

The 2021 State of Remote Work Employer Survey Report

In this report, Payscale combines research from our online salary survey of employees with a fielded survey to employers to reveal how remote work is impacting employee expectations, job seeking behavior, future work environments, and pay strategies.

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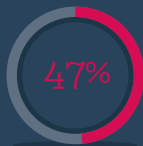
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73%
73% of orgs are concerned that remote work will change the competitive landscape.



48%
48% of orgs have surveyed their employees on their remote work preferences.



47%
47% of orgs say that over 25% of employees will work from home when the pandemic ends.



81%
81% of orgs do not have a compensation strategy that encompasses remote employees.



69%
69% of orgs do not plan to lower pay for current employees that work remotely.



50%
50% of orgs say they will have a flexible or hybrid office after the pandemic.

Executive summary

The 2021 State of Remote Work Survey gathered employer responses from June 2021 to August 2021. There were 682 respondents. This report also references data from 538,438 online salary profiles from employees collected by Payscale from July 2019 to July 2021.

Remote work is having a significant impact

COVID-19 upended the workplace in numerous ways, but one of the most significant is the rise of the remote workforce. Employees want to retain the ability to work from home, but employers have been ambiguous on what their approach will be when the threat of the pandemic has been lifted.

According to Payscale's [research](#), 43 percent of employees expect organizations to offer remote work after the pandemic. This rises to over 70 percent for occupations such as marketing and IT. Those with the inability to telecommute also report higher rates of job seeking behavior.

Employers are cognizant of the challenge. Seventy-three percent of employers say they are concerned about how remote work will change the talent landscape, especially for white collar industries. However, less than half of organizations have surveyed their employees on their preferences when it comes to remote work.

Where organizations are making active changes are in the workplace environment. After the pandemic, 50 percent will transition to a hybrid office, with the most popular expectation being for employees to come in 2-3 days a week. However, 65 percent are allowing employees to work from home as needed. Less than 10 percent will have no remote workers.

When it comes to compensation for remote workers, **81 percent of organizations do not have a pay strategy.** The majority consider work done from home to be as valuable as work performed in an office and 69 percent say they will not be lowering pay for remote workers. But when it comes to pay strategies, nearly 30 percent of organizations are undecided. The rest are split across paying by employer location, employee location, a mixed strategy, or by grouping regions. Larger organizations are more likely to pursue a strategy of basing pay by employee location, especially in the technology sector.

Employee Expectations

Remote work will impact competition for talent

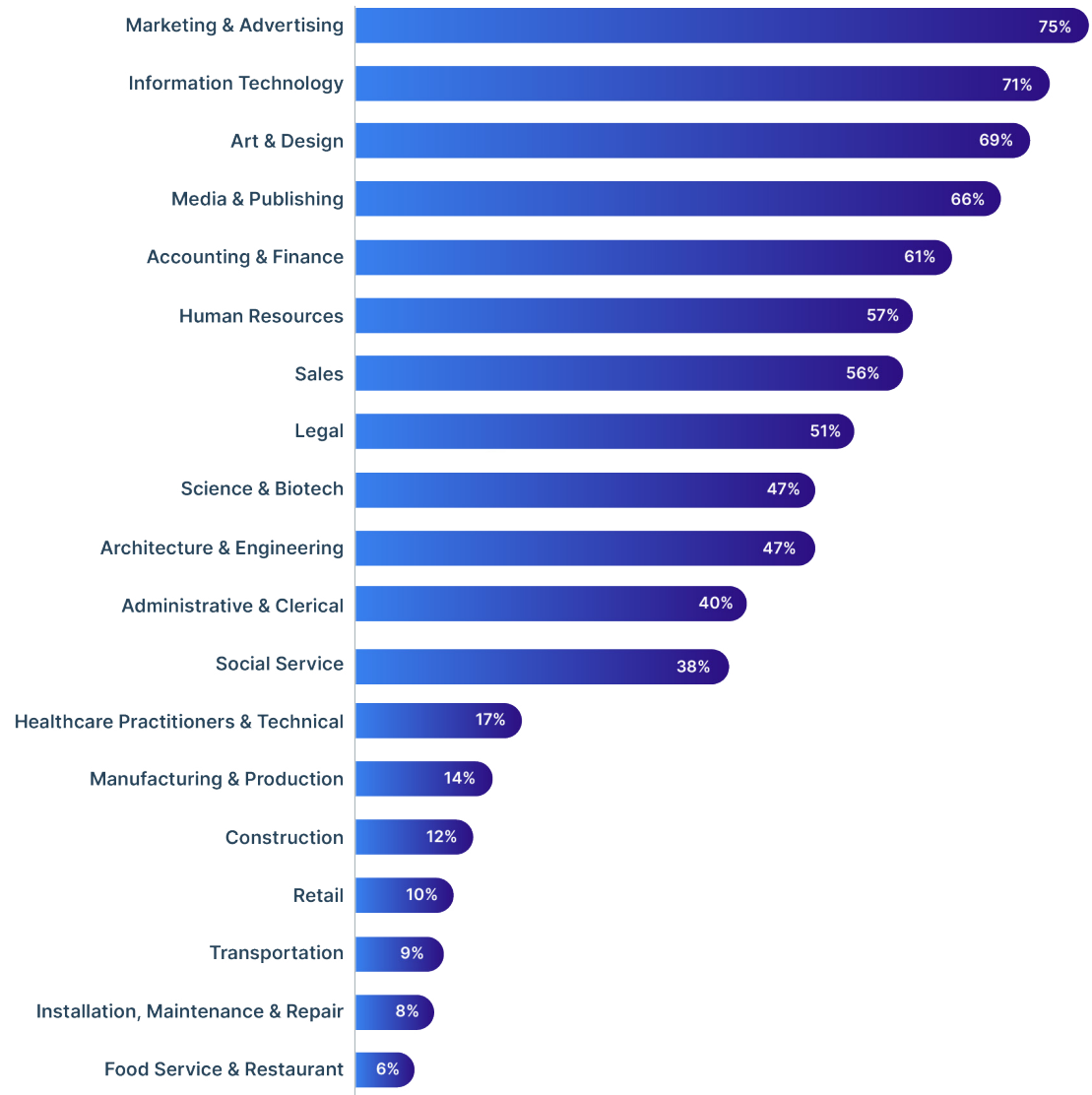
Views around remote work have changed since COVID-19 and this will impact the competition for talent. Indeed, 43 percent of employees surveyed by Payscale report having the expectation that organizations will continue to offer remote work opportunities after the pandemic ends.

Expectation by occupation

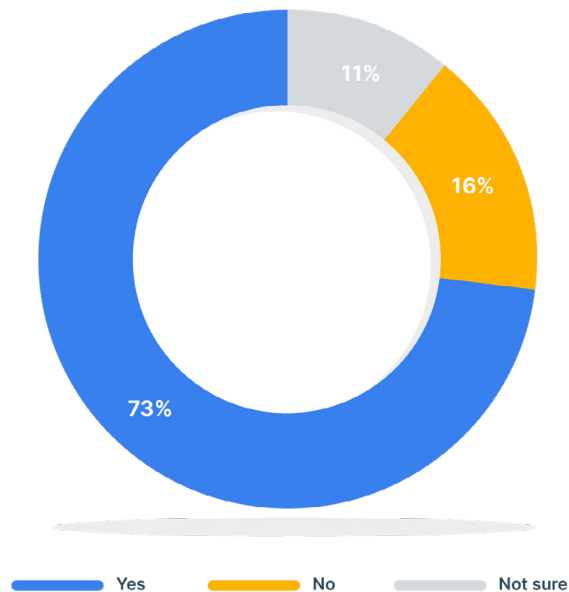
In the occupations of marketing & advertising and information technology, this percentage increases to 75 percent and 71 percent respectively.

Unsurprisingly, occupations that are easier to perform from home more often expect remote work opportunities to increase. Occupations that require work to be performed on site or with customers less frequently have this expectation.

Increased expectation of remote work by occupation



Are you concerned that remote work will change the competitive talent landscape?



Competition for talent

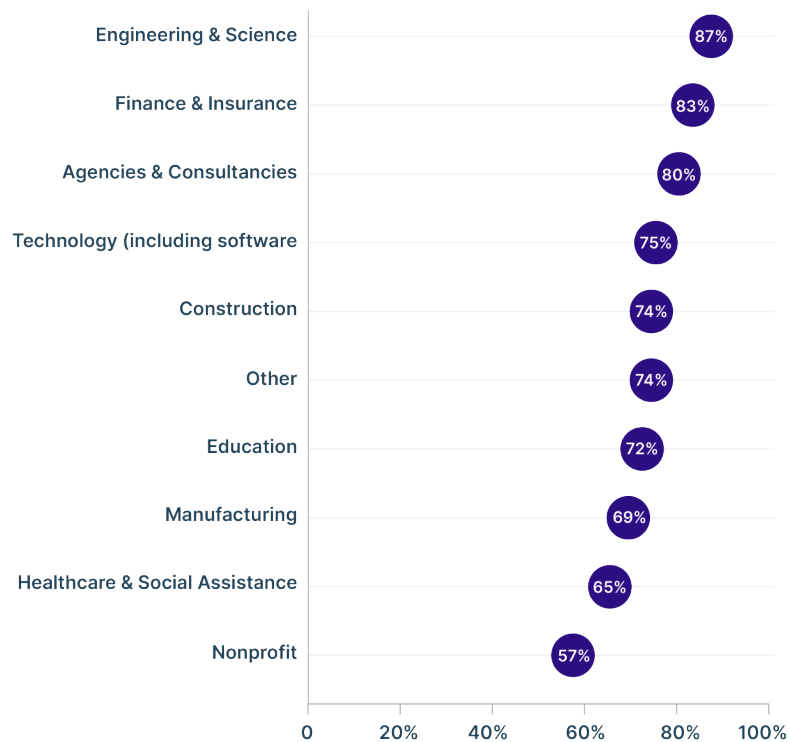
Correspondingly, **73 percent** of employers are concerned that increasing expectations for remote work following the end of the pandemic will change the competitive landscape when it comes to attracting and retaining talent. Only **16 percent** of employers are not concerned.

Further cuts of the survey data revealed that employers who said they are not concerned about remote work changing the competitive landscape generally either have no remote workers, are a fully remote organization already, or already allow employees to work from home as desired. They are also more frequently smaller businesses with fewer than 200 employees.

One thing these employers might want to keep in mind is that remote work will be less of a differentiator the more organizations offer remote work, so in the future they could lose out on talent to larger organizations that previously were less flexible around remote work.

Industries that are most concerned about remote work impacting the talent landscape are those who tend to have highly competitive, white-collar employees. Industries with the least concern include healthcare & social assistance, and nonprofits.

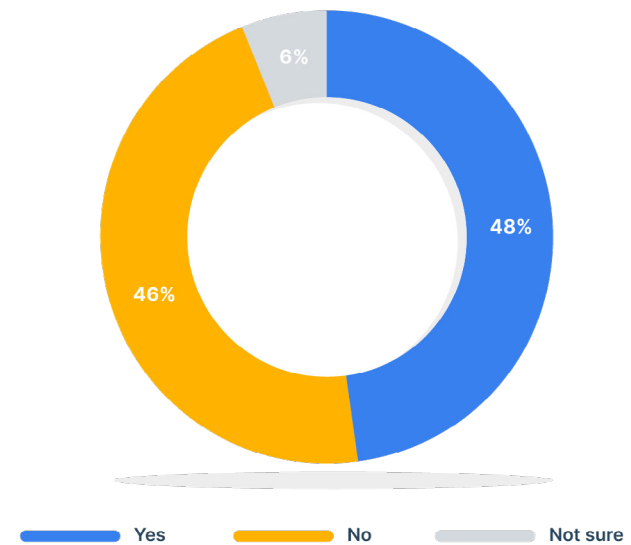
Industries most concerned by post-COVID talent landscape



Surveying employees

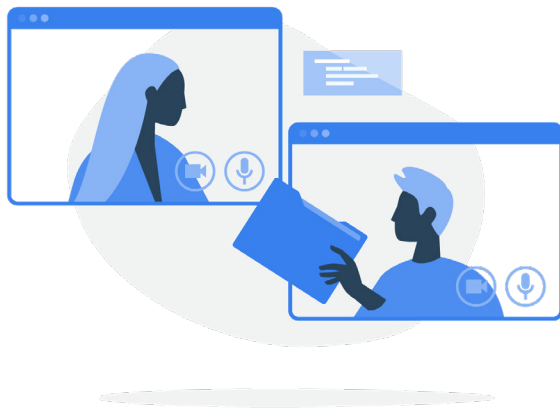
Surprisingly, although **73 percent** of employers are concerned about remote work changing the competitive landscape for attracting and retaining talent, less than half of organizations (**48 percent**) have surveyed their employees about their preferences. For organizations who are still not sure about their approach when it comes to remote work, an employee survey could be enlightening, as long as leadership is willing to take the results seriously.

Have you surveyed your employees on their remote work/WFH preference?

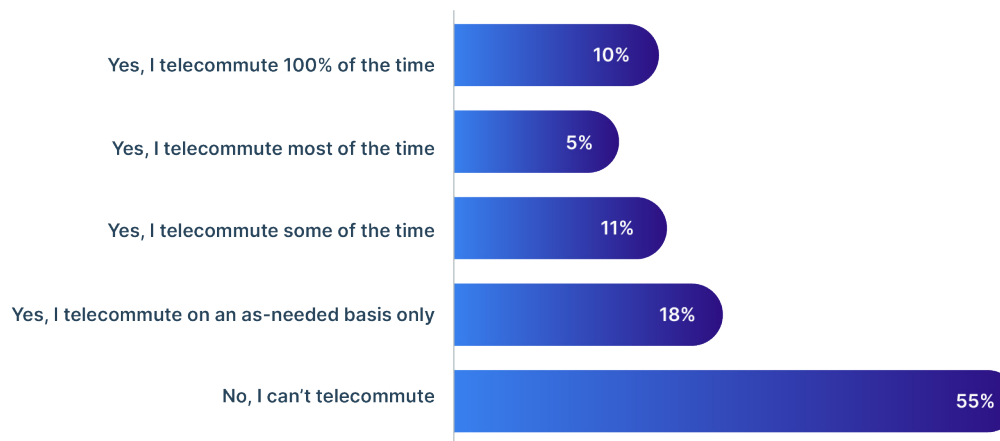


Impact on retention

It's important for employers to note that Payscale's research finds that the ability to work remote is impacting job satisfaction and job seeking behavior. Employees who can't telecommute at all have the highest rates of seeking new opportunities in this changing market. Employees who telecommute "most of the time" but not 100 percent of the time have the lowest rate of seeking a new opportunity, implying that the availability of an office environment is valued but that employees most prize autonomy over where they do their work.



Percent of total job seekers by remote status



Work Environments

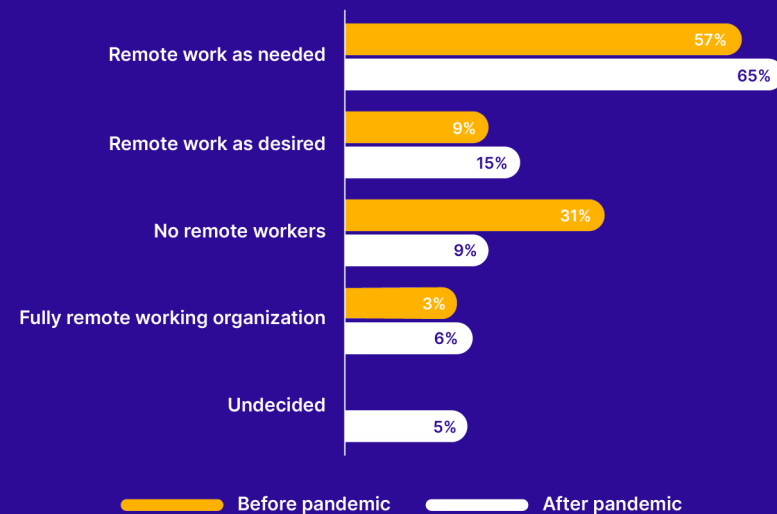
Hybrid offices look to become the new normal

As part of our survey, we asked employers a number of questions related to their approach to remote work both before and after the pandemic as well as how they anticipate their work environment will change to accommodate changing expectations. Overall, we found that most organizations understand that remote work is now expected and are adjusting their approach to office space to accommodate more employees working from home at least some of the time after the pandemic.

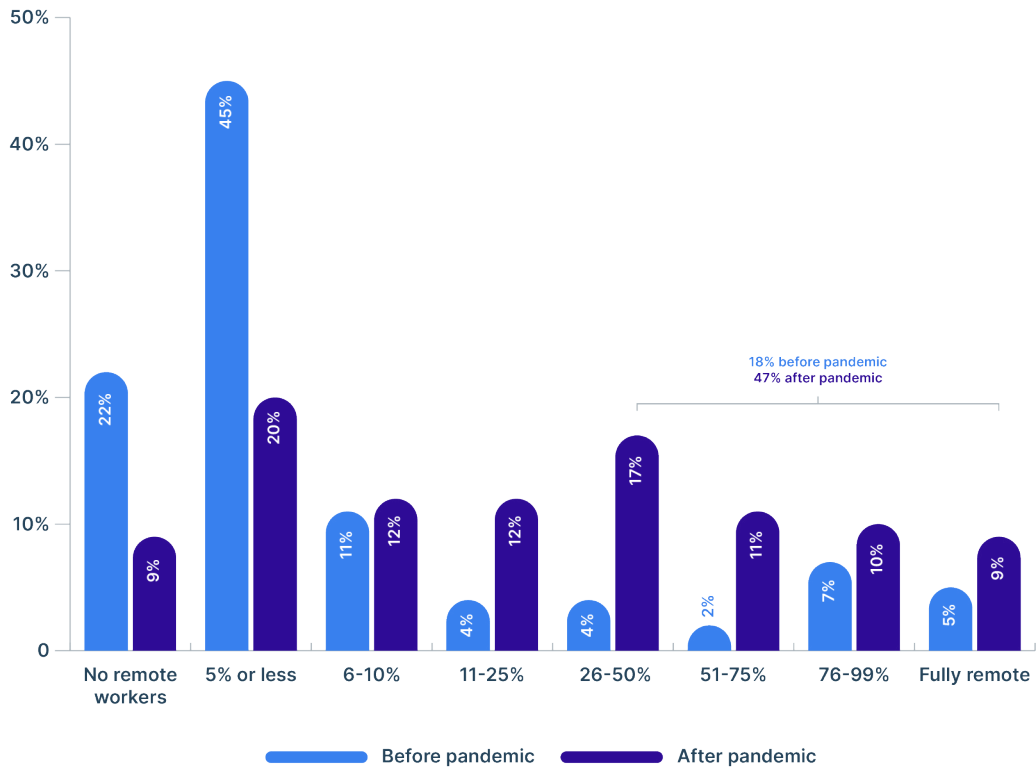
Degree that employees work remote

Accommodating remote work doesn't necessarily mean that organizations will allow all employees to work from home all of the time, even if that was the case during the pandemic. Even before the pandemic, **57 percent** of organizations say they allowed employees to work from home as needed. After the pandemic, this has increased to **65 percent** of organizations. Allowing employees to work remotely as they desire has also increased substantially, from 9 percent to 15 percent. Organizations that have gone fully remote have also increased, though not as highly as some may have expected.

Can employees telecommute in your organization?



What percentage of your employees work remotely?

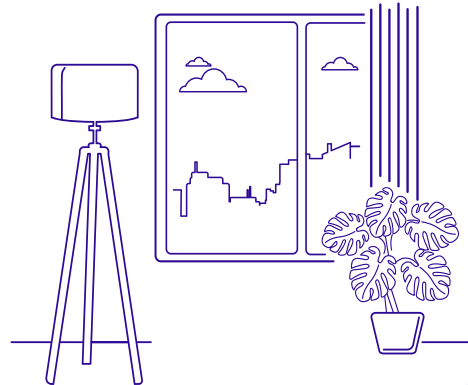


Percentage of employees that work remote

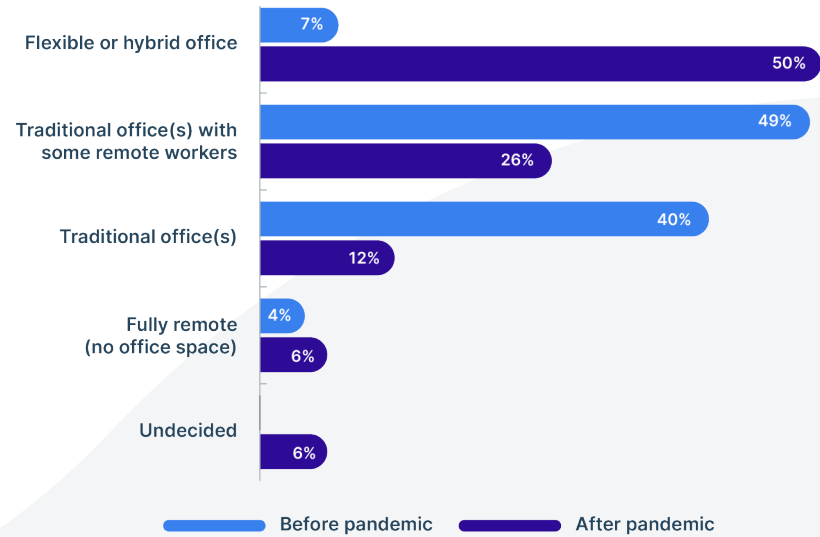
When it comes to remote work, not every employee will necessarily be given the opportunity. However, employers definitely expect the percentage of their remote workforce to increase after the pandemic compared to before the pandemic. Before the pandemic, about **18 percent** of organizations reported that more than 25 percent of employees worked remotely. After the pandemic, **47 percent** of orgs say that over 25 percent of employees will work from home.

Work environment before and after the pandemic

Given the increased percentage of remote workers anticipated after the pandemic, employers have been evaluating how commercial office spaces will change to embrace the new normal. The impact in anticipated changes to the office environment is striking. Before the pandemic, **89 percent** of organizations say they had either a traditional office or a traditional office that allowed some remote work. After the pandemic, **50 percent** of organizations say they will have a flexible or hybrid office.



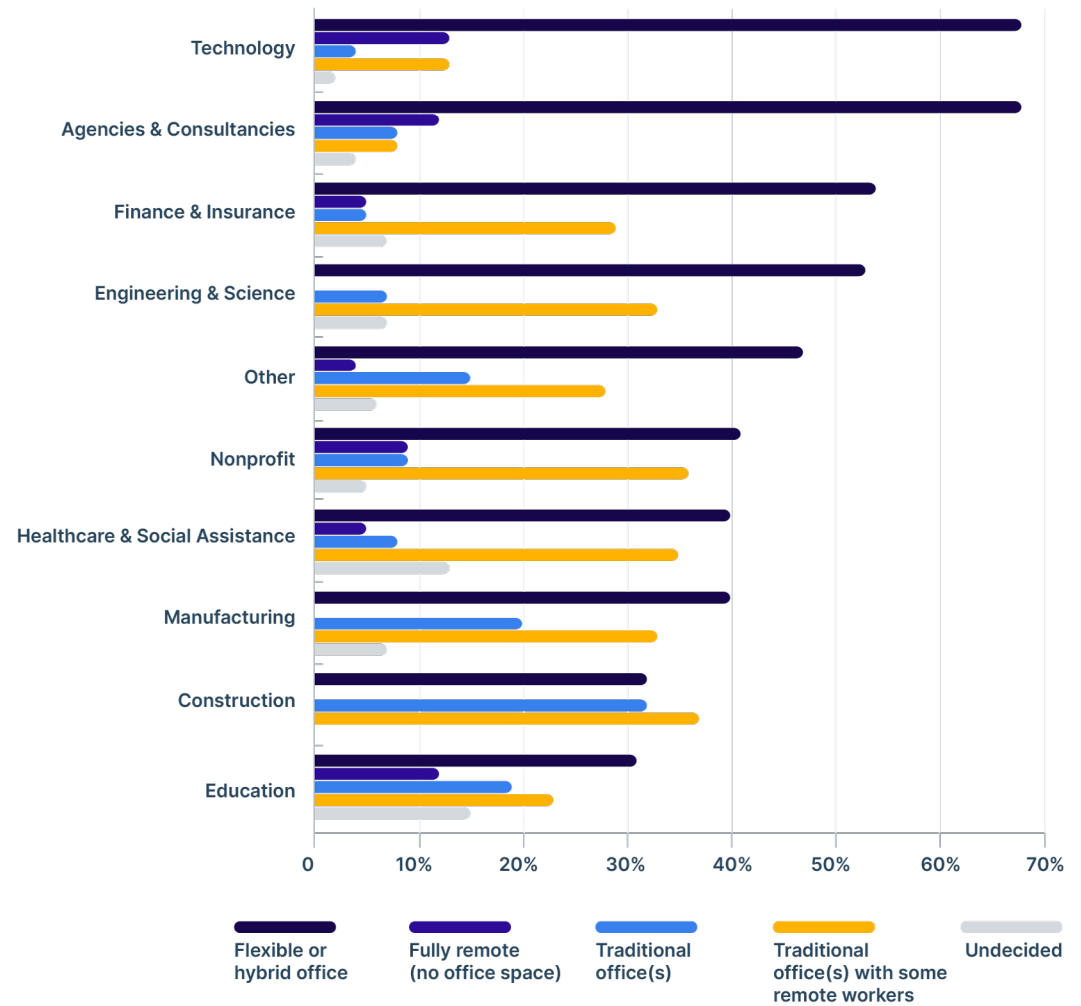
Which of the following best describes your organization's workplace before and after the pandemic?



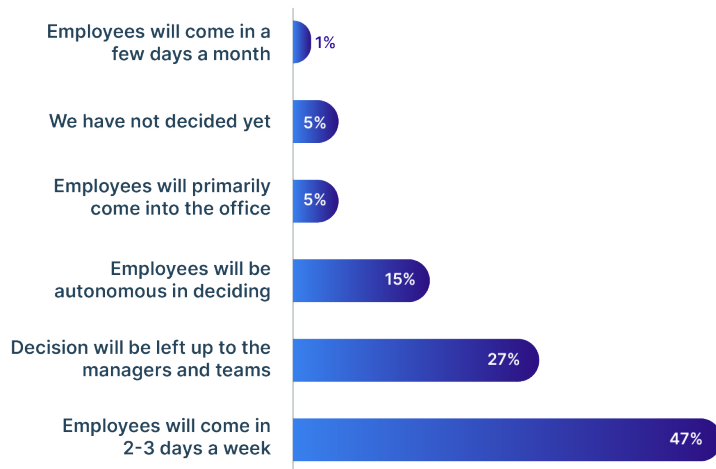
Work environment by industry

When broken down by industry, a hybrid office is most popular with the technology industry as well as with agencies and consultancies. Hybrid offices are also popular in the finance & insurance industry and the engineering & science industry, which correlates to the industries most concerned about the post-COVID talent landscape. Traditional offices are still most popular in the construction industry followed by manufacturing and education. The education industry is also the most undecided.

Which of the following will best describe your organization's workplace after the pandemic



For your flexible or hybrid office, how often will employees be expected to come into the office versus working from home?



Hybrid office expectations around remote work

We asked organizations that anticipate having a hybrid office how often they expect employees to come into an office to work versus working from home. The most popular response is expecting employees to come into an office 2 to 3 days a week, which implies that most organizations will still prioritize competing for talent in the locations where they have offices. The second most popular response is to leave the decision up to managers and teams, which may result in some occupations seeing more flexibility when it comes to remote work. Another **15 percent** said that employees will be autonomous in deciding how often they want to come into an office.

It is possible that these percentages will shift over time as organizations experiment with different solutions and evaluate the impact of a hybrid office on productivity and performance management, employee engagement, job satisfaction, and turnover rates. It is also possible that organizations will apply different rules to different occupations according to how remote workers impact different teams and departments.

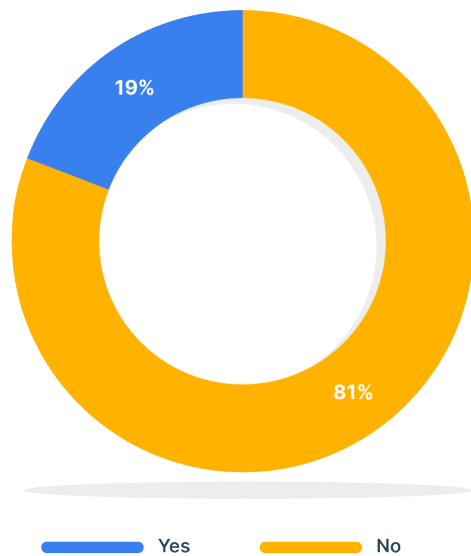
HR leaders need to be especially conscious of employee perception when it comes to remote work policies and ensure that rationale is clearly communicated and consistently followed. Continuously gathering feedback from employees can help organizations isolate what employees value the most when it comes to the work environment and avoid the pitfalls of inconsistently applied or misunderstood policies.

Compensation

Pay strategies will vary, but lowering pay for remote workers will not be the prevailing strategy

Despite most employers being concerned that remote work will impact the talent market, the vast majority of organizations (**81 percent**) do not yet have a pay strategy that encompasses remote employees or is specific to remote employees.

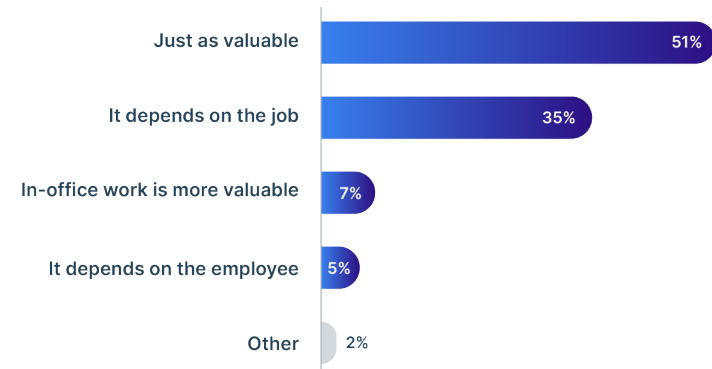
Do you have a pay strategy that encompasses remote employees or is specific to remote employees?



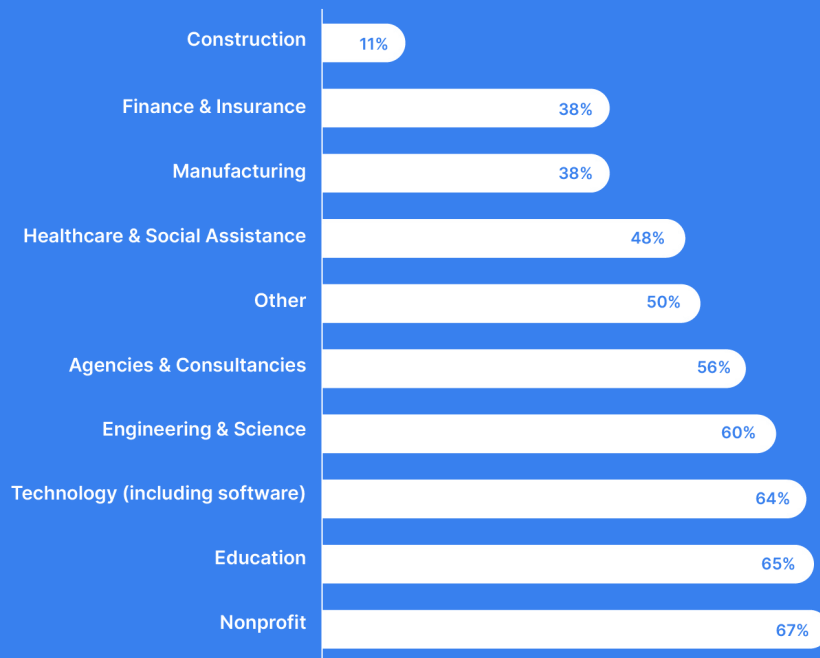
Value of remote work

That being said, most organizations (**51 percent**) consider remote work to be just as valuable as work performed in an office. However, over a third of organizations (**35 percent**) acknowledge that it depends on the job. Although a small percentage, 7 percent of organizations do view in-office work as more valuable and just under 5 percent admit that it depends on the employee, indicating that some employees are not trusted to be as productive working from home.

Do you consider work performed at home to be as valuable as work performed in an office?



Industries that consider remote work just as valuable as in-office work



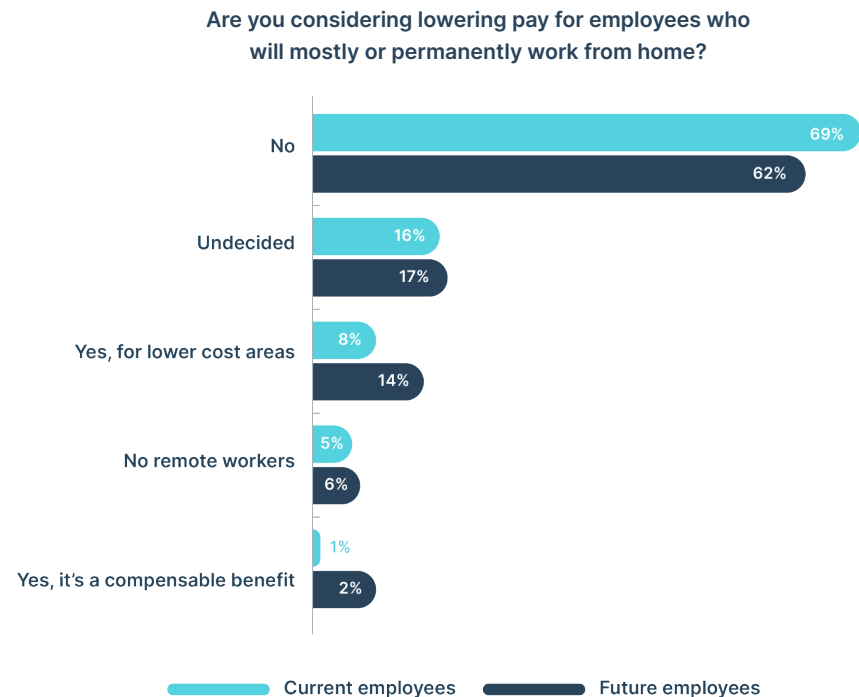
Value of remote work by industry

When we analyze the perceived value of remote work by industry, we find that the construction industry has the lowest rate of considering remote work to be just as valuable as in-office work. Manufacturing and healthcare also less frequently view remote work as equally valuable to in-office work, likely due to these industries requiring on-site work and in-person interaction. Finance & insurance is an industry more surprising to see as viewing remote work as less valuable than other industries but may be reflective of the traditionalism with which finance and insurance approaches business in general.

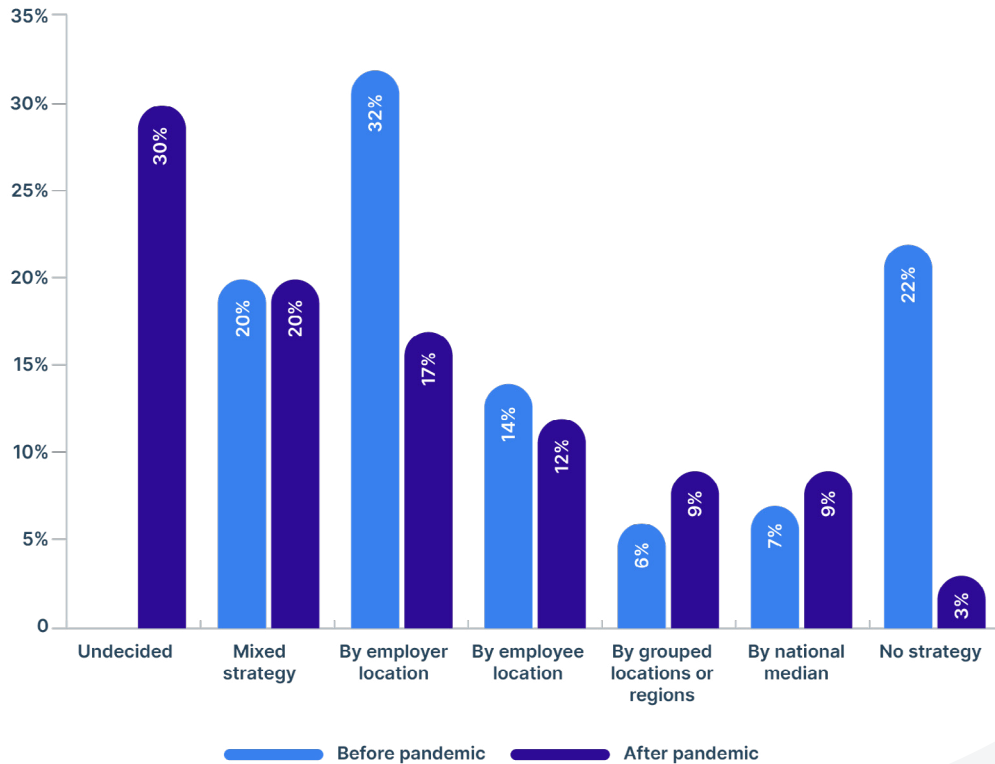
Lowering pay for remote workers

Payscale's online remote work report shows that pay for remote workers is typically higher than pay for non-remote employees. Over the past eighteen months, organizations have reputedly been investigating potential savings on payroll costs by lowering pay for employees who work remotely and especially for employees who move away to locations with a lower cost of living.

However, our survey to employers shows that a strong majority of organizations (**69 percent**) do not plan to lower pay for current employees that work permanently or mostly from home and nearly **62 percent** do not plan to lower pay for future employees yet to be hired. Nearly 14 percent of organizations are considering lowering pay for future employees who live in locations with a lower cost of living. This is a substantial amount, but not a majority. According to additional cuts of the data, organizations who are considering the cost benefits of lowering pay for employees living in lower cost areas tend to be larger organizations and especially global organizations.



What will be your compensation strategy for setting pay for remote employees or employees who work from home before and after the pandemic?



Pay strategies for remote workers

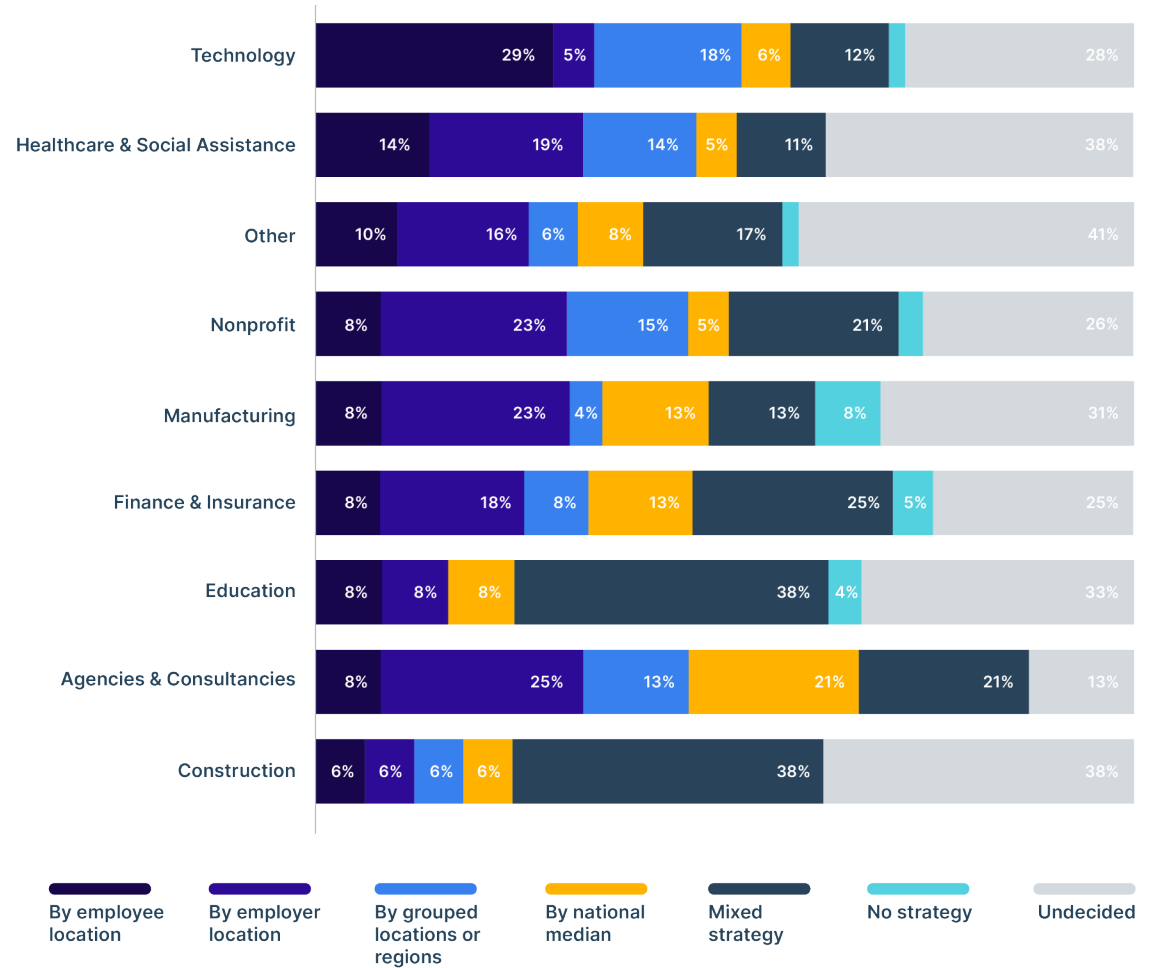
Before the pandemic, the strongest percentage of organizations (**32 percent**) determined pay according to where the company was headquartered. After the pandemic, a large percentage of organizations (**30 percent**) are still undecided, but fewer organizations are committed to paying according to where the employer is headquartered and are considering other strategic options.

In particular, we are seeing an increase in paying by national median or by grouping similar regions into pay zones, which can achieve the intent of an employee-location based pay strategy using geo differentials with less administrative hassle.

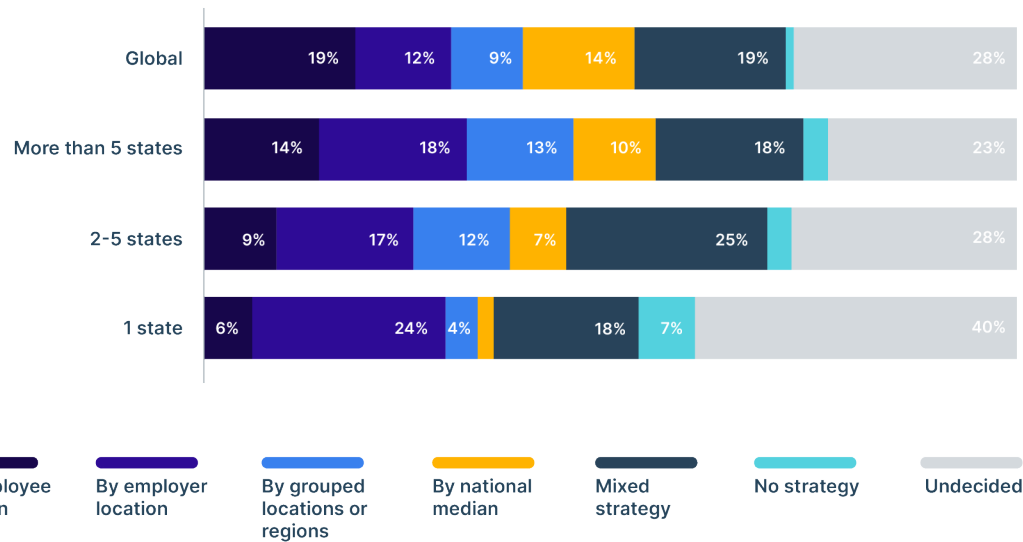
Pay strategies for remote workers by industry and number of locations

When we look at remote pay strategies by industry, we find that some industries are leaning in a certain direction. For example, the technology industry is leaning toward a compensation strategy that is based on employee location. However, agencies and consultancies more often report that they will continue paying by employer location or by national median.

Remote pay strategy by industry (post COVID)



Remote pay strategies by locations



When we look at the data by number of locations, we find that global organizations more frequently adopt a compensation strategy based on employee location. Although these organizations have the most locations to account for, they also tend to have larger compensation teams and more to gain from a precise approach.

Conclusion

Employees will speak with their feet

The full ramifications of the rise of remote work are yet to be seen. Employers who are actively listening and making accommodations to improve the employment experience are most likely to come out on top in the competition for talent.

Enticing employees back into an office environment — even for a few days a week — may be met with more resistance than employers are expecting, and this could translate to turnover. After all, employees who have been working at home full time for over a year know that their work is just as valuable. They have also experienced the benefits of not having to commute into an office and so they may be less eager to return to one.

When organizations make their choices, some will stay, and some will go. At the end of the day, employees will make their preferences known either by staying with the organization or by leaving for other opportunities.

This is especially true if organizations don't get their pay strategies right.

There are many appropriate ways to structure compensation strategies to accommodate remote work and increased workplace flexibility. What matters most is that compensation programs are competitive, consistent, and fair. Organizations that offer the most attractive packages in combination with the most flexibility and autonomy are likely to be most compelling to top talent.

Additional resources

Read our whitepaper on Remote Work Pay Strategies

Looking for help determining the right pay structure to accommodate a growing remote workforce? Download our whitepaper on Formulating a Remote Work Pay Strategy.

Download now →

Explore location-based pay solutions with Payscale's Differential Engine

Learn how Payscale's AI-powered differentials engine and Crowdsourced data can help you determine and apply pay premiums for specific jobs and skills in specific geographical markets.

Learn more →

Get a full demo of Payscale Compensation Software

Ready to up your compensation game right now? Request a demo to learn about Payscale's compensation software, data, and services to help you get pay right.

Request a demo →

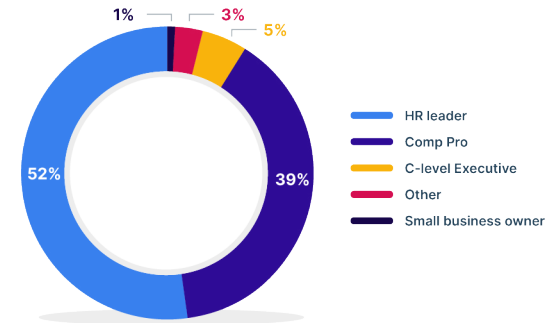
Methodology

The 2021 State of Remote Work Survey gathered responses from June 2021 to August 2021. There were 682 respondents. Over 85 percent report being directly involved in their organization's remote work strategy and pay strategies for remote workers.

Roles

The majority respondents to our survey identified as being either an HR leader or a compensation professional, with a small percentage of respondents being a C-suite executive, small business owner, or other.

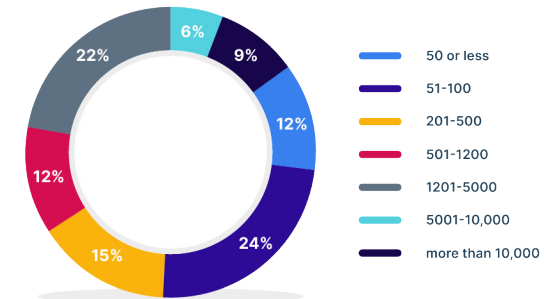
What best describes your role?



Employees

Respondents to our survey represent organizations with employees ranging from less than 50 to more than 10,000 with 51 percent of organizations having 500 or fewer FTEs.

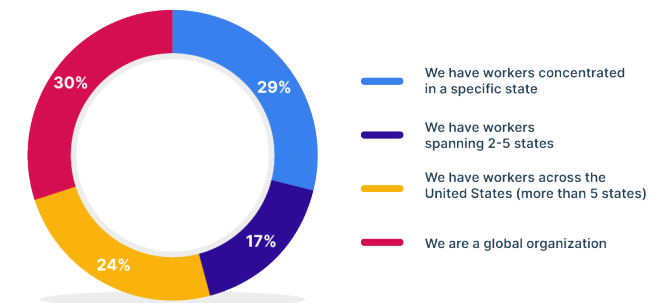
How many full-time, permanent employees work at your org?



Location

Respondents represent businesses that span from one U.S. state to being a global organization with 54 percent of organizations being global or located in more than five states.

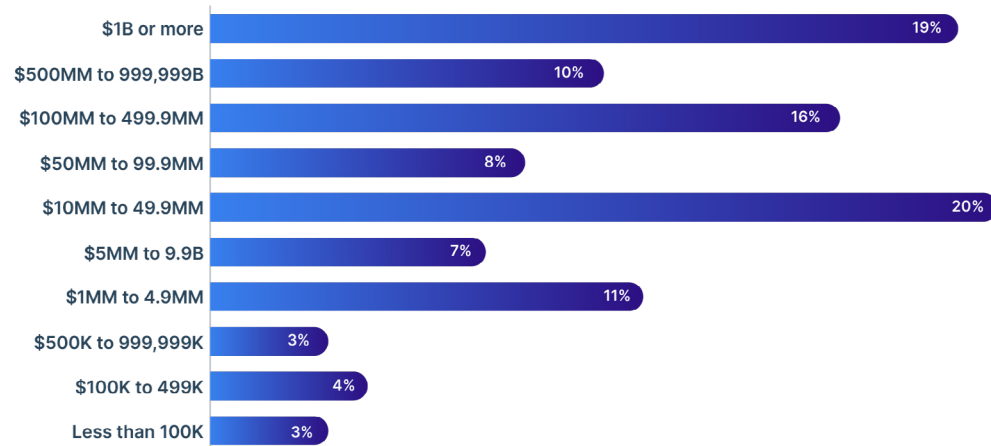
What best describes your distribution in 2021?



Revenue

When looking at revenue, respondents to our survey are more heavily weighted toward larger revenue sizes, with 52 percent reporting revenues of 50 million or more.

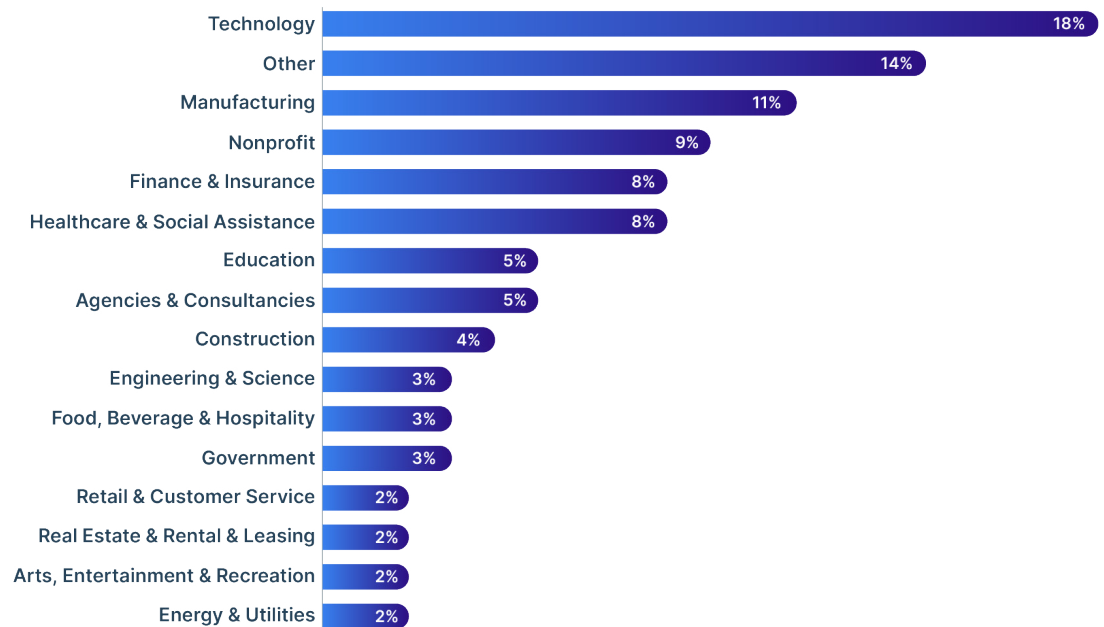
What is your organization's annual revenue?



Industry

Survey respondents represent a wide array of industries, but technology tops the list.

Industries





As the industry leader in compensation data and technology, Payscale helps organizations **#getpayright**. Payscale is the only technology solution for managing compensation that provides multiple streams of transparently curated, and validated market salary data. Combined with modeling engines that learn continuously and generate recommendations and insight, Payscale empowers HR to price jobs and adjust compensation to reflect near real-time changes in the market — all on one trusted data platform. With Payscale's Adaptive Compensation Advantage, teams operate with efficiency, focused on outcomes rather than manual data management. To learn how companies like The Washington Post, Perry Ellis International, United Healthcare and The New York Times rely on Payscale to attract and retain top talent, motivate and engage employees, and plan their future workforce, visit payscale.com.

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