

Supplemental Survey Report

Businesses Expect Current Amount of Remote Work to Persist into Next Year

Supplemental questions in the August 2023 *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on remote work—including whether employees work fully remote, in hybrid arrangements, or in-person only, and how firms expect this composition to change moving forward. Firms were also asked questions about whether remote work has positively or negatively affected their business, and what aspects of remote work have driven these effects. Lastly, respondents were asked about how remote work has led to changes in the physical footprint of their workplaces.

To gauge the amount of remote work that is occurring, businesses were asked to report the share of employees currently working in-person only, in a hybrid arrangement, or fully remote. On average, service firms reported that 68 percent of their employees worked in-person only, while 13 percent were fully remote. An average of 19 percent of service workers were in a hybrid arrangement, working remotely for an average of 2.2 days per week (out of a five-day workweek). By contrast, manufacturers reported 94 percent of their employees to be working in-person, on average. When respondents were asked about the average share of workers expected to be working remotely or in-person one year from now, the compositions remained nearly identical to the current arrangement, with just slightly less remote work expected in the service sector.

Businesses were also asked about their ideal composition of in-person, hybrid, and fully remote workers if they did not have to consider the preferences of their

employees. Service sector firms said they would prefer 77 percent of their workers to be fully onsite, or 9 percentage points higher than the current share. In addition, they would ideally like 14 percent of workers to be hybrid, 5 percentage points lower than the current share, and 9 percent to be fully remote, 4 percentage points lower than the current share. Manufacturers' ideal remote work arrangements were essentially identical to their current arrangements.

When asked what areas of business had been positively or negatively affected by remote work arrangements, four areas were consistently reported as having been negatively affected: workplace culture, cohesiveness, communication, and training and mentoring of employees. Roughly 60-70 percent of respondents across both service and manufacturing firms reported negative impacts of remote work in these areas, with the most negative impacts being on workplace culture and cohesiveness, followed by training and mentoring and communication. By contrast, 68 percent of service firms and 57 percent of manufacturers reported positive impacts of remote work on employee retention, and roughly half noted that offering remote work helped with recruiting. Firms were split as to whether remote work has increased employee productivity: around 30 percent of respondents reported positive effects, while 40 percent reported negative effects.

Turning to effects on real estate expenses, 19 percent of service sector firms reported a positive impact from remote work, while this figure was much lower for manufacturing firms, at just 6 percent. Consistent with these

results, when respondents were asked whether they have reduced or expanded their physical footprints over the past year, close to 80 percent reported no change. About 13 percent of service firms had reduced their footprints over the past year, while 9 percent had expanded. Among manufacturers, 8 percent had reduced footprints and 14 percent expanded. For both service and manufacturing firms, the magnitude of reduction was larger than expansion. On average, service firms reported a 41 percent reduction in space, whereas the average expansion was by about 20 percent. Among manufacturers, the average reduction was 26 percent and the average expansion was 21 percent. More than two-thirds of service firms attributed these reductions, at least in part, to having fewer employees at the workplace due to remote work, while only 14 percent of manufacturing firms reported a direct link to remote work. Looking ahead, a slightly smaller share of firms said they expect reductions in the next few years, and a slightly larger share expect expansions. The vast majority of respondents across both surveys reported that they expect to make their planned reductions or expansions by the end of 2024.

Finally, when asked whether respondents have made, or are planning to make, changes to their remote work policies to require more in-person work, roughly 25 percent of service firms reported having implemented such policies over the past year, and 17 percent expect to require more in-person work in the year to come. Among manufacturers, only 10 percent reported making such changes over the past year and 11 percent expect to make these changes next year. ■

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QUESTION 1-4

To what extent do your employees currently work remotely? To what extent do you expect your employees to work remotely a year from now? Ideally, if you did not have to consider the preferences of your employees, to what extent would you like your workers to work remotely?

	Business Leaders Survey			Empire State Manufacturing Survey		
	Currently	One Year from Now	Ideally	Currently	One Year from Now	Ideally
Average percentage share of employees working						
In-person only	68	70	77	94	94	94
Hybrid	19	18	14	3	3	3
Fully remote	13	13	9	3	3	3
Average days per week hybrid employees work remotely (out of five-day workweek)	2.2	2.3	2.1	2.0	2.0	2.1

* Note: Average days per week was only asked to respondents reporting that they have employees in a hybrid work arrangement.

QUESTION 5

Has offering remote work at your business had any positive or negative effects in the following areas?

	Business Leaders Survey			Empire State Manufacturing Survey		
	Percentage Share Reporting					
	Positive Effect	Negative Effect	No Effect	Positive Effect	Negative Effect	No Effect
Building a workplace culture	4	70	26	6	63	31
Cohesiveness/team environment among our employees	4	67	29	6	65	29
Training and mentoring employees	5	63	32	2	57	41
Communication to and among employees	6	63	31	6	63	31
Employee productivity	29	41	30	29	39	33
Real estate expenses	19	4	77	6	6	88
Employee retention	68	3	29	57	4	39
Recruiting employees	54	1	45	45	4	51
Wage costs	10	1	89	2	6	92

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QUESTION 6a

Over the past year, have you reduced or expanded your business's physical footprint (that is, square footage)?

	Business Leaders Survey	Empire State Manufacturing Survey
Percentage share of respondents reporting		
Have reduced footprint	13	8
No change in footprint	78	78
Have expanded footprint	9	14
Average percent reduction/expansion among those reporting reduced/expanded		
We have reduced our footprint by ___ percent	41	26
We have expanded our footprint by ___ percent	20	21
Median percent reduction/expansion among those reporting reduced/expanded		
We have reduced our footprint by ___ percent	33	20
We have expanded our footprint by ___ percent	13	15

QUESTION 6b

Was this reduction due, at least in part, to having fewer employees working on-site because of remote work arrangements?

	Business Leaders Survey	Empire State Manufacturing Survey
Percentage share of respondents reporting		
Yes	69	14
No	31	86

* Question 6b was only asked to respondents reporting in 6a that they have reduced their footprint.

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QUESTION 7a

Do you expect to reduce or expand your business's physical footprint (that is, square footage) over the next few years?

	Business Leaders Survey		Empire State Manufacturing Survey	
Percentage share of respondents reporting				
Expect to reduce footprint	11		4	
Expect no change in footprint	74		77	
Expect to expand footprint	16		19	
Average percent expected reduction/expansion among those reporting reduced/expanded				
We expect to reduce our footprint by ___ percent	37		36	
We expect to expand our footprint by ___ percent	26		34	
Median percent expected reduction/expansion among those reporting reduced/expanded				
We expect to reduce our footprint by ___ percent	35		35	
We expect to expand our footprint by ___ percent	20		28	

QUESTION 7b

When do you expect to reduce or expand your business's physical footprint?

	Business Leaders Survey		Empire State Manufacturing Survey	
	Reducing	Expanding	Reducing	Expanding
Percentage share of respondents reducing/expanding...				
In the remainder of 2023	17	15	0	16
In 2024	56	35	75	47
In 2025	17	27	0	37
In 2026 or later	11	23	25	0

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QUESTION 7c

Is this expected reduction due, at least in part, to having fewer employees working on-site because of remote work arrangements?

	Business Leaders Survey	Empire State Manufacturing Survey
Percentage share of respondents reporting		
Yes	56	0
No	44	100

** Question 7c was only asked to respondents reporting in 7a that they expect to reduce their footprint.*

QUESTION 8-9

Over the past year, have you made any changes to your remote work policy requiring your employees to be in-person more often? In the next year, do you plan to change your remote work policy to require your employees to be in-person more often?

	Business Leaders Survey		Empire State Manufacturing Survey	
	Over the Past Year	In the Next Year	Over the Past Year	In the Next Year
Percentage share of respondents reporting				
Yes	25	17	10	11
No	75	83	90	89