



# Employers Face Mounting Challenges with Return-to-Work Demands



*HRO Today* Flash Reports are a series of ongoing research initiatives that address today's topics of interest in the HR community. These are focused briefs that can be used to support business decisions and discussion among industry practitioners and thought leaders.

This report examines the steps taken to prepare employees for a return to the office, the extent of resistance to return-to-office policies, the impact of remote work on company culture and how return-to-office policies have affected recruiting and retention.

This study was sponsored by **CapRelo**.

## Methodology

Between Feb. 18 and March 11, 2022, a series of emails were sent to subscribers of *HRO Today* magazine and *HRO Today* newsletters, inviting them to take part in an online study. Respondents were at manager-level or above within their human resources departments. They were also screened to ensure that their organization had implemented remote work policies since March 2020, and they were familiar with their company's plans for returning employees to onsite work. The total number of usable surveys was 80, and all respondents were from North America.



## Key Findings

There were five key findings produced by this research:



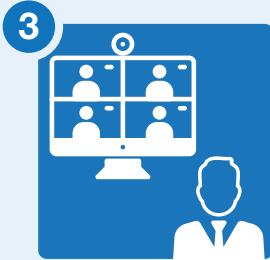
**Health and safety protocols are the most frequently implemented policies to prepare for workers' return to the office.** Nearly every organization planning to reopen its office has taken steps to this effect. Nearly two-thirds (65%) of respondents instituted new health and safety protocols, the most of any area examined. The second most frequently chosen area was the implementation of changes to their workplace's physical layout. The last area selected by at least one-half (51%) of study participants was introducing a permanent hybrid work model to address concerns over social distancing as well as employee desire to work remotely.



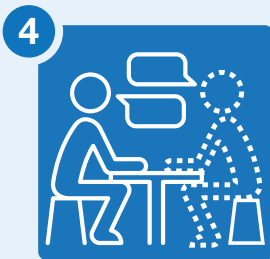
**Return-to-office policies have met with resistance at almost every organization.** Both employees and candidates have resisted onsite work requirements. Overall, 82% of HR leaders reported at least some resistance from employees, and 66% reported some resistance from candidates.



## Key Findings (cont'd)



**Concern over remote work negatively impacting company culture is moderate.** The majority (70%) of respondents indicated slight-to-moderate concern that continued remote work would erode workplace culture.



**Candidates' desire to work remotely has led to some frustration for recruiters.** The most common experience among recruiters is to be “ghosted” by a candidate, as indicated by 37% of respondents. Ghosting happens when a candidate disappears during the recruiting process and eludes the employer’s attempts to reach them. Over one-third (34%) of HR leaders have had a new hire decline an offer because of a desire to work remotely.



**Candidate demands have increased since the onset of the pandemic.** The recruitment challenge most often faced by today’s organizations is candidate demands for flexibility. Demands for higher compensation are also prevalent, as reported by three-quarters (75%) of HR leaders.

**DETAILED FINDINGS:**

## Implementation of Remote Working Policies

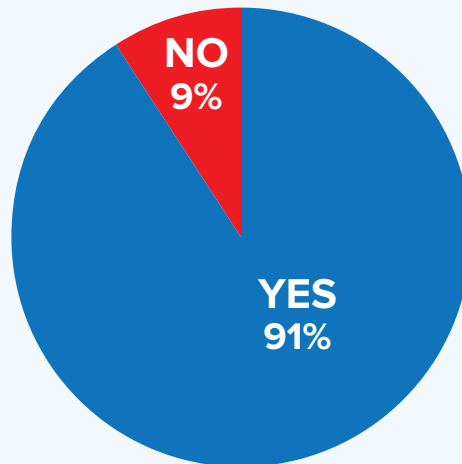
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*Has your organization implemented remote working policies since the start of the pandemic?*

Study participants were asked if their organization has implemented remote working policies since the pandemic's onset in March 2020.

Not having remote workers has clearly been the exception during the pandemic, with 91% of organizations implementing remote work policies. The exceptions include industries that require physical or manual activities, as well as those that require the use of fixed equipment. Positions that involve providing care, operating machinery, using lab equipment, and processing customer transactions in stores have remained onsite throughout the pandemic.<sup>1</sup>

### Implementation of Remote Working Policies



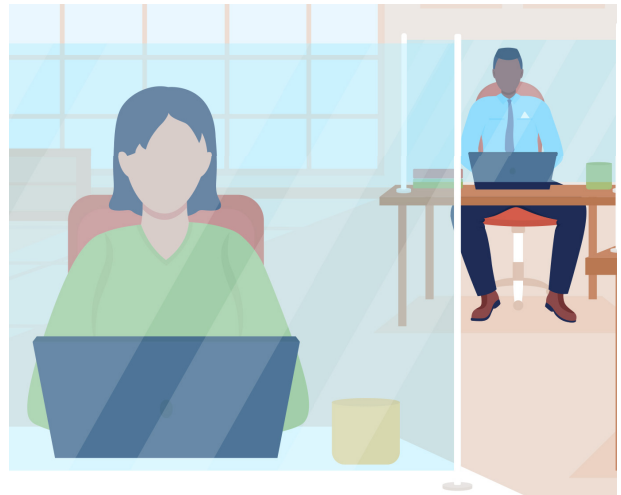
## Steps Taken to Prepare to Return to the Office

*What steps, if any, has your organization taken to prepare current or future employees to return to the office? Please select all that apply.*

Virtually every organization (99%) planning to reopen their office has taken some steps to prepare for a safe return. By far the most common measure was instituting new health and safety protocols, selected by nearly two-thirds (65%) of respondents. Examples include avoiding using other employees' phones, desks, personal offices, shared coffee stations, or other work tools and equipment, along with frequent cleaning and disinfection. Social distancing practices have been implemented, which are designed to avoid large gatherings and maintain distance from others. And companies are firming up policies on calling in sick, encouraging remote work when possible, instead of coming into the office.<sup>2</sup>

The next most frequently indicated step was implementing changes to their office's physical layout. The practice of setting up work team pods has taken a back seat to social distancing as organizations try to find more space in between workers. Since in-person work will look substantially different in the foreseeable future, organizations need to make sure their physical space is aligned with the new normal. Pre-pandemic cubicle setups that consolidate office space to fit in as many employees as possible may be a thing of the past.<sup>3</sup>

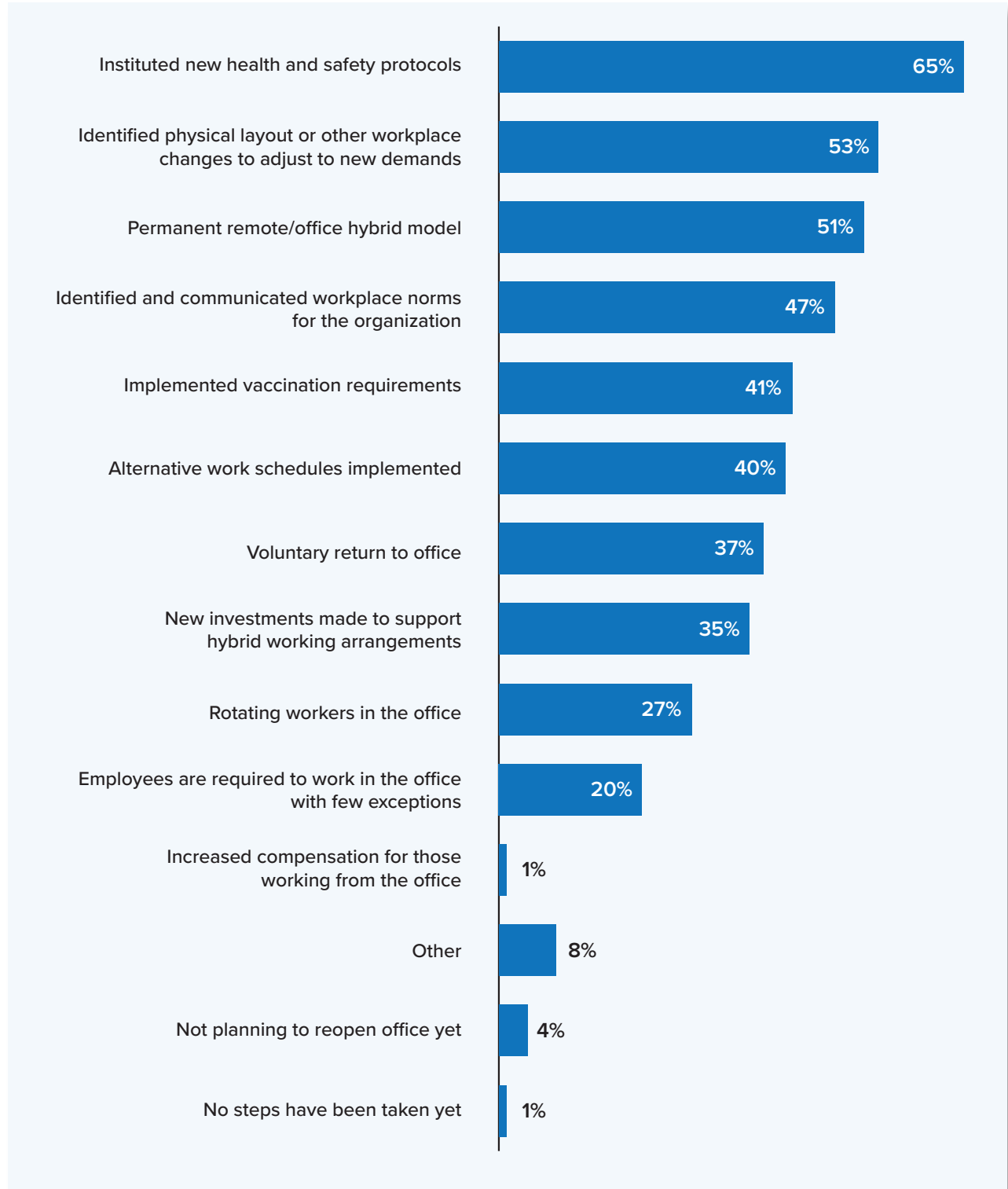
The other area selected by at least one-half (51%) of HR leaders is introducing a permanent remote/office hybrid model. Real estate footprints aren't easily altered, so many organizations face rotating employees between the office and remote work. Further, employees have learned to embrace remote work and can be just as productive remotely without facing a commute. The option for at least partial remote work can be a powerful incentive to retain employees as well as attract more candidates in a highly competitive hiring environment.



**Since in-person work will look substantially different in the foreseeable future, organizations need to make sure their physical space is aligned with the new normal.**



## Steps Taken to Prepare to Return to the Office



## Extent of Resistance with Return-to-Office Policies

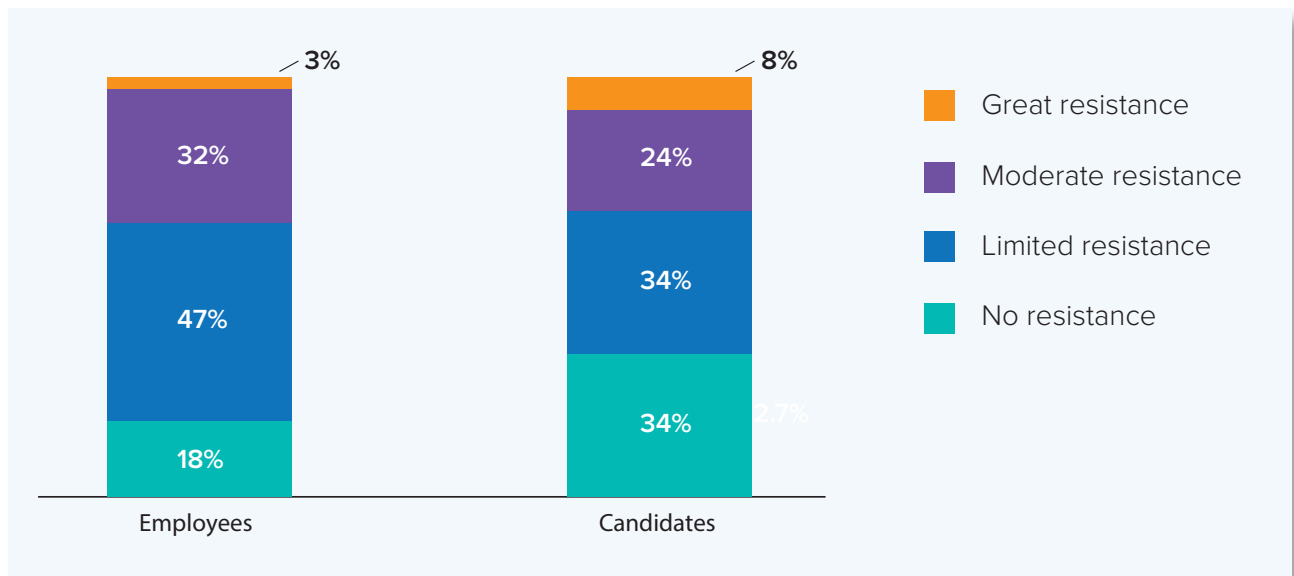
*To what extent have you been met with resistance over your return-to-office policies among employees and job candidates?*

Study participants quantified the resistance they've encountered to return-to-office policies among current employees and candidates. Overall, 82% reported at least some resistance from employees, and 66% reported some resistance from candidates.

The amount of resistance companies face is tied to their specific policies, how well those policies have been communicated, and the nature of the work itself. Those in the medical community have different expectations about remote work than those in publishing, for example.

While job candidates offered less resistance to return-to-work policies, they are also more likely to be self-selecting. If policy requirements are made explicit in job postings, then those who take issue with the practices will often opt out of their job candidacy in the earliest stages of recruitment.

### Extent of Resistance with Return-to-Office Policies



## Extent of Concern over Remote Work Negatively Impacting Company Culture

*How much of a concern do you have that a remote working environment will negatively impact company culture?*

The majority (70%) of respondents indicated a slight to moderate concern that remote work would negatively impact company culture.

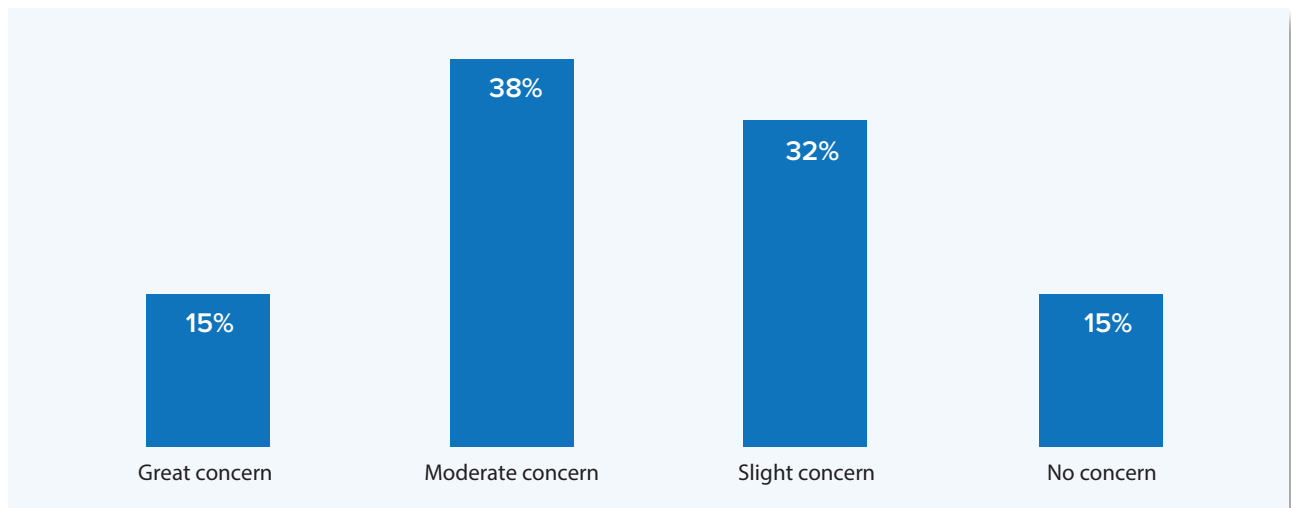
Remote work offers many potential benefits to employees and businesses alike. Employees gain flexibility, avoid long commutes (which significantly impacts job satisfaction), and remain free from office distractions. Businesses save on office management costs and can source top talent from across the globe.

But remote work programs have one notable downside: They often impede organizations from creating and solidifying their company culture. Company culture is fostered in large part by employees coming together and engaging in team-building activities and division- or company-wide meetings.<sup>4</sup>

To counter these challenges, organizations can send strong signals by establishing more touch points — that is, reaching out to employees more frequently and being explicit about the purpose behind these communications. For example, an organization that wants to reinforce an agile, innovative culture might have regular events that prompt creative engagement, such as improvisation activities, and showcase collaboration tools that enable brainstorming and sketching.<sup>5</sup>

Some employers are setting expectations early around number of days required in the office for continuity of culture, and others are showing flexibility around being near any office location, as opposed to one designated office.

### Extent of Concern over Remote Work Negatively Impacting Company Culture





## Experiences with Hiring Employees Because of their Desire to Work Remotely

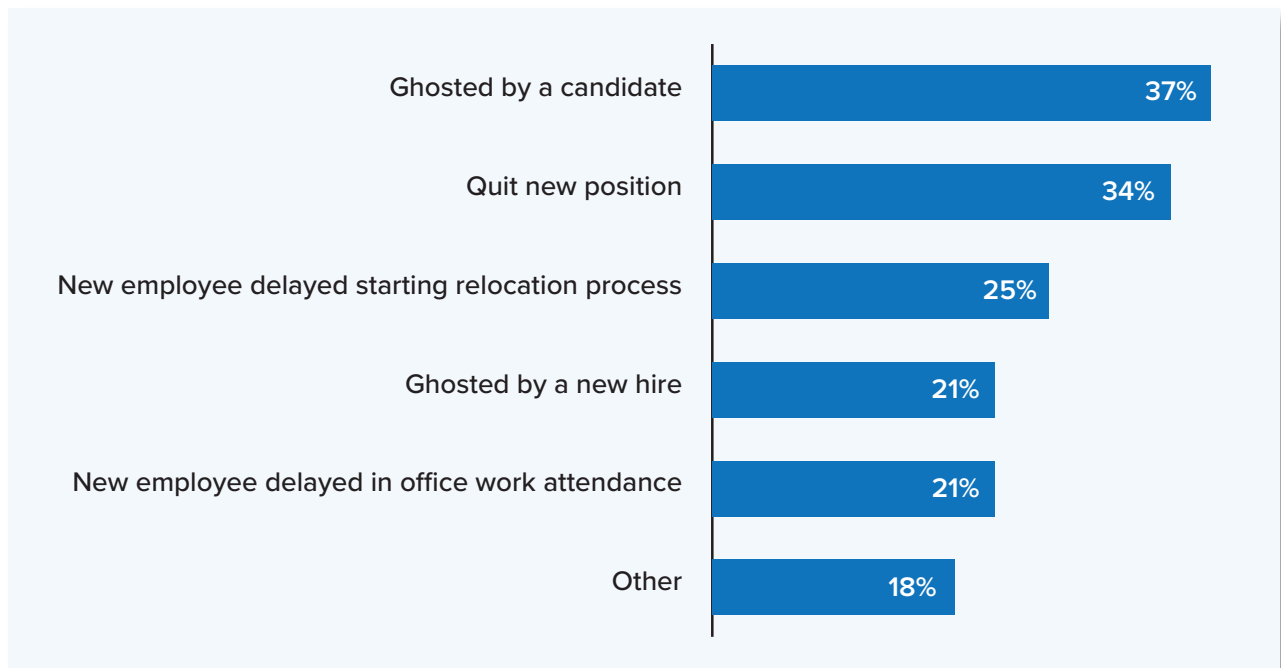
*Which of the following have you experienced with respect to hiring new employees because of their desire to work remotely for positions where the employee is expected to be physically in the office? Please select all that apply.*

Respondents were asked to choose from a list of five challenges that they’ve experienced during hiring as a result of a candidate’s desire to work from home. The most common experience is to be “ghosted” by a candidate, as indicated by 37% of respondents.

Ghosting, or when the candidate disappears without notice during the recruitment process, is very prevalent. A recent report by Indeed stated that 76% of employers have been ghosted in the last year, while 57% said the practice is more common than ever before. The difference between the incidence of ghosting in general and our study findings is that this question focuses specifically on ghosting because of the candidate’s desire to work remotely. Properly communicating expectations about in-office work can eliminate this reason for ghosting.

Over one-third (34%) of organizations have also had a new employee quit a position they just started because of a desire to work remotely. This could stem from changes in practices as companies resume more typical operations or issues with the employee experience working onsite after an extended period of remote work, among other explanations.

### Experiences with Hiring Employees Because of their Desire to Work Remotely



## Incidence of Candidate Demands

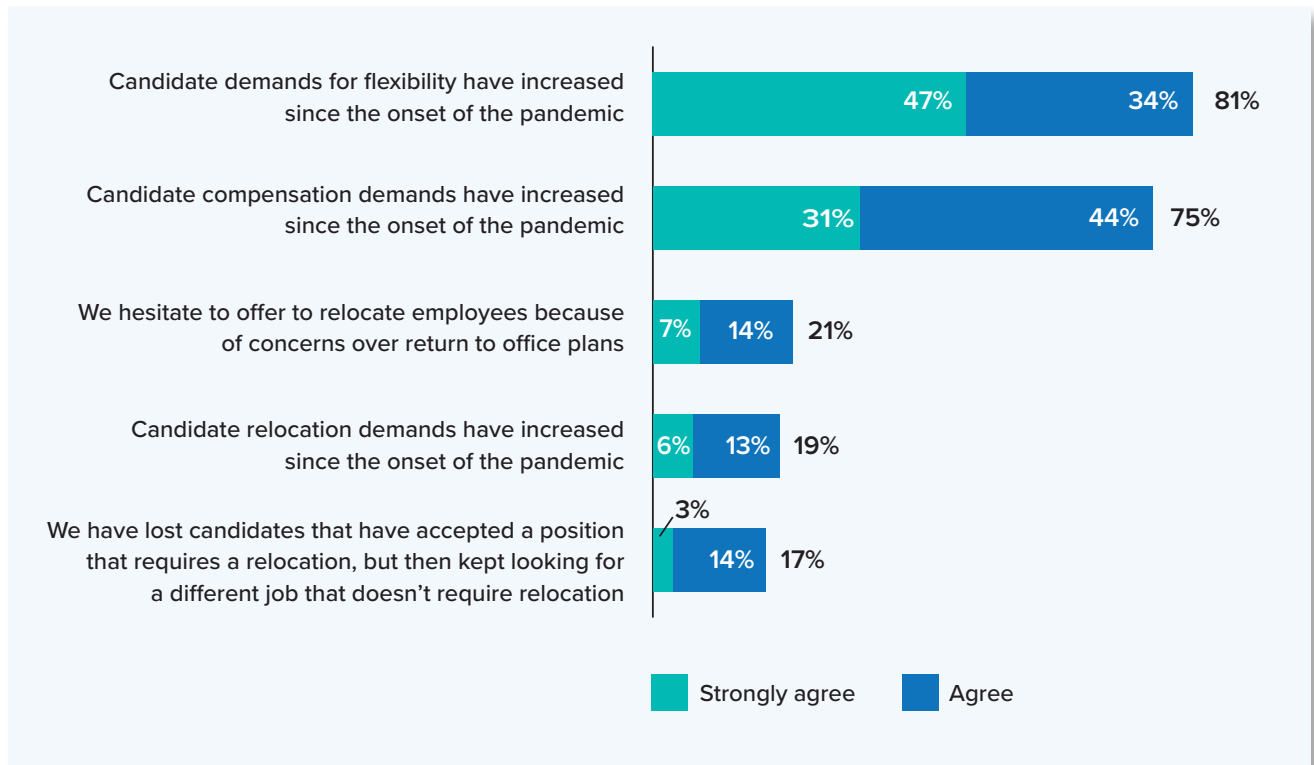
Please indicate the extent of your agreement with each of the following statements.

Study participants were asked the extent of their agreement with a series of statements pertaining to candidate demands and remote working arrangements. The statement “Candidate demands for flexibility have increased since the onset of the pandemic” saw 81% strongly agreeing with that statement.

A McKinsey report showed that most employees want to work from home three days a week, indicating the potential of a hybrid model in offering greater flexibility to employees.<sup>6</sup> Based on the Conference Board’s survey of employers, the percentage of office-based employees working primarily from home could easily reach 30%, up from 7% to 8% working from home before the pandemic.<sup>7</sup>

Demands for higher compensation are also prevalent, with three-quarters (75%) agreeing those demands have increased. Demands for compensation come in the form of increased pay and sign-on and retention bonuses. In 2021, all industries experienced wage growth, but the greatest effects were in the private sector. In total, wages and benefits increased 4% in 2021—the biggest increase in over 20 years, according to the Bureau of Labor Statistics.<sup>8</sup>

### Incidence of Candidate Demands

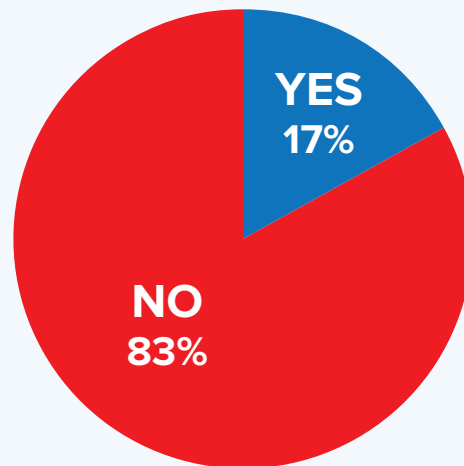


## Adoption of Withholding Relocation Allowance

*Has your company adopted the policy of withholding relocation allowance until proof of the new employee's intention to move is produced, such as proof of sale or a copy of a signed lease?*

Less than one-in-five (17%) have adopted this policy. While these policies offer several benefits to employers, including cost savings and assurance the candidate plans to move, demanding proof can lead to a poor candidate experience and get the employee-employer relationship off to an adversarial start. Asking for proof would have to be done in the most diplomatic of ways.

### Adoption of Withholding Relocation Allowance



## Finally, please describe how candidate expectations have changed in the last 12 months. (Open-ended)

Four key themes emerged from this portion of the survey demands for much higher compensation, 100% remote work, greater schedule flexibility, and a hybrid remote/onsite work schedule.

- Greater Compensation
- Flexibility
- 100% Remote
- Hybrid Work Schedule

Below is a selection of comments left by study participants:

*"Two key areas: 1) Many want 100% remote arrangement and 2) increased comp demands because of the current job market."*

*"A demand for higher compensation, remote work, and better benefits. People have options and they are leveraging that optionality to the fullest."*

*"Candidates are asking for more flexibility with their work schedules."*

*"Candidates are in the driver's seat. They can ask for what they want, fully remote, money, etc."*

*"Candidates expect more flexibility in work schedules and locations. They also expect more socially-conscious policies and benefits."*

*"Higher salary expectations with little proven experience. Hybrid model seems to be a good solution, and I think employees truly like to work around others."*

*"Hybrid is expected, in-office requirement is considered a disadvantage."*

*"It's a buyer's market. Candidates have higher expectations around titles, salary, and workplace flexibility."*

*"Remote option requested/required; higher total compensation requests; flexibility on leaves/time off requested."*

*"Much more flexibility, including hybrid options, flexibility around hours worked (start early; start late; working during typically non-work-hours), and flexible workweeks (4-10, for example)."*

*"They are expecting on average \$20k-\$30k over current market data values for the jobs. Almost all offers involve counters and we also see more people declining offers."*

## Notes

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3. Mugayar-Baldocchi, Marino. "The future of the workplace: Embracing change and fostering connectivity," *McKinsey & Company*, June 21, 2021. <https://www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/the-organization-blog/the-future-of-the-workplace-embracing-change-and-fostering-connectivity>
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8. Employment Cost Index, *Bureau of Labor Statistics*, January 28, 2022. <https://www.bls.gov/news.release/pdf/eci.pdf>



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