top challenges were temporary and have improved with time.

To that end, we asked hiring managers to compare how remote work has been going for them now compared to earlier in the pandemic. The results showed that 68 percent of hiring managers say remote work is working better than when they first started working remotely. One third said it was working much better, while only five percent said it was working worse. The data is therefore consistent with problems fading as hiring managers realize the benefits of a distributed workforce.

Compared to when you first started working remotely, how is working remotely now?	
Much better than before	33%
Better than before	35%
About the same	26%
Worse than before	5%
Much worse than before	0%

It is also worth digging into why remote work is or isn't going well. One factor that appears to contribute to remote work sentiment is related to how hiring managers personally feel about working remotely. The data shows that while all hiring managers are more likely to report remote work is working better than worse, those who personally dislike remote work view it more negatively.

Compared to when you first started working remotely, how is working remotely now?



In terms of what is working better than expected, respondents report a mix of factors. Some factors are beneficial to individuals, and other factors suggest higher overall productivity for businesses. For example, 70 percent report that the reduction of non-essential meetings has worked better than expected, and 44 percent report less distractions at the office. Both can be thought of as factors likely to contribute to higher productivity. As for benefits to individuals, there is increased schedule flexibility, no commute, and greater autonomy. This illustrates the benefits that remote work can provide to both businesses and professionals.

What about remote work has worked better than your expectations?

Reduction of non-essential meetings	70%
Increased schedule flexibility	60%
No commute	54%
Less distractions than the office	44%
Greater autonomy	34%

What This Means for 2021 and Beyond

Looking forward, the success that many companies have seen from remote work will impact their team structure both next year and in the future. In the shorter term, managers expect that 26.7 percent of their teams will be fully remote at this time in 2021. This suggests that

although people will gradually return to the office, a significant share will remain remote in the near future.

Projecting farther into the future, the outlook for remote work remains strong as well. When asked about team estimates in five years, managers expect 22.9 percent of workers will be remote. This is nearly double the percentage of people that were working remotely full-time prior to the COVID-19 pandemic, which was only 12.3 percent.

To contextualize this number, in February 2020 we estimate around 19.5 million people were fully remote, but by 2025, this number will be closer to 36.2 million people. These numbers imply that 16.8 million additional workers will be fully remote in the long run.³ Furthermore, when you combine this with those working partially remote, it suggests that just over one third of workers will be working remotely at least some of the time in the long-run.

What percentage of your team/department was, is, or will be working remote at the following points?					
	Before COVID-19	April 2020	Today	12 months from now	Five years from now
Fully remote	12.3%	47.7%	41.8%	26.7%	22.9%
Partially remote	8.9%	12.2%	15%	15.2%	14.6%
Not remote	78.8%	40.1%	43.3%	58.2%	62.5%

Remote Work is Expanding the Acceptance of Hybrid Teams

Another impact of remote work is that it will likely lead to an increase in demand for hiring remote freelancers. In the wake of the pandemic, there has been a significant increase in the demand for hiring remote freelancers on the Upwork platform. The survey suggests one explanation why: those who are most comfortable with remote work are also most likely to be engaged with freelancers. As businesses become comfortable working remotely, they are also overcoming one of the potential concerns of working with remote freelancer platforms.

Beyond anecdotal evidence, the relationship between being remote-friendly and engaging freelancers is clear in Future Workforce data. Businesses that hire freelancers were far more likely pre-pandemic to have a larger percent of their teams be fully remote workers than those who do not hire freelancers. This gap is even wider today, with businesses that hire freelancers at 52.1 percent remote compared to 38 percent for those that don't.

³ This is applying the 10.6 percentage point change in the share fully remote (22.9% - 12.3% = 10.6%) to a total employment level of 158.8 as-of February, 2020, the last full month before the pandemic.

What percentage of your team/department was, is, or will be working remote at the following points?			
	Total	Have not hired freelancers	Have hired freelancers
Fully remote - Before COVID-19	12.3%	10.7%	16.6%
Fully remote - April 2020	47.7%	42.4%	62.2%
Fully remote - Today	41.8%	38%	52.1%

Statistical analysis provides further evidence of the relationship. A 10 percent increase in the share of workers who are planned to be fully remote in the long-run associated with a 1.6 percent to 2.7 percent increase in the likelihood of hiring freelancers. The relationship is statistically significant even after controlling for a variety of other factors that could affect propensity to hire freelancers, including manager age, manager role at the company, firm size, and firm industry.

Furthermore, the relationship between whether a manager says they enjoy remote work has a strong relationship as well. If a manager says they enjoy or greatly enjoy remote work, this is associated with a 10 percent to 16 percent increase in the likelihood of working with freelancers, including after controlling for manager and firm factors.

Overall, whether managers are planning to stay remote and whether they personally enjoy working remote are associated with greater usage of independent professionals.

Conclusions

As the data continues to suggest, the impact of COVID-19 will have lasting implications for businesses and professionals. That businesses say remote work continues to be going better than anticipated and it's even improved since the start suggests that businesses are learning that they have underestimated the potential benefits and perhaps overestimated the costs of working remotely. It, then, is no surprise that the future will include more remote and more hybrid teams beyond 2021 and for the long run.