

Organizations Not Tracking Remote Worker Locations



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 discussions among industry practitioners and thought leaders.

This report examines some of concessions employers are making to recruit and retain workers. These areas include wellness programs and permanent-employee remote-work arrangements.

This study was sponsored by **CapRelo**.

Methodology

Between August 24 and September 21, 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 they were familiar with their organizations' efforts to monitor remote employees' physical location. The total number of usable surveys was 61, and all respondents were from North America.

Background

Wellness programs, such as those to help people lose weight, stop smoking, or provide lifestyle and behavioral coaching, are pervasive. As of 2020, most employers had wellness programs of some kind—including 53 percent of small firms (those with three to 200 employees) and 81 percent of large companies.¹

The other area explored in this report concerns better understanding the extent to which employers are tracking their remote workforce, something that has grown enormously since the onset of the pandemic nearly three years ago. In fact, research suggests that most Americans can work from home at least one day a week, while one-third (35%) of respondents report having the option to work from home five days a week. Contingent workers, who traditionally have more flexibility than employees, are even more likely to be working remotely and often in another state, making them vulnerable to varying tax codes and making unwitting employers susceptible to other state corporate tax implications.



KEY FINDINGS

There were five key findings produced by this research:

EMPLOYEE WELLNESS PROGRAMS



1. **Eight-in-ten (80%) organizations provide an employee wellness program, and the scope of the programs will continue to expand.** Over one-half (56%) of study participants indicated coverage has increased over the last 12 months, while 55% stated coverage will increase further in the next 12 months.

REMOTE WORKFORCE



2. While permanent remote workforces are prevalent for two-thirds of study participants, **organizations are not monitoring remote employees' locations closely.** Only 4% feel they know exactly where remote workers are always located.



3. **Most do not think they have a high level of departmental knowledge of tax laws and compliance.** Given incidence of permanent remote workers and the complexity and variety of state laws, this lack of knowledge is dangerous.



4. **Despite the lack of knowledge, many remain unconcerned.** Less than one-in-ten (9%) have great concern about remote employee location, while 39% expressed little to no concern at all. This apathy makes organizations vulnerable to tax and compliance challenges.



5. **Organizations are making few demands from their remote workforce.** The most common concession is periodic attendance at the corporate office, currently in place for 45% and expected to rise to 48% in the next 12 months.

DETAILED FINDINGS: EMPLOYEE WELLNESS PROGRAMS

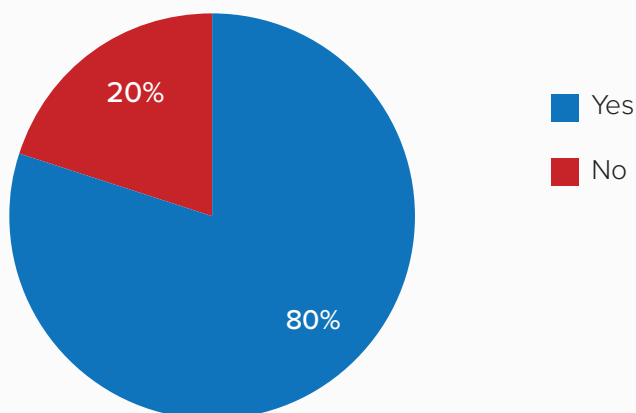
Program Penetration

Does your company currently provide an employee wellness program? For the purpose of this study, wellness programs are provided to employees as a preventive measure to help avoid illness while improving and maintaining the general health of employees.

Study participants were asked if their organization provided an employee wellness program. The vast majority (80%) do provide such programs.

Employee wellness programs are a huge part of employee benefits programs and will only become larger in the coming years. The global corporate wellness market size was valued at USD \$56.5 billion in 2021 and is expected to expand at a compound annual growth rate (CAGR) of 7.0% thru 2028.²

Employee Wellness Program Penetration



How Wellness Programs Have Changed in Scope

How has your wellness program changed in the amount it provides employees over the last two years?
and:

What are your plans for how your wellness programs will change in the amount it provides employees in the next 12 months?

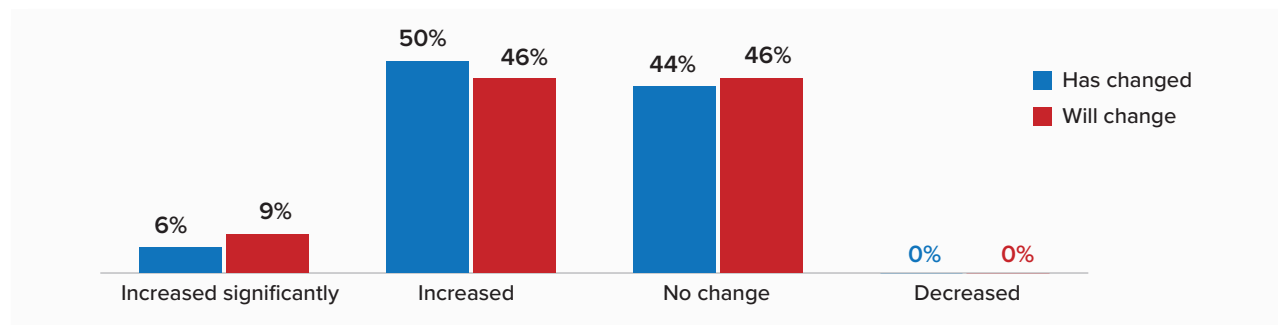
Two questions were asked to study participants with employee wellness programs about the change in the amount their wellness program covers. The first question ascertained how wellness programs have changed in the amount they provide in the last two years, while the second question addressed how the plans will change in the amount provided in the next 12 months. The trend established at the onset of the pandemic will continue for at least the next year. Over one-half (56%) indicated coverage has increased, while 55% indicated coverage will

increase in the next 12 months. Further, among those stating coverage increased in the last two years, 70% anticipate a further increase. No one indicated coverage will decrease.

Wellness programs are provided to employees as a preventive measure to help avoid illness while improving and maintaining the general health of employees. This can be accomplished through education, communication, and a supportive work environment.

Typical benefits in a wellness program include smoking cessation, weight loss, stress management, company gym/workout rooms, recreational programs such as company-sponsored sports teams, medical screenings, and immunization/flu shots. Also included are educational safety and accident prevention programs that provide information and guidance on topics such as back care, cancer prevention and AIDS awareness, as well as proper eating and exercise habits.³

How Wellness Programs Have Changed in Scope



How Wellness Has Changed in Scope: Next 12 months — Base: increased last two years	PRIOR INCREASE
Increase significantly	11%
Increase	59%
No change	30%
Decrease	0%

DETAILED FINDINGS: REMOTE WORKFORCE

Extent of Use of Permanent Remote Employees

To what extent are primarily remote employees a significant part of your workforce?

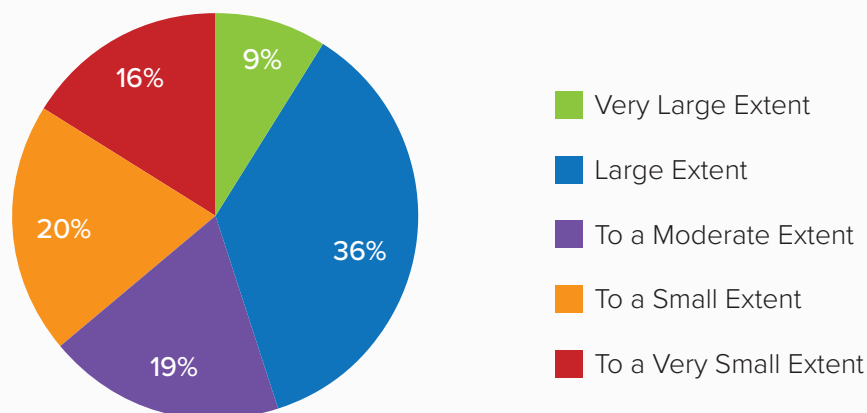
Study respondents were asked to rate the extent they have employees who work remotely permanently. Permanent remote workforces are prevalent. Nearly two-thirds (64%) of respondents use them to at least a moderate extent, while 45% have a permanent remote workforce to a large or very large extent.

When the COVID-19 pandemic shuttered workplaces nationwide, society was plunged into

an unanticipated experiment in remote work. Nearly three years later, organizations worldwide have created new working standards that acknowledge that flexible work is no longer just a temporary pandemic response, but now the new normal.

According to a report by McKinsey, more than one-half (58%) of Americans reported having the opportunity to work from home at least one day a week. Over one-third (35%) of respondents report have the option to work from home five days a week.⁴

Extent of Use of Permanent Remote Employees



How Closely Physical Location of Employees is Monitored

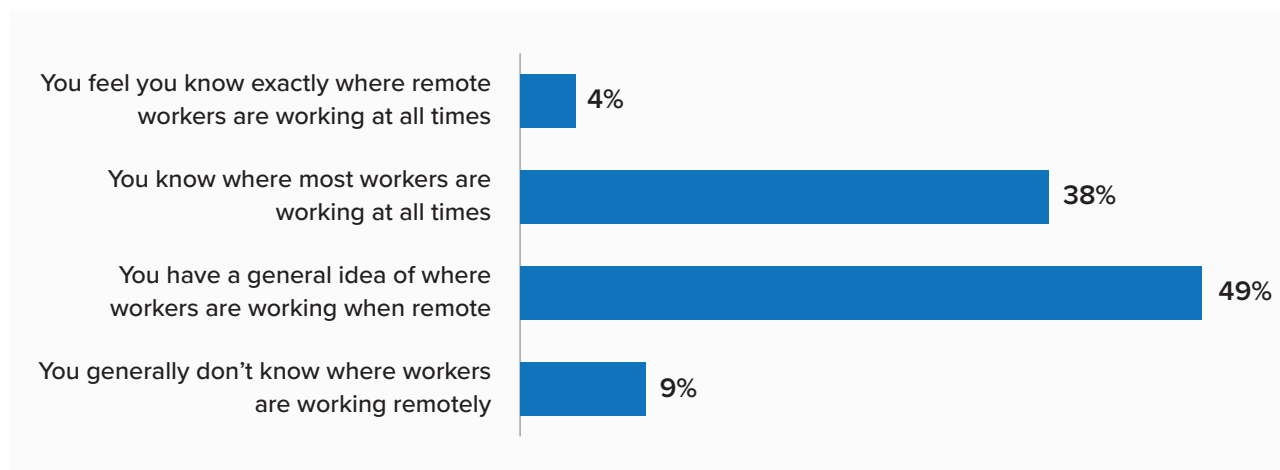
Which statement below best reflects how closely you monitor the physical location of remote employees?

Study participants were asked to select the statement that best approximates how closely they monitor the physical location of remote employees. Overall, organizations are not monitoring remote employee's locations closely. Only 4% feel they know exactly where remote workers are located at all times, and just over one-third (38%) know where most workers are at all times.

Employee location has tax implications if they work outside the state of their employer. Remote workers who fall under this category are subject to the income tax rules of two or more states, depending on how many states they worked from remotely in the last year. And in some instances, they may even be double taxed on the same income. Each state makes its own tax rules.⁵

Further, employers must also consider whether the presence of employees in states where there is no bona fide company office creates tax obligations for a variety of taxes, not just employment taxes.⁶

How Closely Physical Location of Employees is Monitored



Rating of Departmental Knowledge of Tax Laws and Compliance

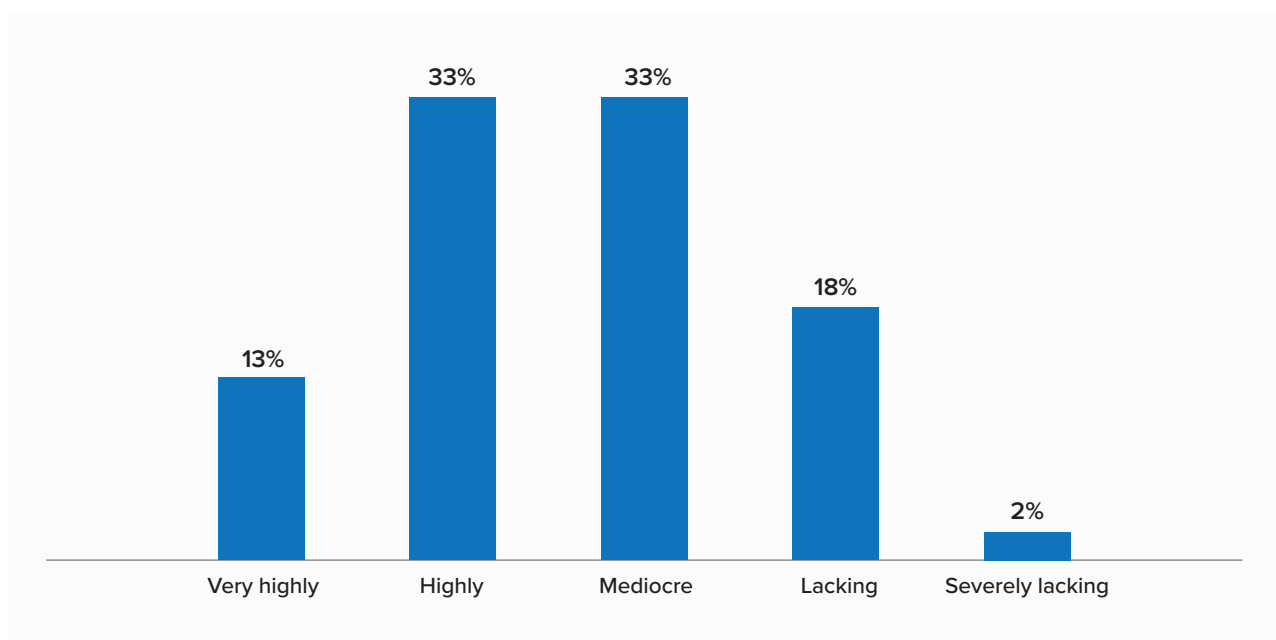
How would you rate your departmental knowledge of tax laws and compliance as they relate to remote employees?

Respondents were asked to rate their departmental knowledge of tax laws and compliance as they relate to remote employees. Less than one-half (46%) consider their knowledge to be “very high” or “high.”

This lack of knowledge may be why so few closely monitor remote employee location.

Given the complexity and variety of tax and corporate earning laws each state has constructed, companies should have a thorough knowledge of every place the organization is subject to these. It may impact who an organization is able to hire.

Rating of Departmental Knowledge of Tax laws and Compliance



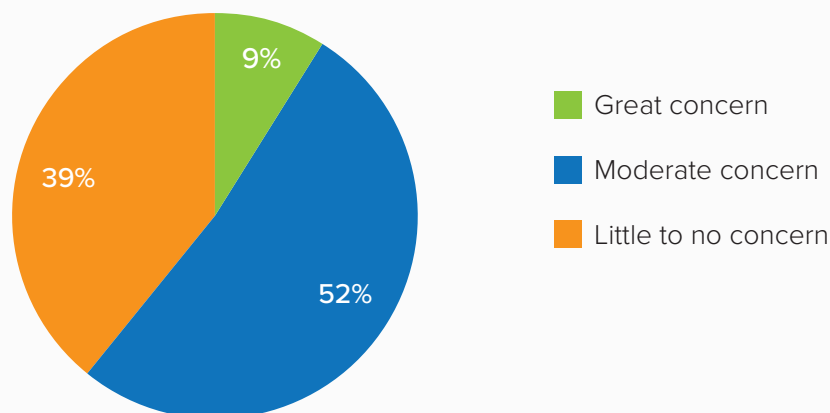
Extent of Concern about Location of Remote Employees

To what extent is the location of remote employees a concern?

Study participants were asked to indicate their extent of concern about remote employee location. Only 9% consider the area of great concern, while 39% expressed little to no concern at all.

Factors that impact concern about remote employee location include a lack of knowledge about tax implications, physical proximity to other states, and the number of remote workers. These factors can leave an organization at risk of failure to conform with state tax laws and lack of compliance with other state mandates.

Extent of Concern about Location of Remote Employees



Concessions Asked of Remote Employees

What concessions have you asked remote employees to adhere to currently?

and:

What concessions do you plan to ask remote employees for in the next 12 months?

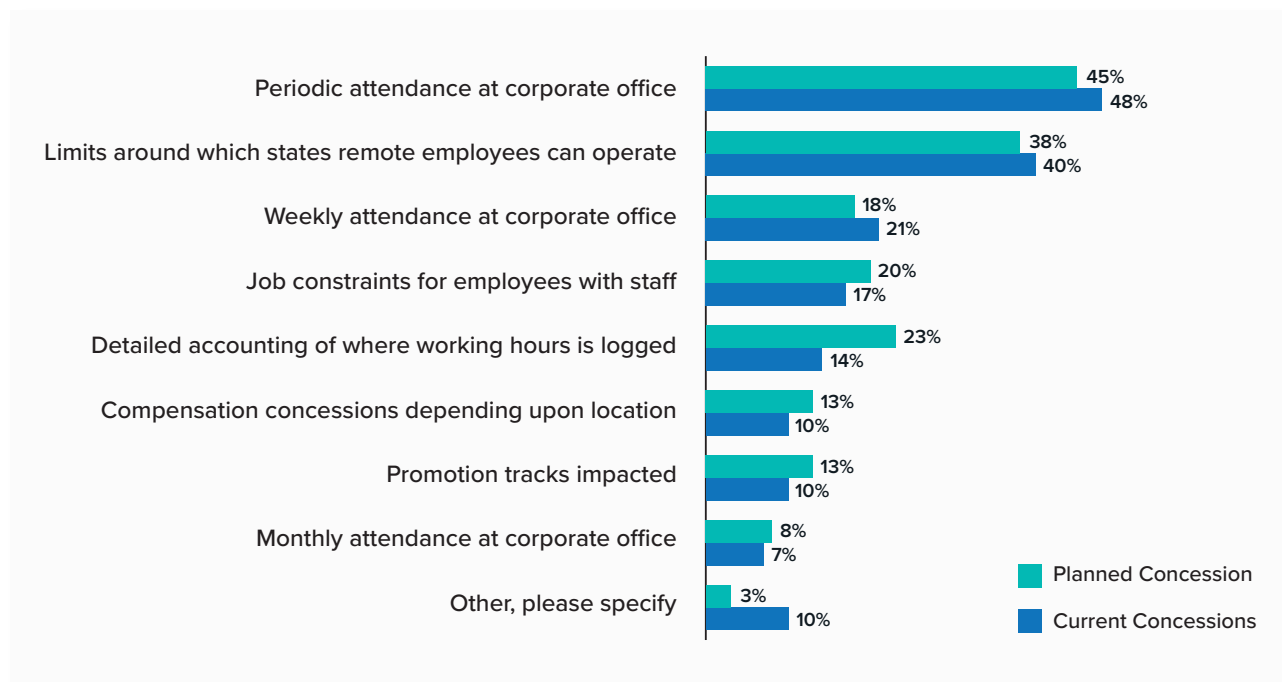
Two questions were asked to study participants about remote work policies they have put into place. While both questions showed a series of eight areas companies often include in remote employee work policies, the first question applied to current policies while the second question address planned policies in the next 12 months.

No one area was part of policy for more than one-half of respondents, and there isn't an area that is more likely to increase substantially in use more than it currently is used in the next 12 months.

The most common concession is periodic attendance at the corporate office, currently in place for 45% rising to 48% in the next 12 months.

The second most often used concession is limits around which states remote employees can operate. In total, 38% have incorporated this policy, with a slight uptick to 40% planning to include it in the next 12 months.

Concessions Asked of Remote Employees



Greatest Challenge with Remote Workforce

Finally, what do you feel is the greatest challenge your organization has with its remote workforce? (Open-ended)

Respondents expressed a wide range of challenges their organizations have faced with their remote workforces. There were 20 different areas presented. But those most common included concern over the

impact of company culture, maintaining an engaged workforce, and the impact on worker productivity.

Other areas of note expressed were the need to train senior management on both buying into remote work as well how they can better manage it. Concern over tax laws and the impact remote workers have them was also noted multiple times. ■

Below are some key examples of the comments expressed:

"Keeping track of where they are actually working and making sure we are capturing the correct state taxes and following state labor guidelines."

"We have not done a great job of helping leaders change their mindset regarding remote work."

"Building managers/leaders who have the leadership skills to keep remote workers engaged and motivated; leaders that understand what work needs to be done collaboratively in person and what asynchronous work can be done offsite."

"Departments themselves are keeping in contact, but company-wide there is a growing distance between staff interaction and 'connection' with each other on a personal level."

"Maintaining our strong culture and sense of shared purpose/belonging."

"Keeping people engaged and the inability to truly drive a human-based culture."

"The culture is negatively affected when people ONLY 'connect' remotely. In-person connections are relationships [and] are important to creating meaningful relationships. True, trusted relationships are stronger with there is a personal connection. In-person connections cannot be completely replicated in a virtual-only world. Leaders are also more effective when they create both virtual and in-person connections with their people. Relationships strengthen with true connection."

Notes

1. Pollitz, Karen and Rae, Matthew. "Trends in Workplace Wellness Programs and Evolving Federal Standards," *KFF*, June 09, 2020. <https://www.kff.org/private-insurance/issue-brief/trends-in-workplace-wellness-programs-and-evolving-federal-standards/>
2. "Market Analysis Report: Corporate Wellness Market Size, Share & Trends Analysis Report by Service," *Grand View Research*, Accessed September 28, 2022. <https://www.grandviewresearch.com/industry-analysis/corporate-wellness-market>
3. "What are Wellness Benefits," *SHRM*, Accessed September 22, 2022. <https://www.shrm.org/resourcesandtools/tools-and-samples/hr-ga/pages/whatarewellnessbenefits.aspx#:~:text=Typical%20benefits%20in%20a%20wellness.screenings%20and%20immunization%20flu%20shots>
4. "Americans are embracing flexible work—and they want more of it," *McKinsey & Company*, June 23, 2022. <https://www.mckinsey.com/industries/real-estate/our-insights/americans-are-embracing-flexible-work-and-they-want-more-of-it>
5. Sahadi, Jeanne. "Working remotely in a different state than your employer? Here's what that means for your taxes," *CNN Business*, March 1, 2022. <https://cnn.it/3CiMNeV>
6. Coombe, Fiona, CCWP. "Contingents now in another state?" *Staffing Industry Analysis*, Accessed September 27, 2022. <http://cwstrategies.staffingindustry.com/contingents-now-in-another-state/>

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