

The State of Remote Work in 2023

Today's Presenters:



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Today's Session

- Recent findings from Payscale's 2023 State of Remote Work Report
- Best practices from remote first and hybrid companies
- Tips and tricks for approaching remote work in the current environment
- How can you best recruit and retain talent considering remote work

The remote work conversation...

Remote Work Stable at Higher Rate Post-Pandemic

Less-Productive Remote Workers Don't Necessitate A Return To Office

Remote work thrives in the biggest and fastest-growing parts of the U.S.

Hybrid work might not be the dream scenario for all workers

Workers and bosses are reaching a truce as hybrid work becomes the new norm among the biggest companies in the U.S.

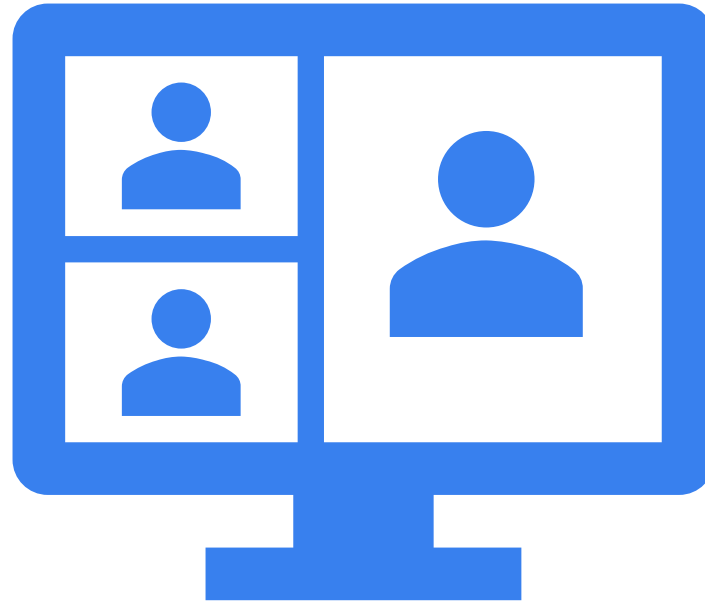
Labor Day return to office mandates yearn for 'normal.' But the pre-COVID workplace is gone.

Rigid return-to-office mandates may backfire, experts say

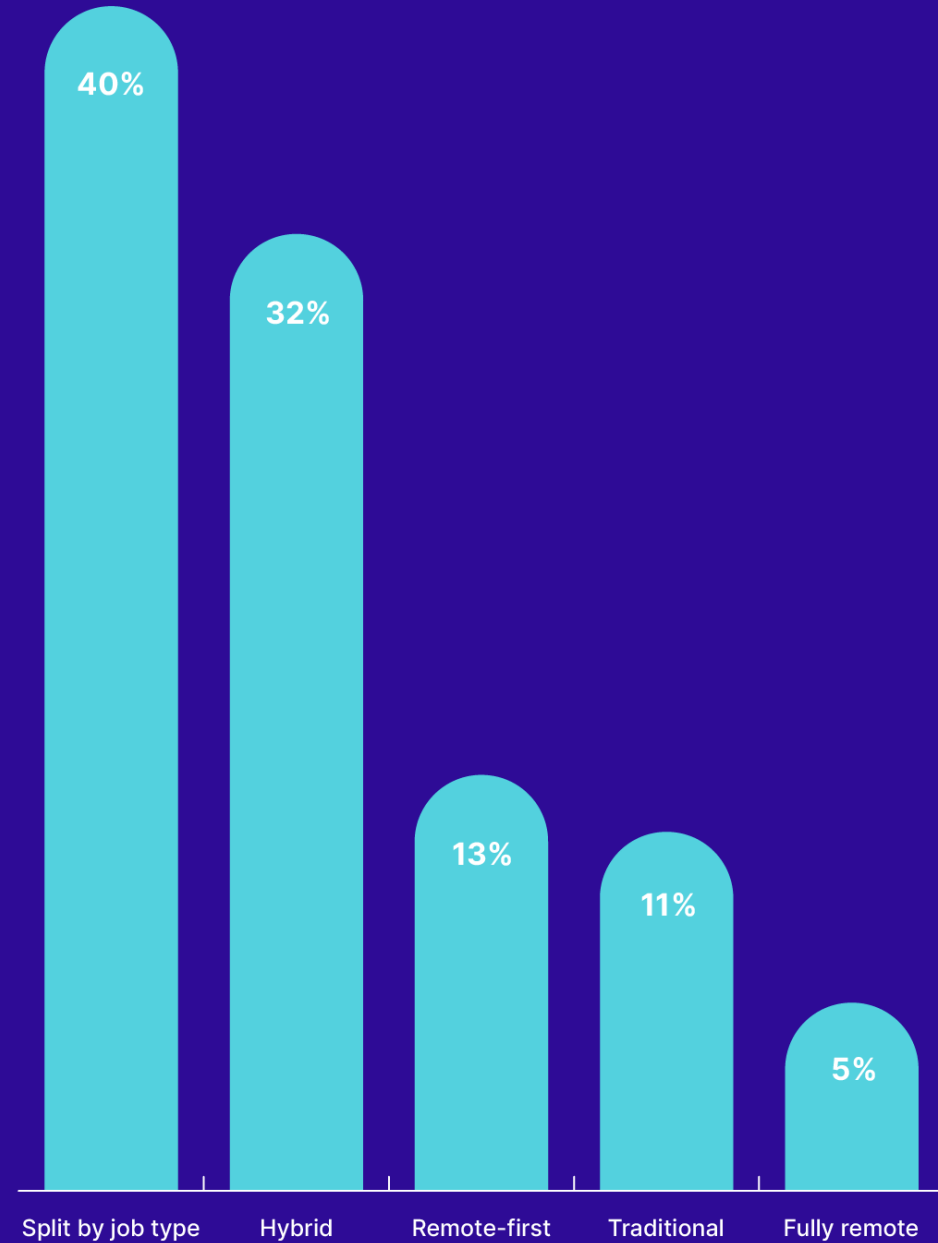
Remote first vs hybrid vs in office

- **Remote first:** Companies or organizations that have chosen remote work to be the primary way in which employees work with one another
- **Hybrid:** A flexible working model where employees work partly in the physical workplace, and partly remotely – at home or from another workspace.
- **In office/traditional:** Companies or organizations that have chosen in person/in office work to be the primary way in which employees work with one another

At PayScale, we are remote first...



How many folks are actually remote?

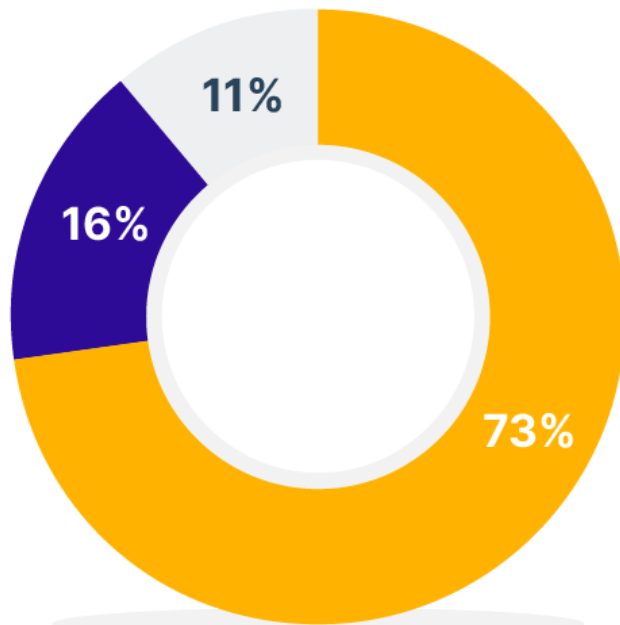


Report Methodology

- Payscale analyzed 309,971 respondents from our Online Salary Survey between August 2021 and August 2023 that answered the following questions.
 - **Are you able to telecommute / work from home?** Yes, I telecommute 100% of the time / Yes, I telecommute some of the time / Yes, I telecommute on an as-needed basis only / Yes, I telecommute most of the time / *No, I can't telecommute*
 - **Following work from home ordinances in 2020, have your expectations for remote work in your occupational field changed?** Yes, I expect fewer employers to offer remote work options in my field. / Yes, I expect more employers to offer remote work options in my field. / No, my expectations have not changed.
- Payscale provides insights on the impact that remote work has on an employee's intent to seek a new job. We conduct this analysis with a logistic regression model that leveraged the above sample of respondents from our salary survey.
- To determine impact of remote work on retention, we employed a logistic regression model where intent to seek a new job in the next six months was the dependent variable and remote work status was the independent variable. All findings reported are statistically significant ($P < 0.05$).
- **Employer Survey:** We also surveyed employers on their remote-work policies and pay practices from July–August of 2023. Survey results use a sample of 980 respondents, comprised mostly of HR (42%) and Compensation (39%) professionals.

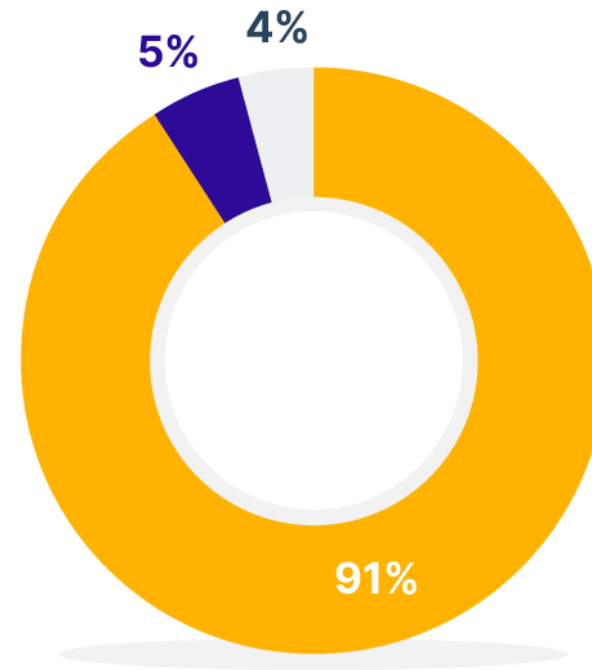
Remote work continues to impact talent strategies

Is remote work impacting how you compete for talent?



Yes
No
Unsure

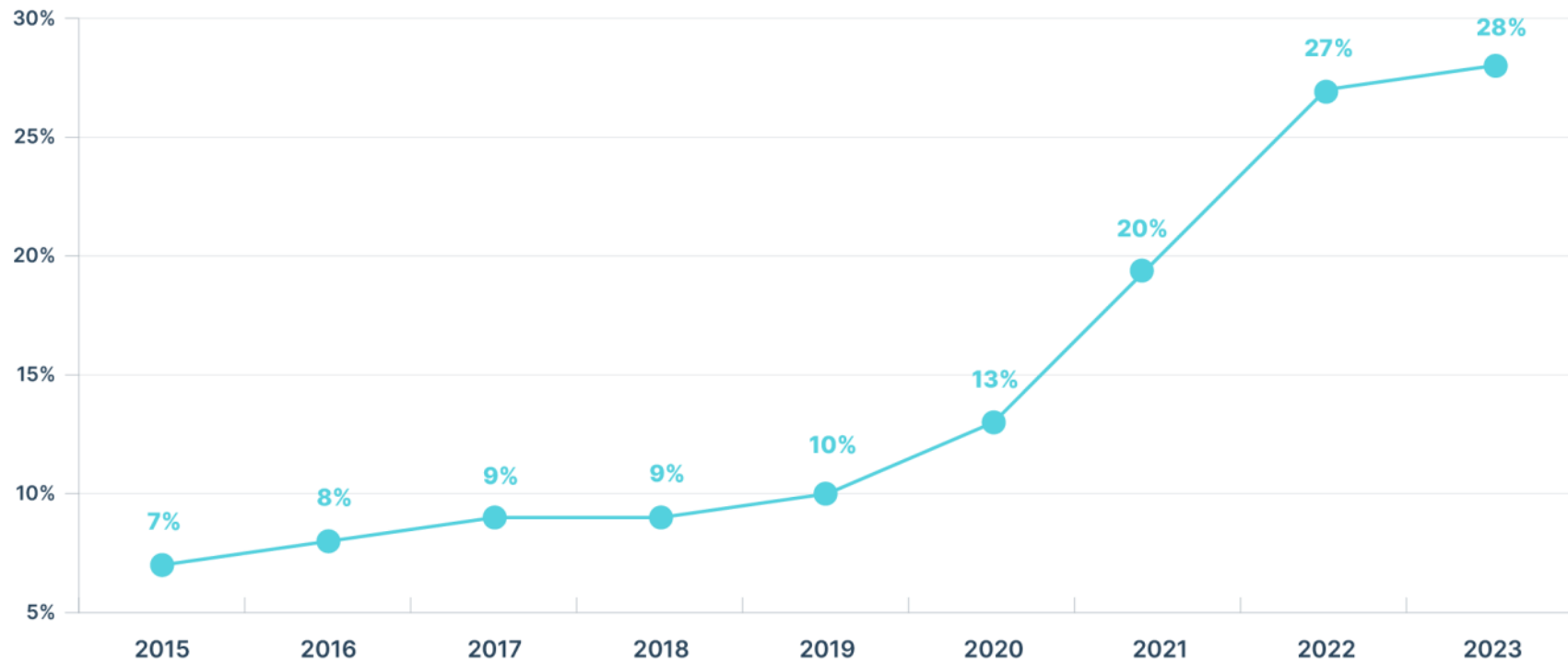
Do you consider workplace flexibility to be a critical benefit in attracting talent?



Yes
No
Unsure

Work from home status over time

Percentage of employees who work from home all or most of the time



What is having the most impact on productivity declining in the United States?

Is remote work a cause for drop in productivity?



How does trust factor in?

Does your executive leadership trust employees working from home to be productive?

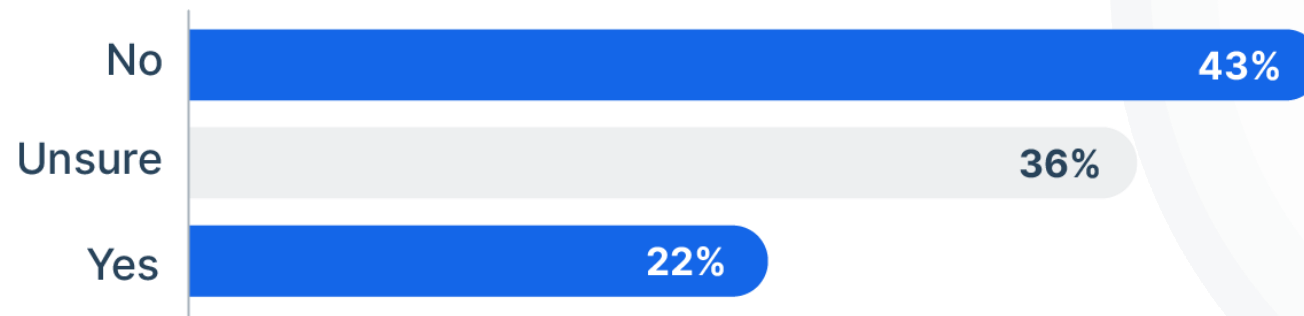
Yes, by and large across the company — **54%**

Yes, for select employees — **30%**

No — **8%**

Unsure — **7%**

Has your organization caught employees slacking off or working a second job simultaneously while working remotely?



Anecdotes

“As long as they're getting the work done, which includes being in the meetings they're supposed to be, we're more interested in the result than a perception that they're 'slacking off' or have a second job.”

“We have a distributed global staff, so this happens.”

“This is not the norm, and we immediately address it as we would any other performance issue.”

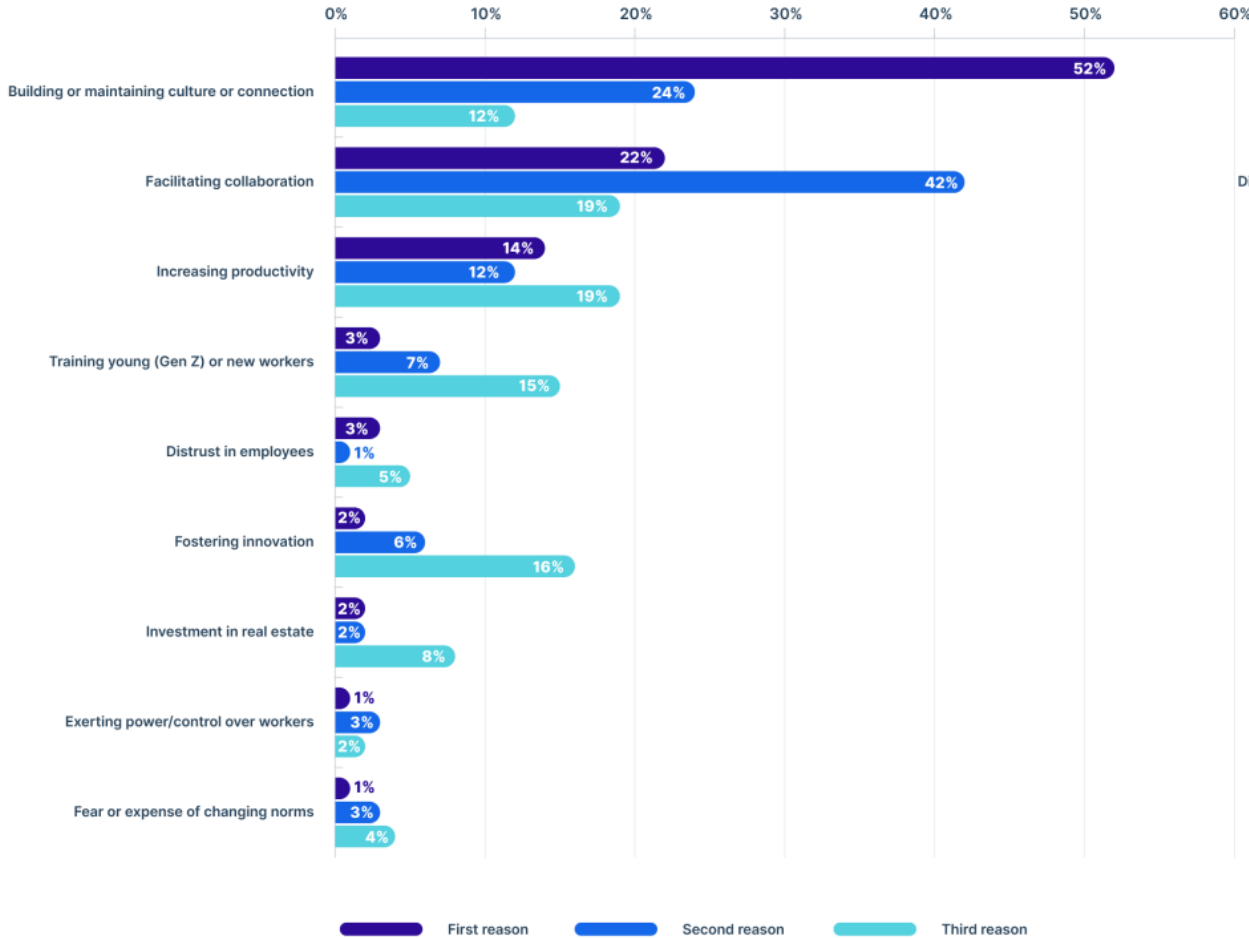
“We definitely have not found anyone doing a second job. There are sometimes people who are not as responsive as managers would like and we then ask them to come into the office more regularly or otherwise direct them as to expectations.”

“This has occurred in very rare cases: situations where there are already performance issues and is another piece of the documentation in a corrective action.”

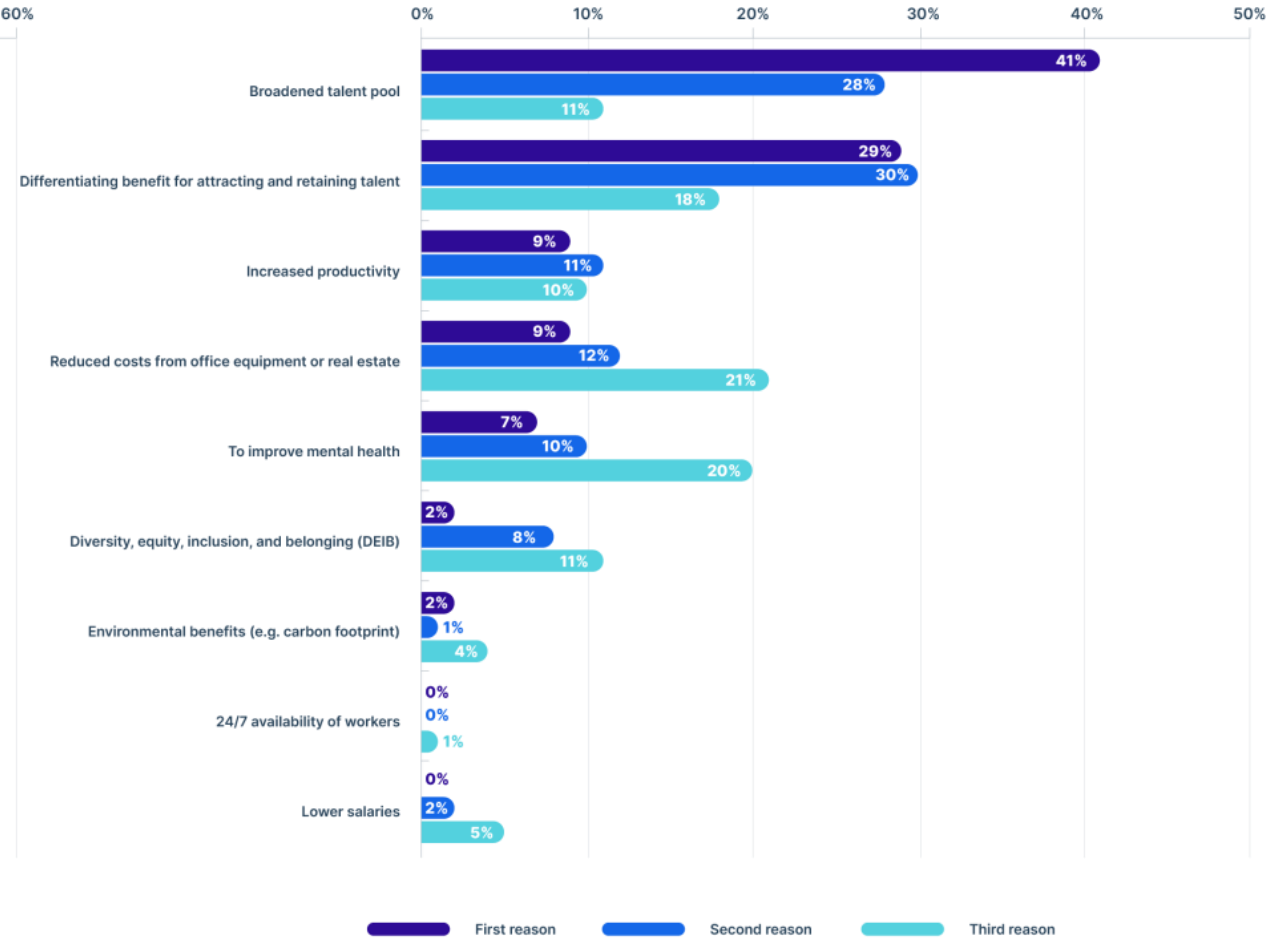
“Not meeting metric and/or job requirements. Those living near a physical office have been required to move from fully remote to a hybrid schedule until they've corrected their performance.”

Reasons to return to office vs be fully remote

Top reasons driving mandates to return to offices



Top reasons driving remote workplaces



Factors to consider with remote work



Pay



Real Estate
and
Workplace



Ability to
Work
Remotely



Equal
Opportunity



People
Collaboration
&
Engagement



Technology

Considerations for Remote and Hybrid Work

Considerations for Remote Work

- How does this impact our employee value proposition?
- How do I know what jobs can be done remotely?
- Can all of these jobs be done remotely?
- Does this mean my employees can live anywhere they want?
- Will there ever be a need to return to an office?
- Are all remote work jobs administrative?
- How does remote work change performance metrics/evaluations?
- Are there any cons I am not thinking of?

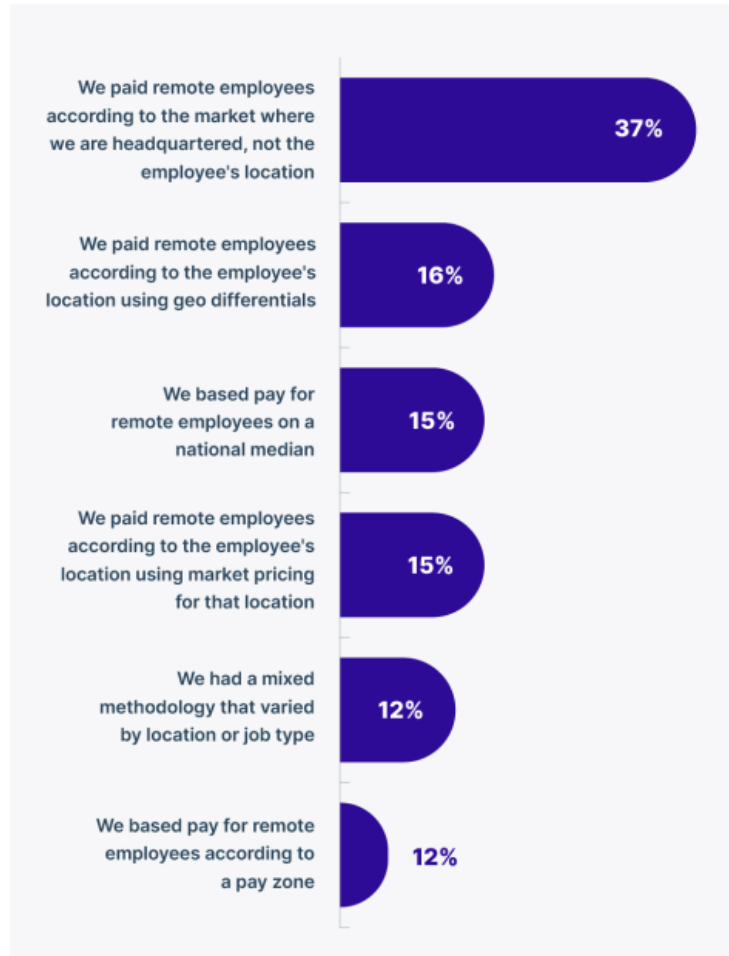
Considerations for Hybrid Work

- How does this impact our employee value proposition?
- How do I know who will be working remotely and who will come into the office?
- Does this mean my employees can live anywhere they want?
- Which jobs will be remote vs. Hybrid?
- Will we mandate employees to come into the office on certain days?
- How does remote work change performance metrics/evaluations?
- Are there any cons I am not thinking of?

Geographic pay strategies

Pay methodologies before and after the pandemic

Before



After



Determining your location-based pay strategy

Every business should determine the right strategy for their unique situation and needs based on remote work policy, pay philosophy and beliefs, total rewards strategy, talent budget, size of organization and strategy for attracting talent.

Location-agnostic pay model

Concept: Every worker is paid the same rate for the same job, regardless of their location.

Strategies to implementing:

1. Pay by national median (or alternative city)
2. Pay by company headquarters

Location-based pay strategy

Concept: Compensates according to the employee's location.

Strategies to implementing:

1. Use market data and price by location
2. Leveraging geographic differentials to pay by location
3. Leveraging geographic differentials to pay by zones (salary tiers based on employee location)

Every strategy has pros and cons...

Location agnostic pay is a much simpler approach and is easier to manage but can become incredibly expensive quickly.

Top Pro:

Scalable and easy to manage.

Top Con:

Disadvantage in attracting talent in hot cities and overpaying for talent in noncompetitive labor markets.

Location based pay is more precise compensation. You optimize salary spend and avoid under/overpayment.

However, it is harder to implement, manage and is often considered unfair.

Top Pro:

Attract top talent in expensive cities and avoid overspending in rural areas.

Top Con:

Complicated and messy to track. If people move it becomes challenging.

The role of communications...

Pay communications: Do employees understand your pay practices and how their pay is impacted by their location and/or remote work status?

Executives _____ **90%**

Managers _____ **72%**

Recruiters _____ **69%**

Hourly employees _____ **30%**

Salaried employees _____ **45%**

Your journey to driving a location-based pay strategy

1. Define remote work policy

Formalize your remote work policy and programs

2. Compensation philosophy & strategy

Payscale can help you develop a compensation philosophy and pay strategy that includes a position on location-based pay while considering equity

3. Market data & pay markets

We help you ground your strategy in timely market data through pay market development and/or market pricing

4. Pay structures

Activate your location-based pay strategy through consistent, equitable job based and/or grade-based ranges.

5. Manager training

We help you facilitate training with your managers on your location-based pay strategy to empower managers to have effective pay conversations.

6. Employee pay communications

Communicate to your employees through total rewards statements to help them understand what they are paid and why.

How PayScale helps clients develop and activate a location-based pay strategy

Timely market data applying different methodologies



Employee Reported Data

Granular market data specializing in granular location data. Constant real time data collection from employees in the workforce,



HR Market Analysis

HR reported data reporting on billions of data points and 30,000 geographic locations.



Peer Data

Highly transparent, customizable and up to date HR reported market data to support you with whichever location strategy you choose.

Leading technology to bring your location-based pay strategy to life



Payfactors

A compensation platform to activate your location-based pay strategy through sandbox scenarios, customizable market pricing, salary structures to drive strategy, and reports that deliver insights

- Pay Markets
- Salary Structures
- Survey Management & Participation
- Data Insights
- Fair Pay Insights
- Data Visualizations



Total Rewards Statements

Flexible statements to help communicate pay to your employees so that they recognize your organization's policy on location-based pay and understand what they are paid and why.

- Custom statements
- Tailored by group or individual

Experienced Compensation Services



Comp Policies Guide, Philosophy & Support



Comp Strategy & Market Analysis



Job Pricing



Structure Modeling & Creation



Manager Best Practice Training



Comp Reporting and Analytics Services

Outcomes of the Payscale Solution

01

Develop an equitable
pay philosophy you can
stand behind

02

Active your compensation
strategy consistently
throughout your business

03

Effectively communicate
so that employees
understand their pay

Q&A

Feel free to ask any questions in the chat!

