



How Remote is Remote Work Really?

ADP's HR experts are always on the hunt for the most up-to-date HR solutions, to continue to support our community of small and mid-sized business owners and HR leaders. Explore the results from our HR Survey Series and learn how this community is responding to frenetic change.

Introduction

Small and midsized businesses must carefully craft policies around work location as they battle for talent

Businesses of all sizes have reached a turning point in remote work. Employers are being challenged by an extremely competitive recruitment landscape. At the same time, after a year of scrutinizing their priorities and attitudes toward work-life balance, many employees are resigning (or considering to) en masse.

As part of that reevaluation, employee preferences toward work location have changed. For many workers, the pandemic forced an abrupt shift from a physical work environment (and all the commuting that went with it) to remote and hybrid work. Many Americans also moved during the pandemic, as remote work removed geographic limitations.

How are small and midsized businesses responding to this transformative shift?

Smaller businesses often lack the resources to be as flexible as their larger corporate counterparts. To better understand their perspectives toward the future of remote work, ADP HR outsourcing surveyed small and midsized employers and employees from a variety of industries.



Remote work goes hybrid

Before the pandemic, only about 13% of the workforce reported working remotely regularly (defined as spending any paid workday during the week working only at home).¹

By May 2020, two months into the pandemic in the U.S., this number nearly tripled: 35% of the workforce said they were working remotely.² Many expected the changes to be short-lived, but as months passed and the virus persisted, businesses had to adapt work models for health and safety reasons.

With vaccination efforts rolling out across the country, small and midsize employers have brought more employees back to the physical workplace or are planning to.

According to our survey, only 10% reported a remote-only workforce.

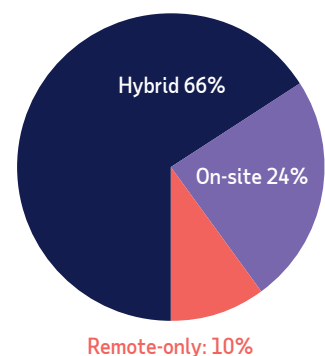
In fact, a majority are choosing a hybrid work arrangement, where workers spend some workdays at a physical location and some at home.

Q:

Are your employees working...

Small and midsize employers still anticipate the necessity of the physical workplace. Forty-five percent of employers plan to increase the amount of employees working only on-site in the next six months.

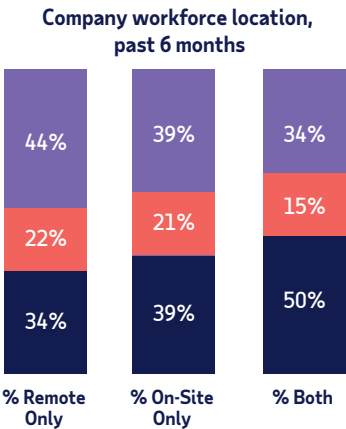
Company workforce location





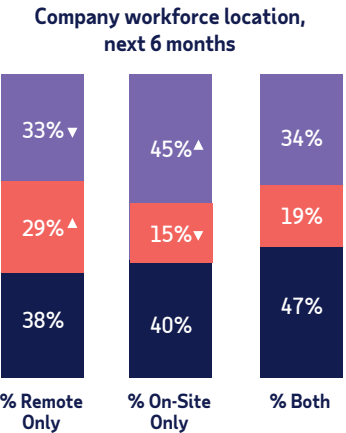
Q:
Has the percentage of employees working remote-only/on-site-only/hybrid increased, decreased, or stayed the same in the last 6 months?

■ Increase(d) ■ Decrease(d) ■ Stay(ed) the same



Q:
Do you expect the percentage to increase, decrease, or stay the same in the next 6 months?

■ Increase(d) ■ Decrease(d) ■ Stay(ed) the same



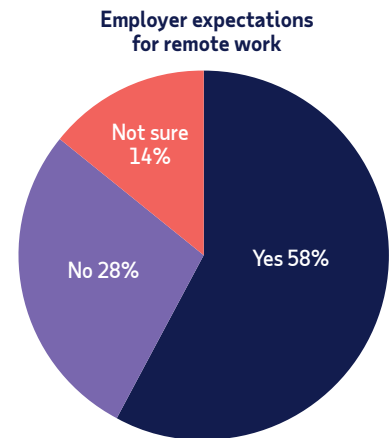


Not so fast, digital nomads

Untethered by their commutes to their jobs, many Americans decided to move during the pandemic. Roughly 1 in 10 Americans relocated between March 2020 and March 2021. The majority chose to move for positive reasons like to be closer to friends and family, or to live in a dream location.³

At first glance, it would seem that small and midsize employers understand this desire as 3 out of 5 say they expect remote and hybrid work to remain.

Q:
Do you expect employees to remain working remotely entirely or some days each week as the new norm for your company?



Yet, our data shows that a vast majority (92%) impose geographic restrictions on where their remote employees are allowed to live.

Nearly one-third of employers require workers to live within a two-hour commute of the workplace.

Only 8% of employers say their employees can work from anywhere in the world.

Q:
Which of the following best describes your remote-work policy around employee location?

Employers' remote work location policy for employees

Base: Some or all employees work remote

- 32%** Must live within 2-hour commute
- 26%** Must live in the U.S.
- 16%** Must live within a certain state
- 15%** Must live in specified U.S. time zones
- 8%** Can live anywhere
- 2%** Must live in specified time zones



Millennials and Gen-Z are attracted to remote work

Remote work is having a profound impact on the talent landscape. Younger workers are more likely than older workers to prefer roles that offer either remote work 100% of the time or in some capacity.

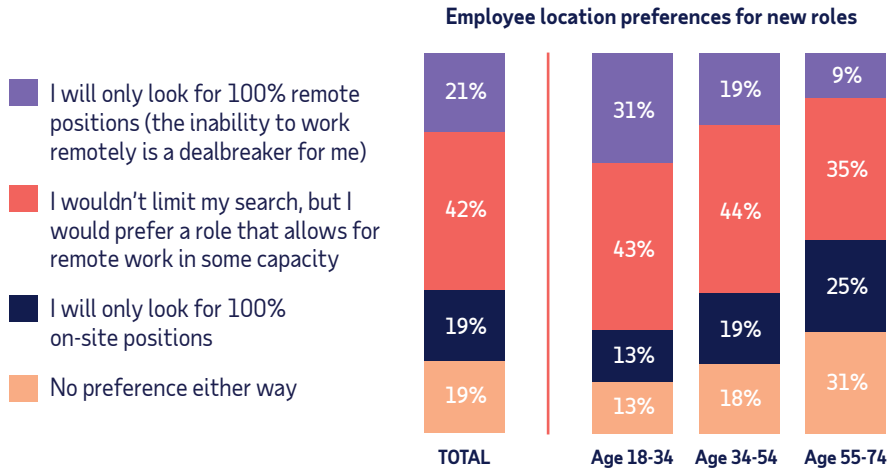
The next age group, which includes parents with school-age children, also prefers the flexibility of remote and hybrid work.

Across all age groups, 63% of employees at small and midsize companies prefer roles that offer remote or hybrid work.

Millennials and Gen-Zers now make up a majority of the global workforce. They're digital natives who grew up using new innovations. They expect employers to use virtual collaboration tools, project management software, and to facilitate a remote or hybrid work environment.

Overall, our great remote work experiment has proven most employees can work effectively from home, leaving many to question the need to return to the office at all.

Q:
If you were to look for a new role or employer, which of the following would best describe your search?





Employer inflexibility comes at a risk

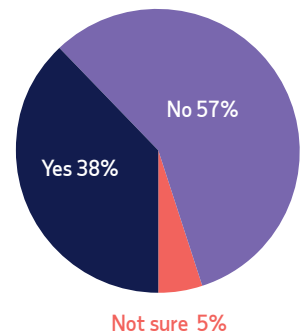
While business leaders can't expect to satisfy everyone, and remote work isn't realistic for some industries, 38% of small and midsize employers say they have lost employees due to their work location policies.

Q:

Has your company lost employees due to its work location policy?

At a time when the nation faces the most job openings ever⁴ — since the Bureau of Labor Statistics started tracking data in December 2004 — businesses can't afford to lose talent. When asked what employee-related challenges they are facing, 44% of employers said "finding qualified employees," while 34% named employee retention.

Employee Loss Due to Work Location Policy



Q:

What employee-related challenges is your business currently facing?



Employers that implement policies that don't align with employee expectations risk losing valuable talent. By allowing for more flexibility with remote work and expanding geographic policies, employers could broaden their talent pool to relieve recruiting pressure at a time when creative solutions are needed most.

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Conclusion

Workers of all ages have learned that a remote work lifestyle is possible. They may demand more flexibility with work hours and location long after the pandemic.

While most businesses may not have planned for the shift to remote work, to be competitive in hiring and recruiting, companies need to stay on top of changing trends in employee expectations around where people live and work.

For small and midsize businesses that lack resources to be as nimble as they would like, partnering with an HR outsourcing provider can deliver the support needed to make strategic decisions.

With thoughtful planning and the right tools, small and midsize companies can tap into a broader talent pool with fewer geographic limitations.

Methodology

Survey results reflect the responses of 500 executive decision-makers in companies with 25-249 employees and 1,000 employees ages 18-74 working full-time or part-time in companies with 25-249 employees throughout the U.S. between July 16 – 26, 2021. The national survey has a statistical confidence level of 95% with a margin of error of +/- 4% for employers and +/- 3% for employees.

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¹ US Bureau of Labor Statistics (BLS) (2020), "Ability to work from home: evidence from two surveys and implications for the labor market in the COVID-19 pandemic", Monthly Labor Review, June 2020, <https://www.bls.gov/opub/mlr/2020/article/ability-to-work-from-home.htm#ednref6>

² BLS (2020), "Supplemental data measuring the effects of the coronavirus (COVID-19) pandemic on the labor market", <https://www.bls.gov/cps/effects-of-the-coronavirus-covid-19-pandemic.htm#data>

³ Zillow Mover Report (2021) <http://zillow.mediaroom.com/2021-04-06-Zillows-2021-Mover-Report-The-Opportunity-Emotion-and-Trends-Behind-the-Great-Reshuffling>

⁴ BLS (2021), "Job Openings and Labor Turnover Summary," <https://www.bls.gov/news.release/jolts.nr0.htm>