

Global Workplace Analytics

We make the case for place

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STATEMENT FOR THE RECORD OF KATE LISTER
PRESIDENT OF GLOBAL WORKPLACE ANALYTICS

“OVERSIGHT OF OUR NATION’S LARGEST EMPLOYER:
REVIEWING THE U.S. OFFICE OF PERSONNEL MANAGEMENT”

BEFORE THE COMMITTEE ON OVERSIGHT AND ACCOUNTABILITY HEARING
UNITED STATES HOUSE OF REPRESENTATIVES

March 9, 2022

Chairman Comer, ranking member Raskin, and distinguished members of the Committee, thank you for the opportunity to submit this statement regarding H.R. 139 - Stopping Home Office Work’s Unproductive Problems Act of 2022 or Show Up Act.

My company, Global Workplace Analytics, is a researched-based consulting firm that has been helping public and private sector employers launch and optimize the employer, employee, and environmental outcomes of telework strategies for nearly two decades. I did not start out as a telework advocate. It was research that led me to the conclusion that the employer, employee, and environmental potential of an integrated telework strategy are too important to ignore. The idea of rolling telework back to pre-pandemic levels, as the Show Up Act suggests, is unconscionable in light of the abundance of evidence on how telework has helped public and private sector employers increase productivity, reduce real estate costs, increase employee engagement, increase organizational resilience, and more.

The Show Up Act is a slap in the face to the thousands of federal employees whose hard work, dedication, and adaptability enabled the government to continue to function during the pandemic. The Act offers no evidence of the lost productivity its name glibly implies nor for the alleged customer service, security, or difficulties supposedly caused by employees teleworking from other parts of the nation.

Borrowing from a line from a former head of the U.S. GSA, “telework doesn’t create management problems, it reveals them.” If the implications of lost productivity, diminished customer service, security breaches, or employees cheating on location-pay adjustments are true, those are management problems. Recalling teleworkers isn’t the answer; fixing what’s broken is. For example:

- **Productivity/Customer Service Problems:** Most managers have not been trained to manage remote workers, but presence is not a proxy for productivity. Managers need to learn how to manage their people, regardless of where they work, based on the work they do, not where, when, or how they do it. If workers are managed by results, the

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slackers will have nowhere to hide. Customer service problems, if they are due to telework, will be similarly exposed.

- **Computer Security:** It is a continuity of operations imperative that all workers are able to work remotely if they need to. Even something as simple as a snowstorm, road closure, or political rally can prevent thousands of workers from getting to the office. What's more, if holes in computer security exist, they likely also exist for on-site workers who take work home or travel for work.
- **Locality Pay:** Prior to the pandemic, the labor law, tax, and compensation issues related to people working outside of their designated place of employment often flew under the radar. The overnight change to telework caught many off guard but employers have learned how to deal with it by adopting new practices, processes, and technologies. Federal agencies, if they aren't already, need to do the same.

Prior to the pandemic, Global Workplace Analytics typically spent six months to a year preparing for a telework roll-out with a large employer. In that time, we conduct pilots; ensure technological readiness; provide training for leaders, managers, and workers; assess workplace readiness and identify space reduction opportunities; establish success metrics and document baseline measures, formalize telework policies, and more. The fact that most organizations made the shift to full-time practically overnight, was remarkable. Even more remarkable is how quickly they adapted. In a PwC survey conducted in January of 2021, 83% of employers and 71% of employees said remote work has been a success. Only 6% of either group said it had been unsuccessful.ⁱ

Research both prior to and during the pandemic is clear on the many benefits of telework. For example, A 2012 meta study covering 22 other studies showed significant correlations between telework and productivity, retention, commitment, performance, and organizational outcomes. Below is a sample of recent and pre-pandemic research on the impact of telework on productivity, attraction and retention, culture, and engagement.

Productivity and Performance

In a survey of 67k employees, only 74% of office-only employees said their environment enables them to work productively, compared to 91% of those who worked entirely from home, and nearly 100% of those who had the choice of where they worked.ⁱⁱ

A December 2022 report by Gartner shows that when people are offered the

The screenshot shows a research paper titled "Is telework effective for organizations?" by Brittany Harber Martin and Rhianon MacDermott. The paper is a meta-analysis of empirical research on telework and organizational outcomes. The findings state: "Review and meta analysis of 22 correlations from empirical studies find that there is a small but positive relationship between telework and organizational outcomes. Telework is perceived to increase productivity, secure retention, strengthen organizational commitment, and to improve performance within the organization. In other words, it is indeed beneficial for organizations. All five hypotheses are supported. *H1* (productivity), $r=0.25$ ($k=5$, $n=828$, 95% CI=0.12 - 0.33). *H2* (retention), $r=0.19$ ($k=6$, $n=1652$, 95% CI=0.04 - 0.16). *H3* (commitment), $r=0.11$ ($k=8$, $n=2140$, 95% CI=0.03 - 0.18). Moderator analysis shows sample size is significant $F(1,4)=4.715$, $p < 0.05$, $R^2=0.80$. *H4* (performance), $r=0.16$ ($k=10$, $n=2529$). *H5* (organizational outcomes), $r=0.17$ ($k=19$, $n=5502$, 95% CI=0.11 - 0.23).

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opportunity to choose where they work, they are 1.6 times more likely to be high performers.

Those who can also decide when they work are 2.3 times more likely to be high performers.ⁱⁱⁱ

In a Qualtrics survey of 4k global employees, 84% of managers say their people are equally (29%) or more productive (55%) at home. Only 16% said they felt they were less productive.^{iv}

Employees spend 40%-50% of the time they would have otherwise spent commuting, doing work.^v

In 2013, a team led by Stanford University, conducted a rigorous study that involved 13k call center workers. They found that the remote work participants in the study were 13% more productive than those who worked in the office. About 9% of that increase came

How much more productive people say they are working from home compared to the office

Among those who can work from home



Note: 3-month moving average.

Source: Jose Maria Barrero, Nicholas Bloom, and Steven J. Davis, 2021. "Why working from home will stick," National Bureau of Economic Research Working Paper 28731.

recode BY **loox**

from working more minutes per shift (fewer breaks and sick-days) and 4% came from more being able to handle more calls per minute (attributed to a quieter working environment).^{vi}

Research conducted by Stanford University in the summer of 2020, just months from sudden transition to working remotely, showed teleworkers were 5% more productive than in-office workers.^{vii} By the spring of 2022, they found the productivity gap had risen to 9% as workers and their

employers acclimated to the new way of working.^{viii} This does not include the aforementioned time they give back in exchange for not commuting. That would represent an additional 1.5% to 2% to the productivity improvement.

Attraction and Retention

The future of work is hybrid. Employers that do not embrace workplace flexibility will not be able to attract and retain talent.

A December 2022 report by Gartner shows that when people are offered the opportunity to choose where they work, they are 1.7 times more likely than those without no flexibility to stay with their employer and 1.6 times more likely to be high performers.^{ix}

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In 2022, Gallup found that 59% of those who preferred a hybrid model but were forced to work in an office indicated 'intent to leave'. Among those who preferred to work from home full-time but were not allowed, 64% expressed an 'intent to leave.'^x

In a 2021 study of 75,000 participants, 42% of employees said they would quit their job if their employer required them to work in an office full time.^{xi}

According to SHRM, 76% of largest employers (over 5,000 employees) now offer telework to most or all employees. In terms of industry sectors, 89% of employers in the Professional/ Scientific/Technology sector and 80% in the Information/Finance/Insurance sector offer telework.^{xii}

According to a CBRE survey conducted in the spring of 2022, only 19% of employer plan to require office-based work (down from 30% in 2021). Seventy-seven percent say they will follow a hybrid strategy, and 4% will go fully remote.^{xiii}

Culture

A 2021 Gartner survey of 4k remote and hybrid knowledge workers found 53% of those with high flexibility feel connected to company culture, compared to just 18% with low flexibility. The study concluded that employee connection to culture was on the decline prior to the pandemic.^{xiv}



A 2023 global survey of 30,000 employees conducted by OC Tanner found that nearly six out of ten (59%) hybrid and remote workers feel they organization's culture has improved since going hybrid or remote.^{xv}

Employee Engagement

In 2017, Gallup found the highest engagement (41%) was among those who teleworked 3-4 days per week. The lowest engagement was among those who worked from home full-time or were full-time office workers (30%).^{xvi}

In 2022, Gallup found that engagement among those who preferred to work from home and were not allowed, only 24% were engaged. Among those who preferred to work from home full-time but could not, only 17% were engaged.^{xvii}

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The OC Tanner report referenced above showed the average engagement score of 73% is up 21% over 2022.

Other Benefits

Beyond the benefits outlined above, hybrid work and full-time telework has been proven to:

- Expand the talent pool
- Increase diversity
- Slow the brain drain due to retirements
- Provide new employment opportunities for the un- and under-employed
- Better accommodate those with physical disabilities
- Enable those with eldercare responsibilities to remain in the workforce
- Better accommodate neurodiverse talent
- Reduce absenteeism and presenteeism
- Reduce traffic congestion
- Enhance resilience and ensure continuity of operations
- Better understand the needs of the communities they serve
- Save employees time and money and improve their wellness and well-being
- Revitalize disadvantaged communities
- Reduce the outbound migration of talent in rural areas
- Accelerate the adoption of digital and security technologies
- Reduce transit subsidies and parking constraints

While not all of these benefits can be quantified, many of them can.

Federal Government Could Save \$11B a Year with Half-Time Telework

When I began examining the research on telework in 2006, the former banker in me was struck by the fact that no one was making the executive business case for it. Much of my early work was in doing just that. I developed a model to quantify the potential impact telework could have on employer, employee, and environmental outcomes. That resulted in a calculator, that estimated for example, that the federal government could save over \$10B per year with half-time telework among eligible employees. Approximately \$1.7B of those savings were attributed to reductions in real estate costs based on the assumption that half-time telework would enable a 25% reduction in office space. The rest of the savings would come from increased productivity, and reduced absenteeism, turnover, and transit subsidies.

These potential savings in the table below were presented to Senate Committee on the Environment & Public Works as part of the [written and verbal testimony I delivered on July 29, 2020.](#)

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Potential Financial Impact of Federal Telework

<u>Impact on:</u>	<u>Assumption</u>	<u>\$ Impact</u>
Productivity	+15% on telework days	\$6,369B
Real Estate	-25%	\$1,753B
Absenteeism	-31%	\$1,189B
Continuity of Operations	5 days/year	\$1,957B
Voluntary Turnover	-10%	<u>\$352M</u>
		Total \$11,620B

Assumes 906k eligible teleworkers (per the 2018 Telework Report to Congress)

The calculator—which is continually refined as new research is revealed and has been used by thousands of employers, employees, and communities—includes over 125 research-based variables and 600 calculations.

In 2016, the U.S. General Accountability Office was charged by members of Congress with investigating methods and tools for quantifying the impact of telework in government. As part of that investigation, they conducted a behind-the-curtain evaluation of our calculator. In their final report to Congress, they described it as “comprehensive and based on solid research.”^{xviii} While other tools were examined by the GAO, ours was the only one recommended in the report.

The Future of Work is Hybrid

Drawing from our own research, our work with large employers, and a proprietary database of over 6k research papers, case studies, and other documents, I estimate that over 60-70% of U.S. jobs are compatible with some level of remote work. Ten to 20% of employees want to be in the office full-time, 20% to 30% want to be full-time remote, and the balance prefer to split their time between home and office. Employees with a preference for a hybrid arrangement want to work from home 3-4 days a week. Managers want them to be in the office 3-4 days a week. Historically, the average frequency for telework among those who did was about half-time and I predict that is where we will land for the long term.

Hybrid employees will primarily come to the office to collaborate, socialize, and spend time with their team. They will do their creative and concentrative work largely at home. In anticipation of this change in how offices are used, many private sector organizations are making the transition to unassigned seating, less private space, and more collaborative space—a combination intended to best support the type of work people will be doing in-office.

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The research shows offices were occupied, on average, only 40% to 60% prior to the pandemic. The latest numbers show that current office occupancy in the U.S. has stabilized at between 45% and 50% of what it was prior to the pandemic.^{xix} That number has been consistent since July of 2022. Taken together, this suggests offices are only occupied, on average, 25% to 30% of the time now and for the foreseeable future. They are ghost towns that, unless consolidated, will discourage people from coming there. The opportunity to reduce office space is enormous.

According to JLL, only a third of leases have come up for renewal since the start of the pandemic. Most organizations are likely to make decisions about reducing office space as their renewal dates approach. In the meantime, many are exploring opportunities for subleasing, renegotiating for less space, converting unused areas into public or shared spaces, and exploring coworking options.

Many properties, include many government properties will not be easy to sublease or sell. In some cases, excess space can be repurposed for the good of the community. Admittedly, this will reduce the financial savings potential of those properties, but most certainly advance other government priorities. Some could be repurposed as places of much-needed places of learning and upskilling, community centers, regional hubs, or flex-spaces for private sector employers, and/or coworking centers. While given the general nature of government-owned properties, few could be transformed into much-needed affordable housing, but certainly some could.

If federal agencies are to achieve the kinds of results described herein, it will be crucial to rethink old practices and processes in light of the new ways people are working.

Best Practice Recommendations

Applying best practices from the private sector, I suggest:

- Ensuring that all leaders are aligned on the hybrid work vision
- Managers are trained to manage by results
- Measures of success are agreed upon and baseline data is gathered
- Best practice communications, team, and meeting norms be shared within each agency. Actual norms be established and agreed upon at the team level
- Surveys and data analytics be deployed to understand the kind of work employees do and where they are likely to do it
- Technology and security standards be adopted
- A clear strategy for communicating the vision be developed
- A playbook for success be made available to all leaders

I also recommend that agencies that want to recall teleworkers or deny access to telework be required to show cause and demonstrate the financial impact of doing so.

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Conclusion

The employer, employee, and environmental business case for telework is clear. To require to employees to forget the experience of the past few years and require they give up the flexibility they have earned, will be devastating to morale, trust in leadership, and the ability to attract and retain talent.

The pandemic experience has proven telework can work. If the largest employer in the nation wants to be an employer of choice, it will have to change with the times. The Show Up Act is not the way forward.

We need to go beyond thinking about telework as a tactical solution to the problem du jour and start seeing it as strategic imperative.

In a world where brains, not brawn or machinery or land ownership are the creators of wealth, we need break loose of the 20th Century framework that keeps us tethered to the concept of work as a place rather than what we do.

In the words of Benjamin Franklin, “Out of adversity, comes opportunity,” and this is our opportunity to fundamentally reframe the where, when, and how of work in a way that’s markedly better for people, planet, and performance.

Thank you again for the opportunity to submit this testimony. My full biography is attached for your reference.

About Kate Lister and Global Workplace Analytics (following footnotes)

ⁱ PWC US Remote Work Survey, January 2021

ⁱⁱ Leesman Office/Leesman Home Working, n=67k, Q3/Q4 2021

ⁱⁱⁱ Gartner Research Shows Human-Centric Work Models Boost Employee Performance and Other Key Talent Outcomes, Gartner Press Release, December 7, 2022

^{iv} Qualtrics XM Institute, 4000 global respondents surveyed March 2021

^v Global Work-from-Home Experience Survey, Global Workplace Analytics and Iometrics, May 2020 (corroborated by research by Nicholas Bloom, Stanford University,

^{vi} <https://www.gsb.stanford.edu/faculty-research/working-papers/does-working-home-work-evidence-chinese-experiment>

^{vii} Why Working from Home Will Stick, NBER Working Paper, Nicholas Bloom, Stanford University, April 2021

^{viii} <https://www.vox.com/recode/23129752/work-from-home-productivity>

^{ix} Gartner Research Shows Human-Centric Work Models Boost Employee Performance and Other Key Talent Outcomes, Gartner Press Release, December 7, 2022

^x <https://www.gallup.com/workplace/397751/returning-office-current-preferred-future-state-remote-work.aspx>

^{xi} The Survey of Working Arrangements and Attitudes (SWAA), December 2021 Update, WFH Research

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- ^{xii} How do your benefits stack up? SHRM online dashboard, 2022
- ^{xiii} <https://www.cbre.com/insights/reports/us-office-occupier-sentiment-survey-h1-2022>
- ^{xiv} Gartner Research, December 2021, survey of 4k hybrid and remote workers
- ^{xv} 2023 OC Tanner Global Culture Report
- ^{xvi} <https://www.nytimes.com/2017/02/15/us/remote-workers-work-from-home.html>
- ^{xvii} <https://www.gallup.com/workplace/397751/returning-office-current-preferred-future-state-remote-work.aspx>
- ^{xviii} GAO-16-551, Better Guidance Could Help Agencies Calculate Benefits and Costs, GAO-16-551
- ^{xix} <https://www.kastle.com/safety-wellness/getting-america-back-to-work/>



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Education or Qualifications

- BS in Business Management and Computer Science from Thomas Jefferson University
- Graduate studies in finance at St. Joseph's University

Affiliations or Memberships

- Strategic Advisory and Leadership Team, Workplace Evolutionaries (WE), a global community of practice within the international facilities management association
- CoreNet Global
- Society for Human Resource Management
- Forbes writer

Kate Lister

Kate Lister is president of Global Workplace Analytics, a research-based consulting firm that has been helping communities and

organizations optimize the employer, employee, and environmental outcomes of flexible and distributed workplace strategies for more than 18 years. She is a recognized thought leader on trends that are changing the who, what, when, where, and how of work.

Professional Accomplishments

- Was one of only three witnesses invited to testify before a **U.S. Senate committee** regarding on the future of remote work in government
- Developed and maintains a proprietary library of over 6,000 research papers, case studies, and other documents related to workplace and workforce strategy
- Developed various workplace ROI calculators—the U.S. GAO referred to one, the Telework Savings Calculator, as “comprehensive and based on solid research” in a report to Congress
- Developed ROI models around employee wellness and well-being, engagement, and hybrid workplace initiatives
- Advised executive leadership on telework and return-to-office strategies for the largest U.S. credit union, a Fortune 500 manufacturer/retailer, a Fortune 20 energy company, a leading global law firm, and others
- Collaborated on primary and secondary research with leading workplace services and technology companies
- Conducted primary and secondary research on a wide range of workplace topics



Professional Accomplishments (continued)

- Been cited or quoted by hundreds of media outlets including, the Wall Street Journal, New York Times, Today Show, SHRM, NPR and more
- Was selected by a United Nations agency to write the U.S. chapter of Telework in the 21st Century, a six-country peer-reviewed book published by Edward Elgar.
- Co-authored an e-learning course on the case for workplace change and distributed work that has been licensed by Fortune 1000 companies and federal government agencies
- Authored dozens of white papers on a wide variety of workplace topics in collaboration with industry leaders
- Advised numerous state and local government agencies on advancing telework in their regions
- Authored or contributed chapters to five business books for major publishers
- Authored hundreds of articles for publications including the Wall Street Journal, SHRM, FMJ, and others
- Spoken at hundreds of events including SHRM, CoreNet, IFMA, ASID, U.S. Office of Personnel Management, U.S. GSA, and others

Representative Clients and Projects

Business Background

Before starting Global Workplace Analytics, Kate's career included ten years with two large regional banks, six years helping businesses secure venture capital, government, and bank financing, and 16 years running the oldest and largest vintage airplane ride business in the U.S.

Sample Clients

Bridgestone

Savills

Okta

Thurston Regional Planning Commission

JLL

OwlLabs

USAble

PenFed

Saltmine

Sodexo

HOK

Herman Miller

Haworth

U.S. FDA

iOffice

Delos

Fresenius

Hixson

Colliers

Psomas

Sharp Hospital
