The Future of WFH

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Background and Data on Working From Home

• Research on WFH starting in 2004
• Currently monthly surveys of 5,000 US working age adults and 1,000 US firms
• Quarterly surveys of 20,000 working age adults across 22 countries
• Discussions and consulting with 100s of organizations globally
WFH is sticking: from 5% (pre-COVID) to ≈30% (post-COVID) of days

US full days worked from home, %

WFH days doubling every 12 years pre-pandemic

The 6-fold increase over the pandemic equal to 30 years of pre-pandemic growth

Global data shows WFH occurring typically 1+ day per week.

<table>
<thead>
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<th>Paid working days worked from home each week</th>
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<tr>
<td><strong>Total</strong></td>
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<td>Egypt</td>
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<td>Australia</td>
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Source: Responses to the question “How many full paid days are you working from home this week?” Only for high-school of above educated respondents that have worked for pay in the week of the interview. Controls for gender, age groups, education, industry and wave fixed effects.

Sample of N=30,169 Global WFH respondents, surveyed in August 2021 and February 2022.
Post COVID employees will split into three groups

- **Front-line employees, mostly non-graduates, lower paid,**
- **Professionals and managers, mostly graduates, higher paid**
- **Specialized roles - IT support, payroll etc, often contractors**

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**Planned Post-COVID Working Arrangements**

- **Fully on site:** 55.6%
- **Hybrid:** 29.0%
- **Full WFH:** 15.4%

**Source:** Data from 16,575 US responses in August through December 2021, reweighted to match the US population. Details on [https://wfhresearch.com/](https://wfhresearch.com/)
Hybrid (e.g. 3-2) Combines the Benefits of Office and Home

1. Good for creativity
2. Good for culture

Working From Home
1. Quiet
2. Saves on Commute
Saved commute time WFH averages about 70 minutes a day, of which about 40% (30 minutes) goes into extra work.

How did you use the commuting time you saved by working from home, percent:

- Working more on my job: 40.7%
- Indoor leisure (TV, games etc): 19.7%
- Outdoor leisure or exercise: 13.5%
- Chores and home improvements: 16.2%
- Childcare: 9.9%

Source: Data from 32,461 respondents who can work from home, reweighted to match the US population. Details on https://wfhresearch.com/
Research finds hybrid-WFH increases average productivity ≈5%, and this is growing as firms and employees improve on this

**Survey Data**

**Research Data**

Efficiency of Working From Home Relative to Working on Business Premises (%)

**Source:** Data from 42,240 US responses in through 2021, reweighted to match the US population. Details on [https://wfhresearch.com/](https://wfhresearch.com/).
Employees value hybrid WFH about the same as an 5% pay rise

Source: Responses to the question: “After COVID-19, in 2022 and later, how would you feel about working from home 2 or 3 days a week?” and “How much of a pay raise [cut] (as a percent of your current pay) would you value as much as the option to work from home 2 or 3 days a week?”. Controls for gender, age groups, education, industry and wave fixed effects.

Sample of N=32,909 Global WFH respondents, surveyed in August 2021 and February 2022.
Results for a recent RCT in China on 1612 engineers, marketing and finance professionals found WFH reduced quit rates

Finds hybrid WFH
1) Lowers quits by 35%
2) Raises employee satisfaction
3) Has no negative effect on performance or promotions

Results so good the firm allowed WFH in all divisions

See stanford.io/3je2FVS

Source: Attrition rates for 1612 engineers, marketing and finance professionals of Trip.com who were randomized between September 2021 and February 2022 by even and odd birthdays into control (5-days a week in the office) and treatment (Mon, Tue and Thur in the office; Weds and Fri working from home). Difference statistically significant at the 5% level. Details in Bloom, Han and Liang (2022) “How Hybrid Work from Home Works Out”.
Saved time, flexibility and quiet key benefits employees like with WFH

What are the top 3 benefits of working from home?

Notes: The sample includes respondents to the February 2022 SWAA who passed the attention check questions and worked from home at some point since the start of the COVID-19 pandemic. The SWAA samples US residents aged 20 to 64 who earned $10,000 or more in 2019. N = 2,973.
Offering Hybrid-WFH is also important for supporting diversity

**Source:** Data from 10,000 US responses in through 2021, reweighted to match the US population. Details on [https://wfhresearch.com/](https://wfhresearch.com/)

**Source:** Survey of 10737 knowledge workers in US, Australia, France, Germany, Japan and the US conducted November 1-30, 2021. Details on [https://futureforum.com/](https://futureforum.com/)
So not surprisingly employers are increasing shifting to hybrid

Responses to the question:
- After COVID, in 2022 and later, how often is your employer planning for you to work full days at home?

Sample: Data are from all SWAA waves, covering July 2020 to February 2022. The sample includes all respondents who reported their employer's plans for post-COVID WFH and who have work-from-home experience during the pandemic (thus able to work from home). We exclude respondents who report having no employer.

N = 54,231 (able to work from home)
Indeed, in the US we may now be close to the post-pandemic norm.

**RETURN TO NORMAL. BUT NOT TO THE OFFICE.**

In-person activities as a % of activities in 2019

- **95.1%** NBA Games
- **89.6%** OpenTable Diners
- **87.6%** TSA Checkpoints
- **44.2%** Kastle Barometer

The Big Challenge of Hybrid WFH for Management

Choice of:

- How many days
- Which days
Choice vs coordination issue is tricky – employees want both!

Responses to the questions:
- Which of the following would you prefer?
  - Being able to choose which days you work from home (if any)
  - Your employer sets a policy that determines who works from home on which days
- Would you like your co-workers to come into work on the same days as you?

Notes: The sample for the blue bar includes employed respondents from the July and December 2021 SWAA waves who passed the attention check questions (for December respondents) and worked from home at some point since the start of the COVID-19 pandemic. The SWAA samples US residents aged 20 to 64 who earned $10,000 or more in 2019. N = 3,949 (blue bar).
The sample for the red bar includes employed respondents from the February 2022 SWAA who reported their employer is planning them to work from home 1 or more days per week after the end of the pandemic. N = 1810 (red bar).
There is huge variation in what employees want, so let them choose?

"How often would you like to have paid work-days at home post-COVID?"

- Rarely or never: 22.7%
- 1 day a week: 9.8%
- 2 days per week: 14.2%
- 3 days per week: 13.9%
- 4 days per week: 7.4%
- 5 days per week: 32.0%

Hybrid total is 45.3%

Source: Data from 55,179 respondents who can WFH, reweighted to match the US population. Details on https://wfhresearch.com/
I have become concerned with the risks of **full employee choice**
The reason is the key benefit of office is time is being with colleagues

Employees commute for 1 hour to work to be with colleagues – not for the free bagels

Notes: The sample includes respondents to the February 2022 SWAA who passed the attention check questions and worked from home at some point since the start of the COVID-19 pandemic. The SWAA samples US residents aged 20 to 64 who earned $10,000 or more in 2019. N = 2,973.
Large US firms mostly planning team or company organized hybrid

Qu: “Who decides which days and how many days employees work remotely?”

Source: Survey of Business Uncertainty conducted by the Federal Reserve Bank of Atlanta, Stanford University, and the University of Chicago Booth School of Business.
If you pick WFH days I would suggest Monday and Friday

“If you could WFH **two days** a week, which two days would you choose?”

- Monday: 54%
- Tuesday: 32%
- Wednesday: 23%
- Thursday: 35%
- Friday: 57%

How Leaders Can Make the Most of Hybrid WFH

1) Coordinate your team to come in on the same 2 or 3 days every week (e.g. T and Th)

2) Promote in person meetings, events, coffee, training, lunches on those office days

3) Suggest cross-office zoom meetings and reading, writing, data etc on home days

4) For new hires (<1 year) add an extra day in the office

In short, set a culture and organize to achieve this: office time = group social time
Four Implications of hybrid WFH for the Office

1) Size
2) Location
3) Design
4) Retail
1) Firms are currently not planning to cut office space too much....

**US Data**

<table>
<thead>
<tr>
<th>Category</th>
<th>Impact of COVID on 2022+ space, % change</th>
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<tbody>
<tr>
<td>Office</td>
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<tr>
<td>Retail</td>
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<td>Factory</td>
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<td>Other</td>
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<tr>
<td>Warehousing &amp; Storage</td>
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**UK Data**

Expected impact of Covid-19 on use of space in 2022+ (%)

- Office space
- Retail space
- Factory space
- Other space
- Storage space

**Source:** 445 US firms in October 2021 from the Atlanta Fed, Chicago and Stanford Survey of Business Uncertainty, weighted to match the US Economy [https://www.atlantafed.org/research/surveys/business-uncertainty](https://www.atlantafed.org/research/surveys/business-uncertainty)

.....and give three reasons for holding office space

1) **Scheduling** – firms want employees in on the same days.

2) **Complexity** – managers are struggling to deal with WFH now and see office scheduling as a step too far (“it is hard enough getting people back to work”)

3) **Density** – there are continuing fears over social distancing (see next slide)
Density - long social distancing is a consideration for firms

We have been asking this question since May 2020

This is the latest breakdown from 2022

Once the COVID-19 pandemic has ended, which of the following would best fit your views on social distancing?

- Complete return to pre-COVID activities
- Substantial return to pre-COVID activities, but I would still be wary of things like riding the subway or getting into a crowded elevator
- Partial return to pre-COVID activities, but I would be wary of many activities like eating out or using ride-share taxis
- No return to pre-COVID activities, as I will continue to social distance

We have been calling this “Long social distancing”

Many people (maybe 10% to 20%) are nervous of density even post COVID.

This makes it hard for offices to have density, at desks, elevators, entrance ways, toilets, kitchens etc
Longer run technology will make it easier to reduce space

- New WFH technologies are being rapidly developed as the market for WFH products has increased 5x
- For example, scheduling software, better AV, virtual reality and holograms
- Should make WFH more appealing and space scheduling easier

2) Location: some **people** have left city centers (e.g. NY and SF)

Cumulative net flows (moves in – moves out) from Feb 2020-Jul 2021 as a % of the zipcode population


[Click here to access the original documentation](https://nbloom.people.stanford.edu/sites/g/files/sbiybj4746/f/w28876.pdf)
Long-run city centers may lose 5% to 10% of population from WFH


Data until December 2021
But offices are mostly not moving: firms are focusing on quality space

Under hybrid-WFH the idea is to have employees come in the same two or three days each week. To do this offices need to be convenient and high quality.
3) Design - firms say they are putting in zoom rooms, more meeting rooms and lounge seating, plus safety (air-filtration, cleaning etc)

Individual office corridors are out

Cubicles, meeting rooms and open plan (lounge) seating are in
Less office workers in the city center, spending less

Source: January to March 2022 SWAA data for working plans (N=7,787) and July 2020 to January 2021 for pre-pandemic spending data (N=14,527). Only respondents who have WFH at some point during the pandemic. Reduction in spending estimated from proportional reduction in office days (vs baseline of 5% of WFH days pre-pandemic). Details in www.wfhresearch.com
Finally, WFH will increase outsourcing and offshoring.

China joining the WTO in 2001 led to a surge of manufacturing globalization in 2000s & 2010s.

The Pandemic spike in WFH will lead to a surge of service sector globalization in 2020s & 2030s.
WFH also Offering Tremendous Opportunities for Start-Ups

**Source:** US Census Bureau. Business Applications (BA) that have a high-propensity of turning into businesses with payroll. The identification of high-propensity applications is based on the characteristics of applications revealed on the IRS Form SS-4 that are associated with a high rate of business formation. High-propensity applications include applications: (a) from a corporate entity, (b) that indicate they are hiring employees, purchasing a business or changing organizational type, (c) that provide a first wages-paid date (planned wages); or (d) that have a NAICS industry code in manufacturing (31-33), retail stores (44), health care (62), or restaurants/food service (72).

[https://fred.stlouisfed.org/series/BAHBATOTALSAUS](https://fred.stlouisfed.org/series/BAHBATOTALSAUS)
As an example, two start-ups I am an equity advisor to

We are an enterprise SaaS and proptech solution for the remote and hybrid workforce.

www.radious.pro
We offer close-to-home, collaborative spaces.

Work together in person;

And get some work-life separation;

With no/low commute;

In unique spaces, distributed across town.
A B2B SaaS model for on-demand workspaces

1. **Companies** prepay via subscription;
2. **Employees** book spaces for free;
3. **Homeowners** earn cash;
4. **Radious** keeps 25%.
"Hybrid work represents the biggest shift to how we work in our generation - it will require a new operating model, spanning people, places, and processes."

- Satya Nadella, CEO - Microsoft
Supercharging employee’s hybrid experience

Coordinate with colleagues, reserve flexible spaces, organize events and discover the perfect hybrid rhythm
Conclusions

• WFH is here to stay – typically 2.5 days a week for the average office worker

• Major benefits of well-organized hybrid to:
  1. Keep employees happy
  2. Increase productivity
  3. Support diversity
  4. Save on space costs

• WFH also yielding a bonanza of opportunities for new business lines and start-ups
Back-Up
Personal grooming is 28 minutes average when commuting to work, 19 minutes for WFH (with this split out by genders below)

**Travel to work**
- Female: 30.6 minutes
- Male: 25.5 minutes

**Work from home**
- Female: 18.4 minutes
- Male: 19.7 minutes

**Source:** Data from 3,997 respondees who can work from home in January 2022, reweighted to match the US population. Details on [https://wfhresearch.com/](https://wfhresearch.com/)
WFH employees save 9 minutes a day on less personal grooming

Percent who **shower or bathe** when:
- Going into work: 85.1%
- Work from home: 73.4%

Percent who **wear fresh clothes** when:
- Going into work: 93.7%
- Work from home: 71.5%

Percent who **brush their teeth** when:
- Going into work: 95.3%
- Work from home: 91.8%

Percent who **shave** when:
- Going into work: 52.4%
- Work from home: 39.6%

Percent who **put on makeup** when:
- Going into work: 44.6%
- Work from home: 27.0%

Percent who **use deodorant** when:
- Going into work: 92.9%
- Work from home: 81.6%

Source: Data from 3,997 respondees who can work from home in January 2022, reweighted to match the US population. Details on [https://wfhresearch.com/](https://wfhresearch.com/)