

# The Future of Remote Work

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The impact of COVID-19 on the way that we work arguably represents the most drastic and rapid shift to the global workforce that we have seen since World War II. In a matter of weeks, America's social distancing practices and rapid economic shutdown have pushed large swaths of the workforce out of the office and into the home. In fact, a recent survey estimates that the share of remote workers in the U.S. has quadrupled to nearly 50% of the nation's workforce.<sup>1</sup> While businesses and workers have been gradually shifting to remote work over time, the sudden shock of COVID-19 represents an unexpected and massive trial run for many workers and companies. This report will investigate the long term impacts of this remote work experiment and what we can anticipate in the future.

The analysis provides a unique and valuable insight into the direct impact that COVID has had on hiring, sentiments around remote work, and plans moving forward. To show these changes, the analysis uses two waves of survey data from the forthcoming Upwork Future Workforce Report: one fielded prior to the pandemic in November 2019, and the other fielded during the pandemic in April 2020. The surveys polled a combined 1,500 hiring managers which includes executives, VPs, and managers- so the results reflect the views and plans of those with direct influence over businesses' remote work decisions. In short, these results provide before and after snapshots of how relevant decision makers view the remote work experiment so far and how it has affected their plans. **The key results are as follows:**

1. Remote work has risen rapidly as a result of the pandemic, with more than half of the American workforce currently working from home.
2. 56% of hiring managers feel that the shift to remote work has gone better than expected, while only one in ten feel it has gone worse than expected.
3. The greatest perceived benefits of remote work include a lack of commute, fewer unnecessary meetings, and reduced distractions at the office, all of which were shared by 40% of respondents or more.
4. The single biggest drawback, in contrast, is technological issues, a problem that is likely a result of the rapid and unplanned shift and one that would be mitigated over time.
5. One third of hiring managers found that productivity had increased as a result of remote work, a greater share than found productivity decreased.
6. As a result of their experiences during COVID-19, 61.9% of hiring managers say their workforce will be more remote going forward.
7. The expected growth rate of full-time remote work over the next five years has doubled, from 30% to 65%.

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<sup>1</sup> Erik Brynjolfsson, et al, "COVID-19 and Remote Work: An Early Look at US Data", April, 2020.

The results suggest that the remote work experiment has gone better than expected for hiring managers. The perceived benefits of working remotely are causing businesses to significantly increase plans for remote hiring in the future, which will cause an acceleration in the already upward trend of greater remote work.

## The Rise of Remote Work

In the two decades before COVID-19, remote work has been steadily on the rise but has comprised a relatively modest share of the labor force.<sup>2</sup> It is very common for companies to have no remote employees or restrict remote work altogether, and the percent of the workforce that was fully remote was relatively small. Specifically, nearly half of businesses in the pre-COVID Future Workforce survey reported that none of their workers performed a significant portion of their job remotely. Overall, only 2.3% of hiring managers had fully remote teams, and only around 13.2% of the represented labor force was working fully remotely. These modest numbers are broadly consistent with other estimates.<sup>3</sup>

Unsurprisingly, remote work has increased dramatically. Prior to COVID-19, around half of hiring managers worked with remote talent to some degree -- today that number is at 94%. Fully remote teams have also increased sharply, from 2.3% to 20% in the post-COVID survey. Altogether, the post-COVID survey results suggest that over half the workforce is now remote<sup>4</sup>, an estimate that is consistent with other research.<sup>5</sup>

	Pre-COVID	Post-COVID
No remote workers on their team	46%	6%
Fully remote team	2.3%	20%
Share of their workers remote	13.2%	56% to 74%

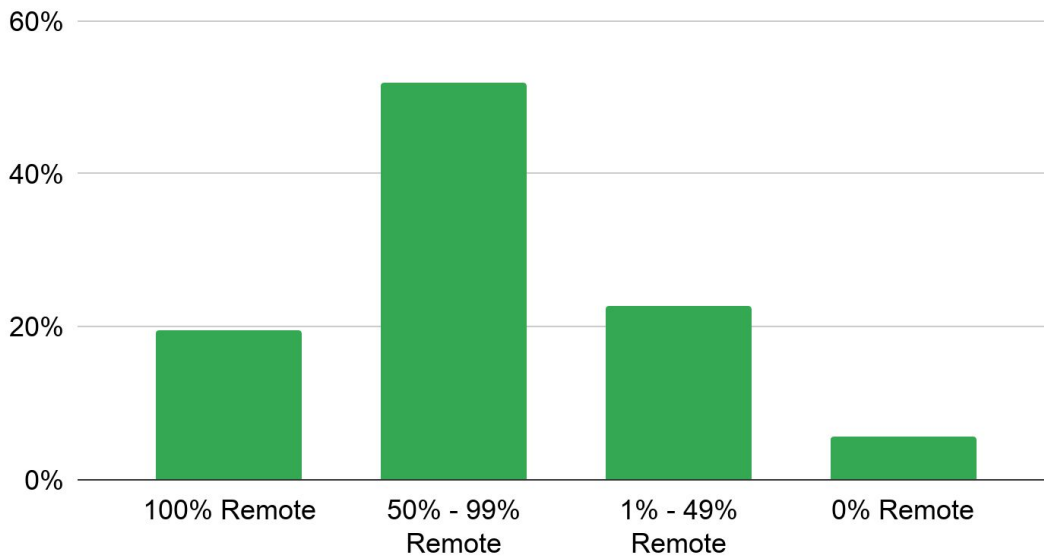
<sup>2</sup> Ozimek, Adam. "Overboard on Offshore Fears", 2019 <https://www.upwork.com/press/economics/report-overboard-on-offshore-fears/>

<sup>3</sup> Among the 54% of firms with at least some working a significant portion of the job remote, 24.6% of their workforce was fully remote. This implies 13.2% of overall workers were entirely remote in the survey. This is within the order of magnitude of other estimates. The Census Bureau reports 5.3% "working from home" in 2018, the BLS estimates 11.4% working from home from 2013-2017 American Time Use Survey data, and Freelancing in America 2019 reports 9.5% doing all work remotely and another 7.3% doing most work remotely.

<sup>4</sup> Respondents provided ranges, eg 75% to 99% of their workforce being remote, which does not allow us to estimate the exact percent of the overall represented workforce is remote. The estimated range is between 56% and 74%.

<sup>5</sup> Brynjolffson et al estimate that 45.9% were working remotely in the first week in April, up from 11.8% four weeks prior.

Percent of workers currently remote, April 2020



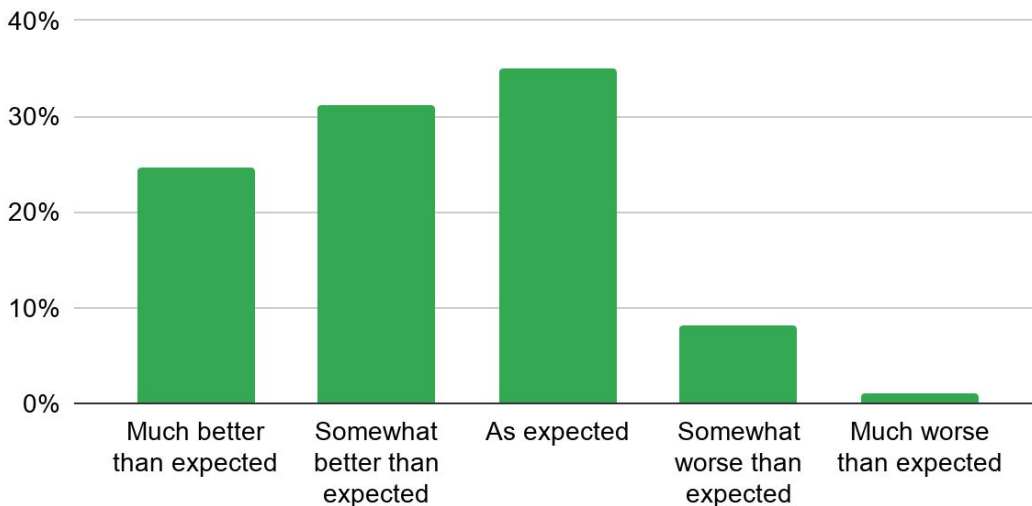
## The Remote Work Experiment

For the vast majority of businesses, this drastic shift to remote teams is a new experiment that represents a very different way of working. Face-to-face meetings have been replaced by video-chats and popping by someone's desk or office has been replaced by a quick Slack message.

While it is no surprise that people have had to shift how they work together while being geographically apart, what our survey reveals is that **remote work is working**. For 56% of hiring managers, working remotely has gone better than expected, and for another 35%, it has gone as expected. For only about one in ten has it gone worse than expected.

While this survey response does not tell us whether remote work is going very well or very poorly - after all it could be better than expected, but still bad - **it does suggest that the experiment is leading hiring managers to view remote work more positively overall**. In addition, for the 25% who reported it going "much better than expected", it would be surprising if this did not equate to going very well.

## How has having remote workers within your organization functioned during the crisis, compared to your expectations?



The survey also allows us to dig deeper into why remote work is going better than expected. The most common answers for what has been working well with remote working were no commute, reduction of non-essential meetings, and less distractions in the office, all of which were shared by 40% of respondents or more.

What, if anything, about remote work at your organization has worked well?	
No commute	49.0%
Reduction of non-essential meetings	46.3%
Less distractions than the office	41.2%
Increased productivity	32.2%
Greater autonomy	28.4%
Nothing has worked well	1.9%

The most popular answer for what has worked poorly was technological issues, which is shared by 36.2% of respondents. The next most popular response was increased distractions at home, for 32% of respondents. **Importantly, these two problems with remote work will be mitigated by experience.** The necessity of quickly going remote means many workers and companies are adapting to new technology they have not used before, and many will likely need to experiment before settling on what works best for their specific needs. As the technology experience improves, this will likely reduce the number who find team cohesion, communication, and organization to be a problem as well. Additionally, while distractions at home may always

be a problem to some extent, during COVID-19, the widespread closing of schools and restrictions on bringing help into the home has almost certainly exacerbated this.

<b>What, if anything, about remote work at your organization has worked poorly?</b>	
Technological issues	36.2%
Increased distractions at home	32.0%
Reduced team cohesion	30.5%
Difficulties in communication	30.3%
Teams are less organized	23.3%
Less productivity	22.5%
Nothing has worked poorly	14.8%

Most importantly though, is that **32.2% of hiring managers found that productivity has increased** compared to 22.5% who found that it decreased. This has positive implications for long-run adoption and the potential for remote work to increase overall productivity in the economy. Importantly, for aggregate U.S. productivity to increase from remote work it does not require every single job or even the majority to be more productive remotely, it only requires some of them to be. All else equal, over time, jobs that are more productive if done remote will go remote, and those that are less productive will not. The net effect of this selection process will be greater productivity. **That one third finds remote work increases productivity, despite the rapid pace of change and struggles with technology, is a very optimistic result for future adoption and future productivity.**

## **The future of remote work**

Overall, the survey results reveal that the remote work experiment has proceeded better than expected from the perspective of working conditions. There have been more upsides than downsides, and there is potential for improving productivity.

These findings raise the important question; will the experiment prove sticky for some and accelerate the adoption of remote work? To shine light on this question, we can look at how survey respondents are planning changes in their workforce in the future.

Respondents were asked directly how their workforce would change as a result of COVID-19, 26.3% said significantly more remote work than before and 35.6% said somewhat more, for a total of **61.9% planning more remote work than before.**

<b>As a result of COVID-19, my organization's workforce will be...?</b>	
Significantly more remote than it was before	26.3%
Somewhat more remote than it was before	35.6%
About the same as it was before	32.0%
Somewhat less remote than it was before	4.5%
Significantly less remote than it was before	1.6%

We can also look into the medium-term future as well by comparing a question asked to hiring managers in the pre and post COVID survey waves: What percentage of your overall team would you estimate will fall into each remote work category in 5 years?

The results show that many hiring managers were already planning to become more remote over the next five years, however, this has increased significantly. In the pre-COVID survey, 13.2% of the represented workforce was working entirely remote and hiring managers were expecting to increase this to 17.2% over the next five years, a 30% growth rate. After COVID, hiring managers are now planning for 21.8% of their workforce to be entirely remote in five years, a 65% increase.<sup>6</sup> A similar acceleration in growth is seen for the share of the workforce that is significantly remote. Altogether, the expected growth of remote work has doubled compared to what was planned before COVID-19.

	November, 2019	Five year forecasted rates		Five year growth	
		Pre-COVID	Post-COVID	Pre-COVID forecast	Post-COVID forecast
Entirely remote (all of their work is done remotely)	13.2%	17.2%	21.8%	30%	65%
Significantly remote (half or more of their time)	10.2%	13.7%	17.7%	33%	73%
Some remote (up to half of their time is spent remotely)	9.5%	15.0%	18.8%	57%	98%
Not at all remote (all of their work is done on-site or in-office)	67.1%	54.2%	41.7%	-19%	-38%

<sup>6</sup> 21.8% plan going fully remote now, compared to 13.2% before COVID-19, an increase of  $(21.8 - 13.2)/13.2 = 65\%$ .

## **Conclusions**

COVID-19 has brought uncertainty and tragedy across the globe and has forced the economy to undergo a massive experiment. As somewhere around half of all workers take part in this trial of remote work, however, in the chaos, there are also bright spots for the future of how we work.

As the Future Workforce survey suggests, the positive results of the experiment is set to accelerate the trend of remote work even more rapidly. With that change, workers will embrace the benefits of no commutes, fewer meetings, and increased productivity. Additionally, if even a fraction of those who are experimenting with remote work embrace it, it could double the share working fully remote themselves and have positive implications on U.S. productivity.

The shift to more remote work could also eliminate many of the challenges that come with having a traditional, in-the-office workforce. As leaders in the remote workspace for nearly two decades, Upwork has seen first hand and helped companies and freelancers embrace the benefits of flexibility. For companies, remote work removes geographical barriers to hiring so that they can find the best talent regardless of location. For independent professionals, being remote opens opportunities to work with companies and clients around the world.

There will be adjustments as companies pivot to a more remote workforce, but overall, the remote work experiment will bring positive impacts to how we work. When the economy finally reopens and social distancing measures are lifted, the labor force will look back on COVID-19 as the turning point in the remote work experiment.

## **Methodology**

The report uses data from two surveys conducted by independent research firm ClearlyRated. The first round surveyed more than 1,000 U.S. hiring managers through a third-party, independent online sample between October 31, 2019 and November 13, 2019. The second round surveyed more than 500 U.S. hiring managers through a third-party, independent online sample between April 22, 2020 and April 28, 2020.