The

Flex Report

2024 Predictions

December 2023

Flex Index
PRESENTED BY scoop

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About the Report

December is prediction season! It's a fantastic time to take stock of the year in review, and imagine what will happen in the year to come.

2023 has been a fascinating year when it comes to flexible work. While many predicted a recession and **significant return to the office** in 2023, **occupancy rates have been flat** year to date. The percentage of US companies offering work location flexibility has increased from **51%** at the beginning of 2023 to 62% in our last **quarterly report**.

So what's on the horizon for 2024? Will the much anticipated return to office finally pick up steam, or will we see a continued trend toward more companies adopting work location flexibility?

The conversation in 2023 has been dominated by work location flexibility, and specifically how much time employees spend in office. Will that be the top discussion topic in flexibility for 2024, or will new frontiers emerge that are important for different types of workers?

To get a sense of what we should expect for 2024, we asked 12 of the leading executives, researchers, and academics for their top predictions. These predictions cover a wide range of topics — from office utilization to how we use our space to how we build culture — and some of them are in direct conflict with each other!

2024 promises to be an interesting year full of twists and turns! Read on to see what some of the brightest minds in flexible work have to say about what to expect.

Predictions

Return to Office

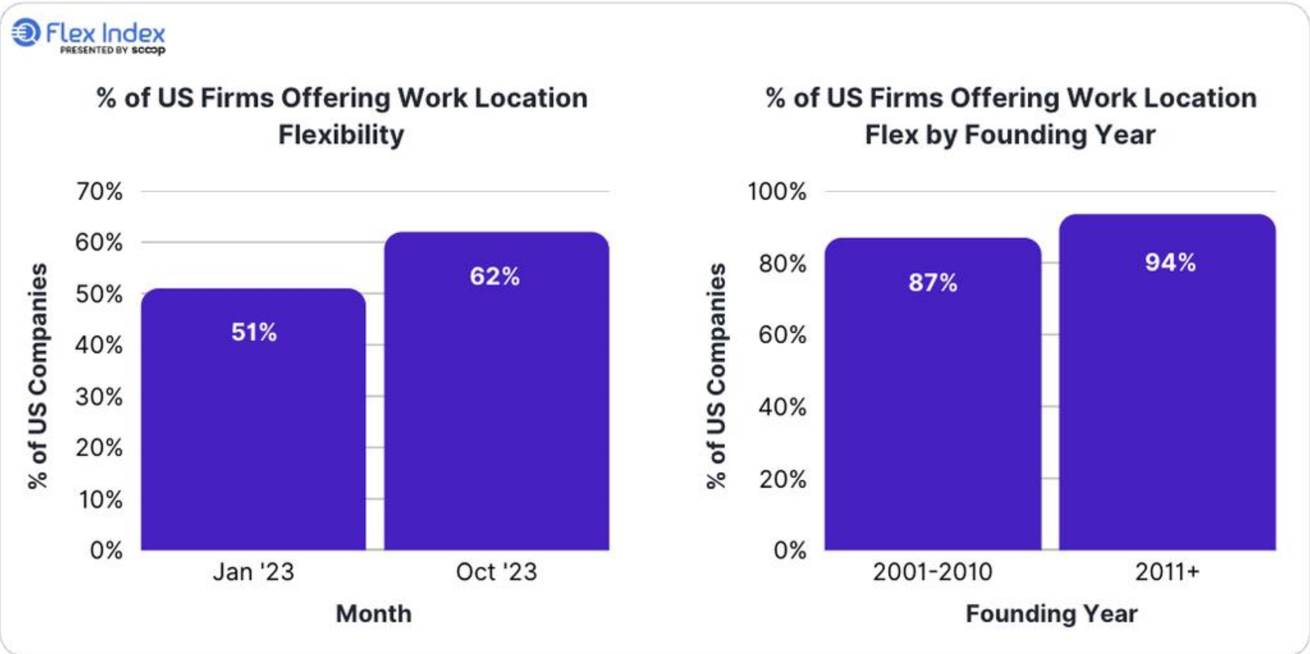
Arpit Gupta

Associate Professor of Finance at NYU Stern School of Business

By the end of 2024, more than 2/3 of US companies will offer work location flexibility for their corporate employees.

The shift toward a more flexible work environment is driven by the growing recognition of its benefits, such as enhanced employee satisfaction, increased productivity, and the ability to attract a broader talent pool.

Additionally, we see smaller and faster growing companies adopt flexible working patterns, and over time these firms will make up a larger share of the overall company pool and outcompete many traditional firms. Even a recessionary environment may contribute to this trend, as firms will seek to cut costs through office expenses.



Source: Flex Index (flex.scoopforwork.com) employee surveys and publicly available data on company office requirements for companies with headquarters in the US, N = 5,565 companies. Flex Index data has been re-weighted using the Current Population Survey industry data to better approximate the US working population. People Data Labs data on company founding year. The Flex Index is presented by Scoop (scoopforwork.com).

KEY IMPLICATION

Having a larger share of firms offer flexibility helps grow labor markets even further.

With Structured Hybrid work -- where employees are required to come in only a portion of the week -- employees are able to choose firms with a larger commuting radius around their house, expanding employment prospects. With Fully Remote work, employees can pick firms anywhere in the country (or globally). We move towards a more national (or international) labor force.

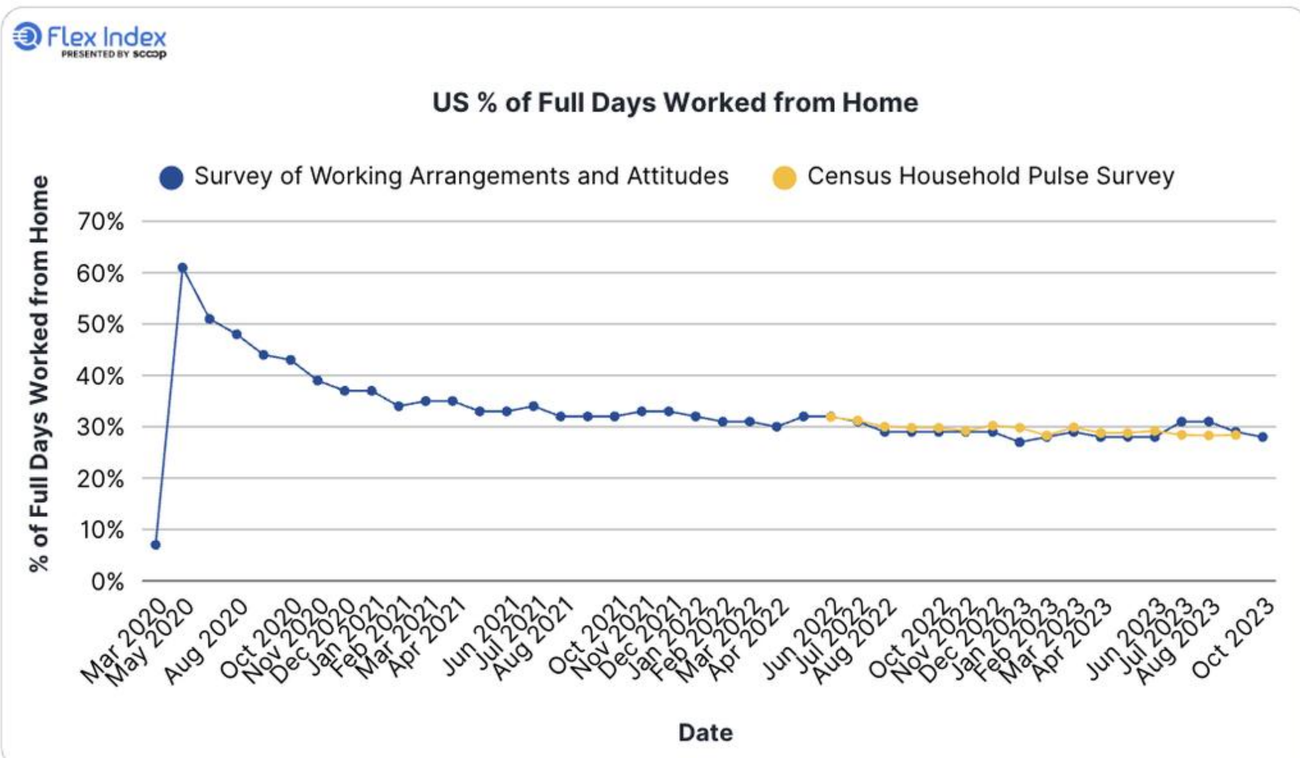
Nick Bloom

Economics Professor, Stanford University

2024 is the work from home “Year of the Pancake.”

In 2024 we will see totally flat levels of work from home -- as the British would say, “pancake flat.” It will be the 2nd stage of three in the longer-run “Nike swoosh” on remote work:

1. A drop in work from home levels from 2020 to end of 2022, as the pandemic surge waned
2. Stabilization (2023-2024) where return to office ends and remote work is flat
3. Steady climb 2025 and beyond as new technologies improve and enable remote work



N=143,410 (SWAA); N=432,904 (HHP). SWAA data from survey responses weighted to match the US population Pre-covid data from the American TimeUse Survey. CHPS respondents weighted to match the US population aged 20 to 64 in households with incomes above $25,000. Survey of Workplace Attitudes and Arrangements (Barrero, Bloom and Davis 2021), https://wfhresearch.com/

KEY TAKEAWAY

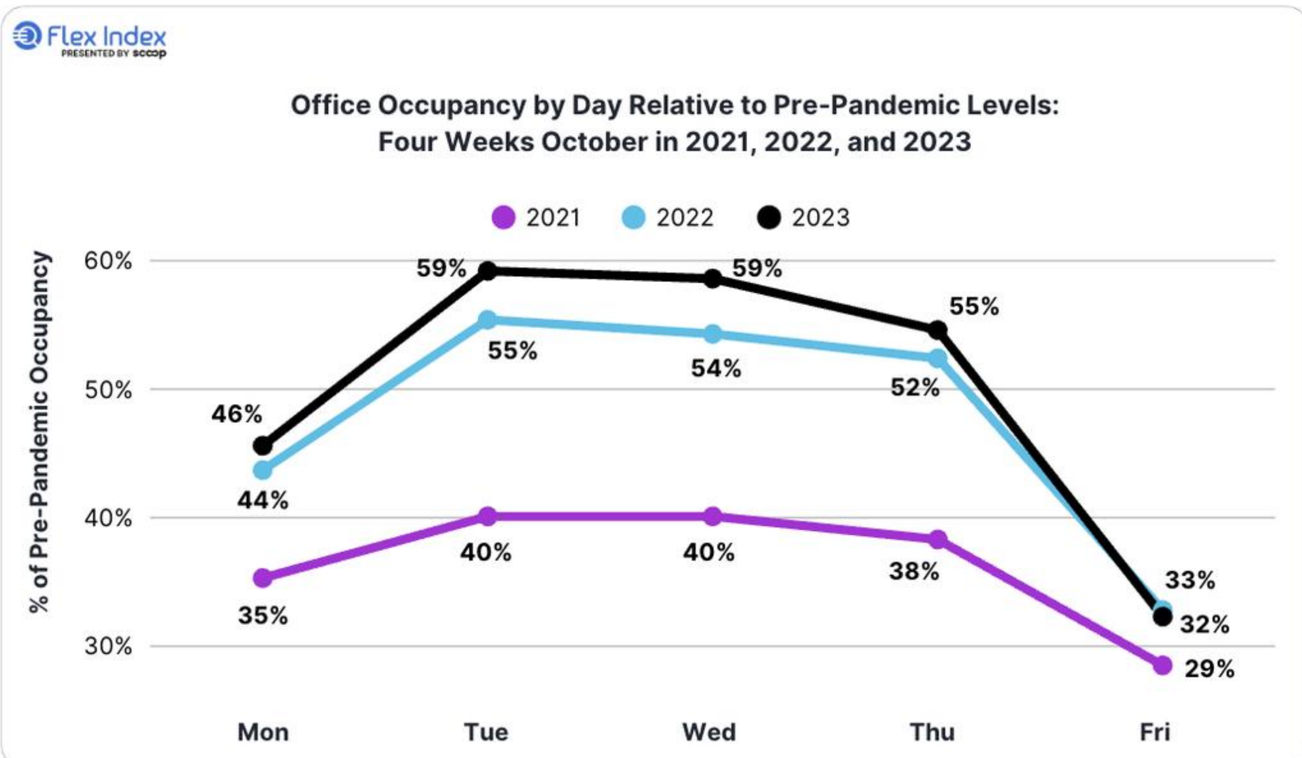
You might think of 2024 as a boring year, with little change in work from home levels. But hiding underneath this flat work from home level is a massive revolution. This is the revolution of how work from home is now 5x more common than just 5 years earlier (2019). Work from home is here to stay, and looking to a rapidly growing future.

Haniel Lynn

Chief Executive Officer at Kastle

Office occupancy will swell in 2024.

I am a “return-to-the-office optimist,” and expect occupancy numbers to continue to swell in the year ahead. While we may never get back to a traditional pre-pandemic five day work week, it’s clear that the data suggests companies are realizing the benefits of in-person work. As more business realize the benefit of having people in the office, and they see others returning in larger numbers, more incremental mandates will follow -- or likely first, enforcement of existing loose mandates.



Source: Kastle Back to Work Barometer; Weekly Occupancy Report from Kastle Access Control Systems Data

💡 KEY IMPLICATIONS

I believe that as more companies push to three days a week in office in a more Structured Hybrid environment, the leap to an incremental fourth day will become easier as momentum takes over and the initial psychological hurdle of more consistent work in office is overcome.

As companies achieve a 3-4 day per week in office average, they will realize their “buffer” occupancy room is gone. The push to downsize current office footprints will ease as executives view the incremental savings as a hassle not worth the benefit.

Predictions

Performance, Productivity, & Engagement

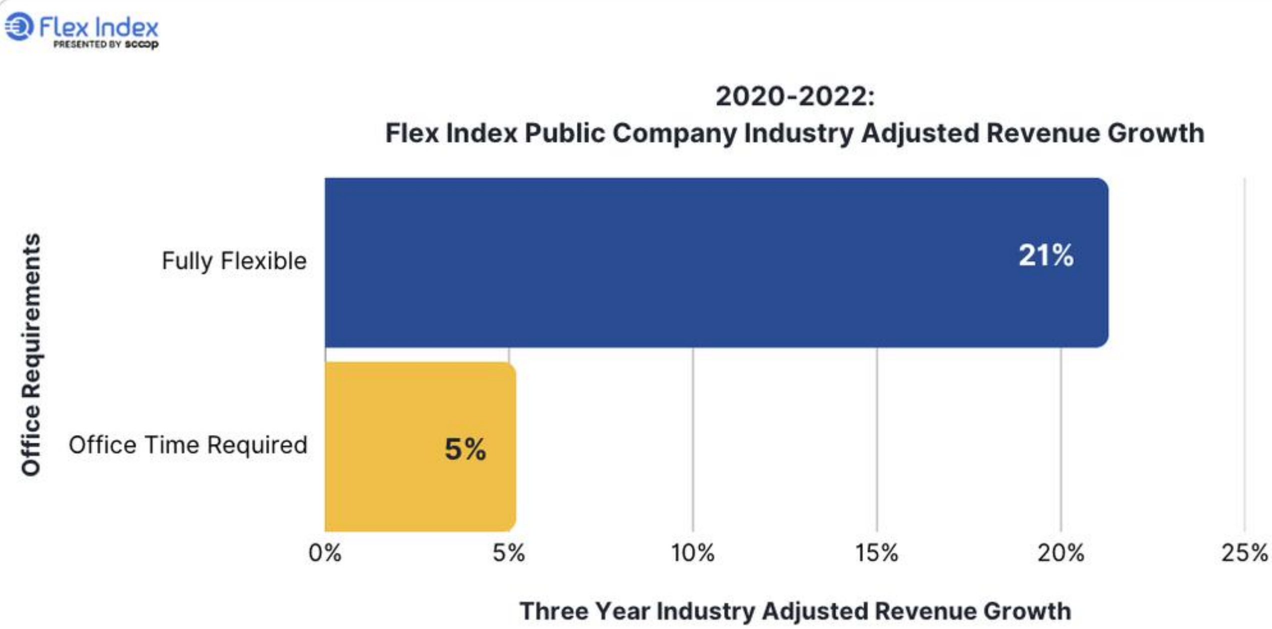
Brian Elliott

Co-Founder of Future Forum, Author of "How the Future Works"

Mounting evidence will show that companies taking a flexible approach to where and when people work dramatically outperform their competitors.

In 2024, data will emerge that companies investing in flexibility see faster growth, higher customer satisfaction, more innovation, and stronger bottom-line performance.

Companies that outperform won't just establish flexible work policies, they'll also invest in building culture, providing manager training, and embedding productivity-boosting tools to enable effective flexible work. That will lead to happier, more engaged employees, which in turn will drive accelerated performance and greater focus on customers.



Source: Flex Index (flex.scoopforwork.com) employee surveys and publicly available data on public company office requirements. Boston Consulting Group analysis on Flex Index public company revenue performance from 2020-2022. Each company's revenue growth has been normalized against their average industry revenue growth rate from 2020-2022 to strip out revenue growth differences that could be attributable to industry mix. This sample has an average industry adjusted growth rate of 9.6%. N = 554 public companies. Flex Index is presented by Scoop (scoopforwork.com).

💡 KEY IMPLICATIONS

I believe that companies who root their culture in trust and accountability will be rewarded in the market. Trust-based organizations have employees who go the extra mile. Pairing trust with a strong focus on accountability for delivering outcomes will be the recipe for outperformance.

In contrast, companies who move backwards on trust -- or who take a "wait and see" approach to flexibility -- may change their minds as evidence mounts in 2024.

Annie Dean

Vice President, Team Anywhere at Atlassian

By the end of 2024, executives will be forced to admit their RTO mandates did not improve productivity.

In Atlassian's recent survey of Fortune 500 execs, we found that low productivity is leaders' top challenge for the coming year, despite 91% having some form of in-office mandate. It seems like many already know that these mandates aren't the answer. Only 1 in 3 executives with an in-office mandate are convinced that their in-office policies have had a positive effect on productivity.

In 2024, how work gets done will replace the office as the key cultural touchpoint.

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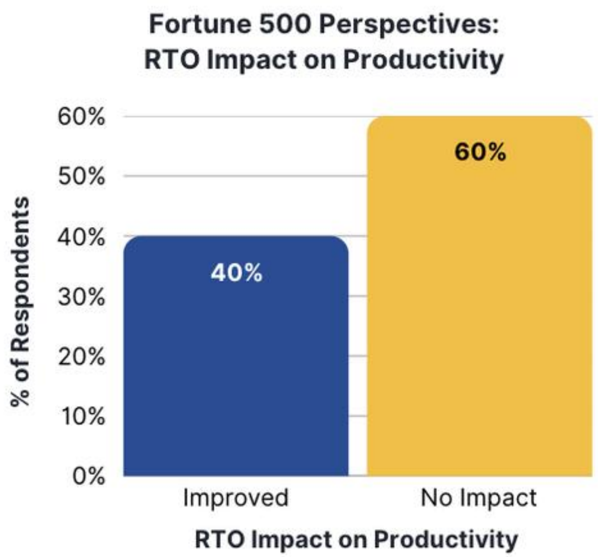
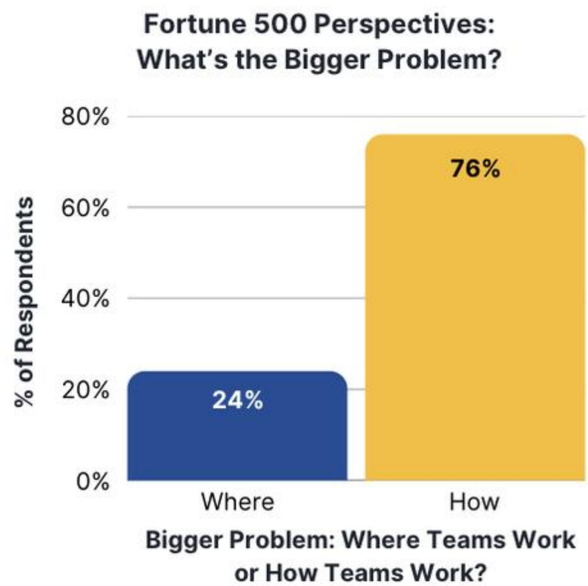




Source: Atlassian Fortune 500 and Fortune 1000 survey of enterprise executives, September 2023.

KEY IMPLICATIONS

Executives think every company feels the same to employees when they're working from their living room. But what sets innovative organizations apart, no matter where someone sits, is how work happens. Companies will be defined by whether or not processes are efficient, the way meetings are run, and whether leaders are willing to disrupt existing norms with new tools, practices, and AI.

Leaders and teams who actively seek out more effective (and fun!) technologies and norms will be the ones to attract top talent. Using a dated email client or locally saved documents will be non-starters for candidates.

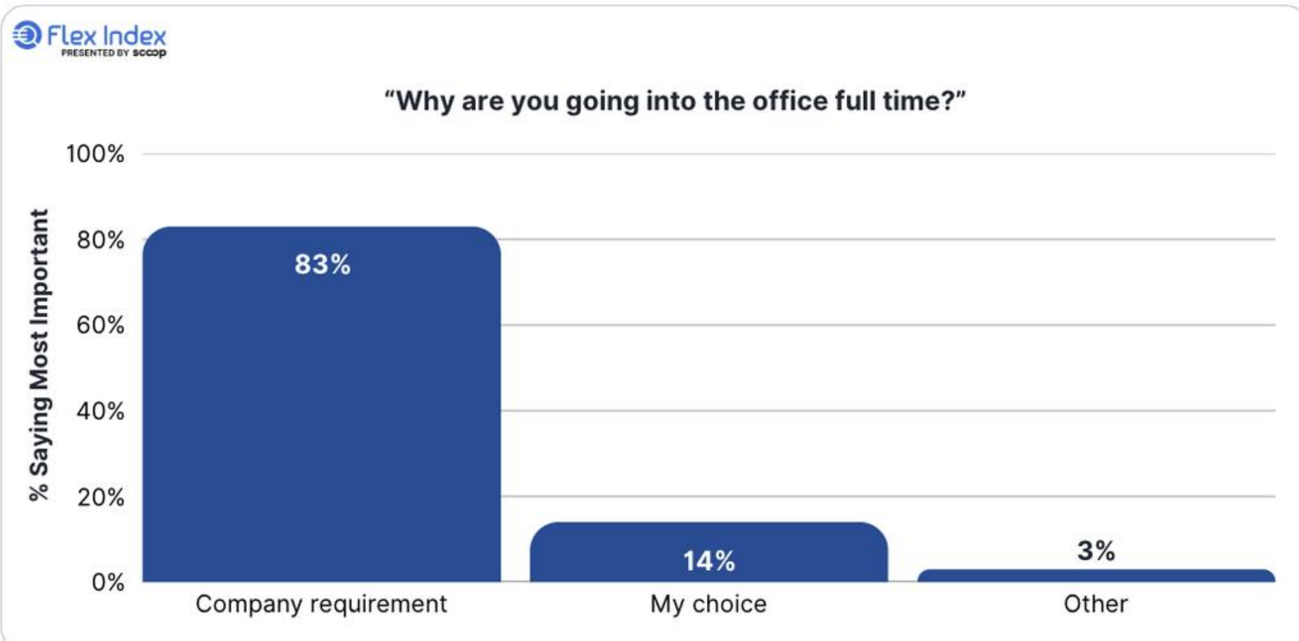
Cara Allamano

Chief People Officer at Lattice

Return to Office (RTO) will not be the productivity and engagement 'quick fix' leaders think it will.

With continued uncertainty in the macro environment, organizations (and leaders) will be keeping their focus on employee productivity and performance in 2024 — and many will continue to default to pulling employees back into the office to 'solve' perceived challenges in engagement.

RTO will not solve challenges in engagement. Rather, organizations need to take a deep dive into their business needs, evaluate their approach to employee performance and engagement, and agree on strategies that are going to align the two — and the RTO policy should follow from there.



Source: Lattice Survey: Here's What Employees Are Really Saying About Hybrid Work, December 2022

💡 KEY IMPLICATIONS

Organizations with best-in-class management practices — led by HR teams who have centered their programs around what's best for the business and managed towards that — will be able to navigate flexible work changes just fine.

Companies that aren't able to figure this out will see some of their best talent walk away. Lattice research found that 48% of employees would consider quitting over their organization's flexible work policy.

Deborah Lovich

MD & Senior Partner, Boston Consulting Group; Fellow at BCG Henderson Institute

Employee-driven / employee-centric work redesign will dominate business change agendas in 2024.

Leaders are appropriately obsessing about the opportunities generative AI can unlock to reshape what work is to increase productivity and drive innovation. But the most successful leaders will be those who ensure that their vision for a future of work in which generative AI plays an important role is one that is not just focused on productivity, but also on creating joy for their employees.

Why? Joy from day-to-day work — not productivity — drives retention: office-based workers who enjoy their work and consider themselves effective are more than 2x less likely to look for a new job vs. those who don't enjoy their work or don't consider themselves effective.

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BCG HENDERSON INSTITUTE

"Are you looking for a new job?" % responding "no"

	Low enjoyment of work	High enjoyment of work
High effectiveness	**38%** (n = 111)	**70%** (n = 339)
Low effectiveness	**33%** (n = 299)	**65%** (n = 259)

The joy premium

Source: BCG "Making Work Work" survey, conducted in September 2023 (n=1008); BCG analysis
Questions asked: Are you looking for a new job?; In your current work model, how effective do you think you are at your job?; In your current work model, how much do you enjoy your job?
Note: High productivity/joy counts individuals with above average score in the category; low productivity/joy counts individuals with below-average scores in the category

KEY IMPLICATIONS

Leaders need to empower their organization to think deeply at every level about the nature of the work they do and how to reimagine it to drive <u>both</u> productivity <u>and</u> joy.

For example:

- Use GenAI to decrease the amount of time spent on admin work
- Optimize hybrid work models to enhance interactive work and build affiliation and culture into day-to-day work

Predictions

How We Use Different Spaces

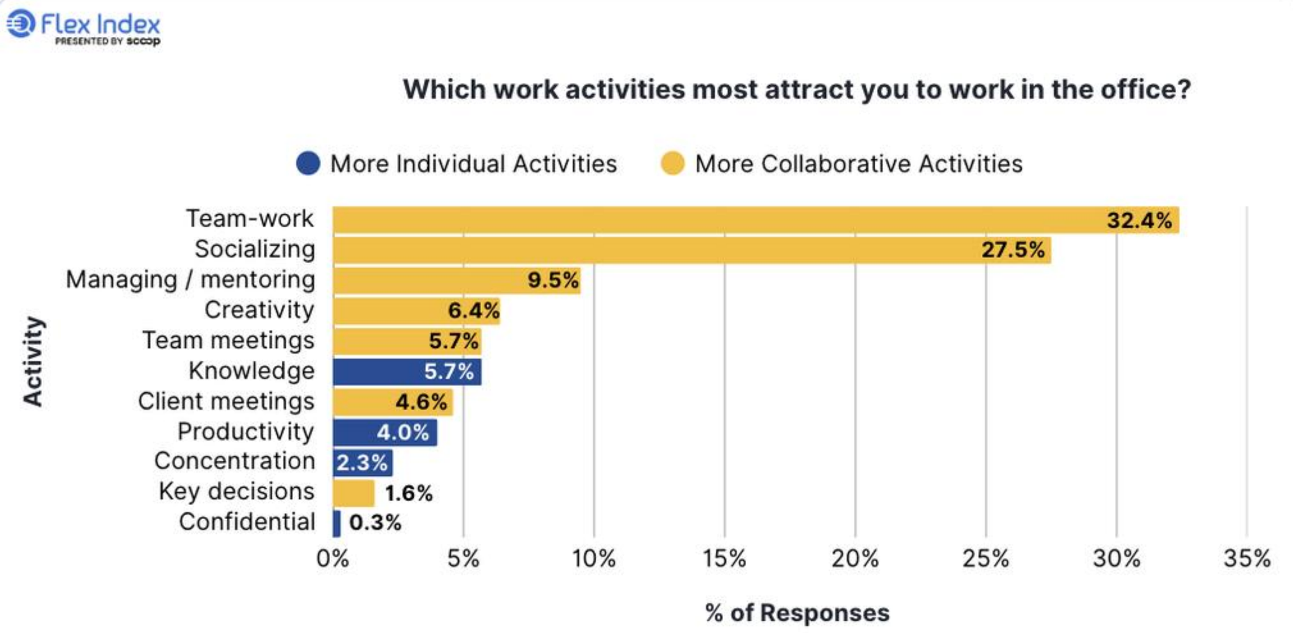
Ryan Anderson

Vice President of Global Research and Insights at MillerKnoll

2024 will be the year when office design shifts from emphasizing individual productivity to community connection.

Organizations embracing flexible work will shift their focus from concerns over weekly badge swipes to promoting regularly planned instances of immersive, content-rich events.

Onsites are already becoming the new offsites, as most hotel ballrooms and conference centers lack the design and amenities groups are seeking for better connection. Corporate workplaces will be further reconfigured to support agile, large-group workshops, charettes, planning sessions, and other content-intensive gatherings.



Source: The Enticing Workplace - Attracting People Back to the Office. Nigel Oseland & Gary Raw in partnership with MillerKnoll. 2023.

KEY IMPLICATIONS

Facilitating connection is the top reason why members of distributed teams express a desire to come to the office. Teamwork, socializing, and managing/mentorship are the top three activities that attract employees to the office.

Corporate leaders are looking for ways to foster “weak ties” — meaningful connections across teams and functions. Organizations increasingly will look to repurpose excess real estate to support onsite events, often using the space freed up by hybrid policies. This will create a near-term opportunity for organizations to get better value out of their existing real estate holdings that are locked into long leases.

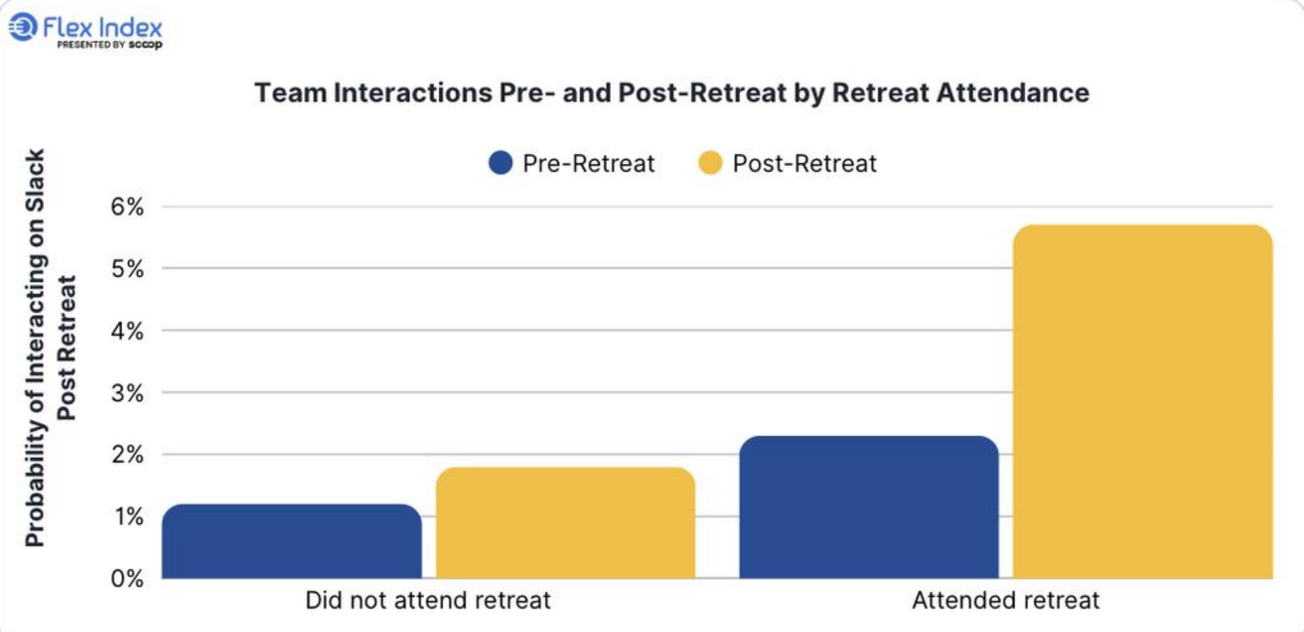
Raj Choudhury

Associate Professor at Harvard Business School

In 2024, companies will move from a rigid form of hybrid being imposed top-down to more flexible forms of hybrid being adopted by teams.

Companies will enable teams to innovate on both where to meet and when to meet. The downtown office building will be only one of the space where teams can meet for in-person work. Work-from-anywhere (WFA) teams will meet at a multiplicity of places including at company offsites, suburban locations, and around trade conferences.

In addition to being flexible on where to meet, teams will experiment with how frequently they should meet for optimum outcomes. My research indicates that even brief periods of being in-person together help individuals innovate, especially when they meet team members from different time-zones or different cultures.



Source: Office at Offsite: How Temporary Colocation Shapes Communication in Fully-remote Organizations. Charles Ayoubi, Prithwiraj Choudhury, Sujin Jang, and Victoria Sevcenko. June 14, 2023.

KEY IMPLICATIONS

Moving from a rigid version of hybrid (two or three days every week in a downtown office) to more flexible forms of hybrid (meet at offsite / suburbs / client conferences monthly or quarterly) will help individuals work from anywhere and help companies hire from anywhere.

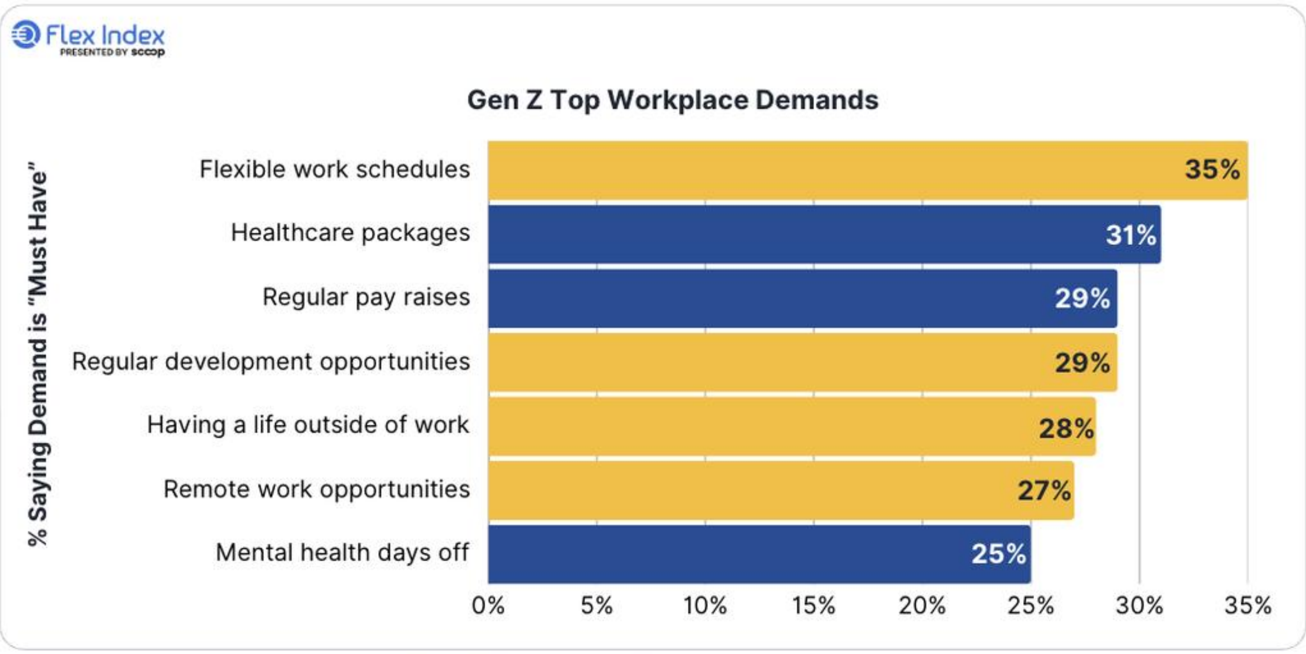
As a result, the company office downtown will continue to lose its luster and alternative spaces will develop in suburbs, home-offices and offsite locations.

Darren Murph
Future of Work Architect // Strategy + Communications at Ford

In 2024, culture will increasingly be built outside of the workplace.

With continued uncertainty in the macro environment, organizations (and leaders) will be keeping their focus on employee productivity and performance in 2024 — and many will continue to default to pulling employees back into the office to 'solve' perceived challenges in engagement.

RTO will not solve challenges in engagement. Rather, organizations need to take a deep dive into their business needs, evaluate their approach to employee performance and engagement, and agree on strategies that are going to align the two — and the RTO policy should follow from there.



Source: ResumeLab 2023 GenZ Workforce Report covering 1,100 US-based workers.

KEY IMPLICATIONS

The employee-employer relationship has changed. Employers are in the business of creating an empowering experience for their people, who in turn parlay that energy into productive outputs.

The second and third-order effects of this change are significant. As an adoptive father, my life is an example of the change which is possible when employees are empowered to repurpose commute time into something more meaningful. Imagine if every newly-distributed worker who felt called to foster or adopt a child, but are unable to due to a rigid 9-5 schedule, were freed of that limitation!

Predictions

Economic Opportunity

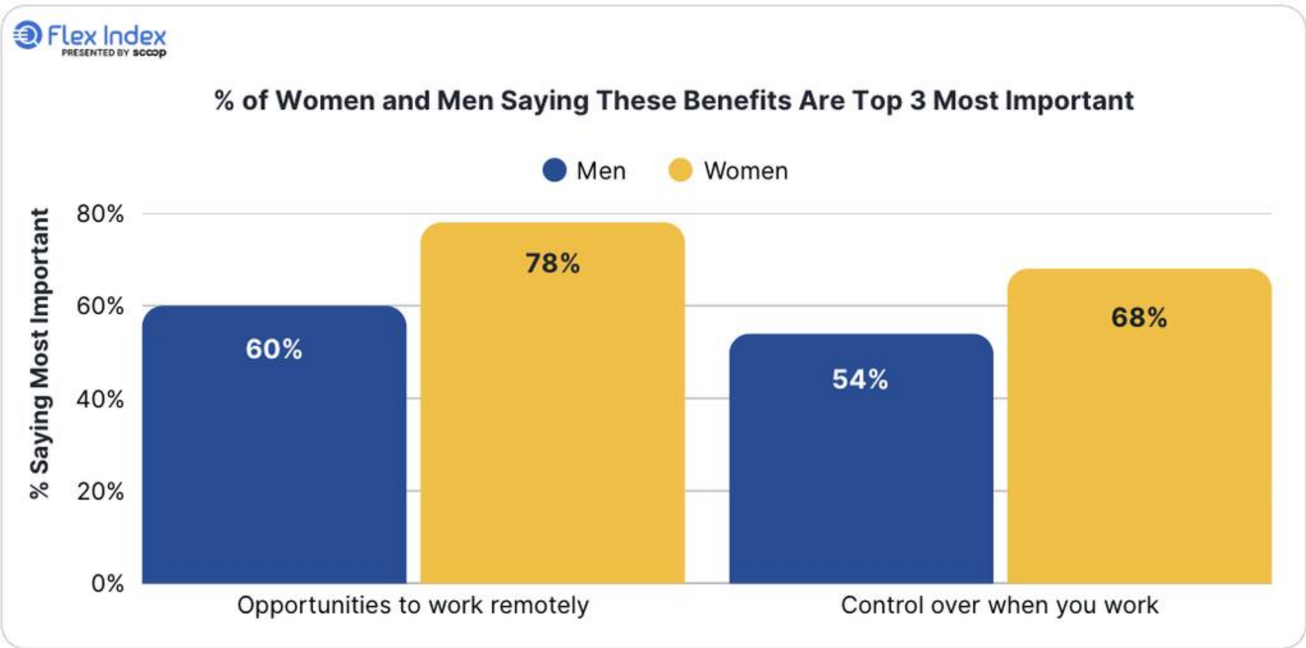
Erin Grau & Kevin Delaney

Co-Founders at Charter

In 2024, companies that invest in flexible work will make the most meaningful progress toward gender equality and pay equity.

Even as the primary breadwinner role is disappearing, women still spend two more hours a week on caregiving and 2.5 more hours on housework. When flexibility is the norm, women's careers are less likely to be derailed by caregiving, and they have access to more opportunities to progress their careers and earn higher salaries.

Flexible work will continue to be a win for women as long as it doesn't come with penalties, like slower paths to promotion or relegating women to pink-collar fields.



Source: 2023 Women in the Workplace Study, The State of Women in Corporate America, conducted by Lean In and McKinsey & Company.

KEY IMPLICATIONS

The women's workforce participation rate has rebounded post-pandemic thanks in large part to greater flexibility offered by employers over when and where they work. Flexible work is feminist, and support for flexibility is inextricably tied to gender equality.

While companies work to get more women into leadership roles, the ones that make the greatest progress going forward will be the ones that prioritize and celebrate flexible work arrangements.

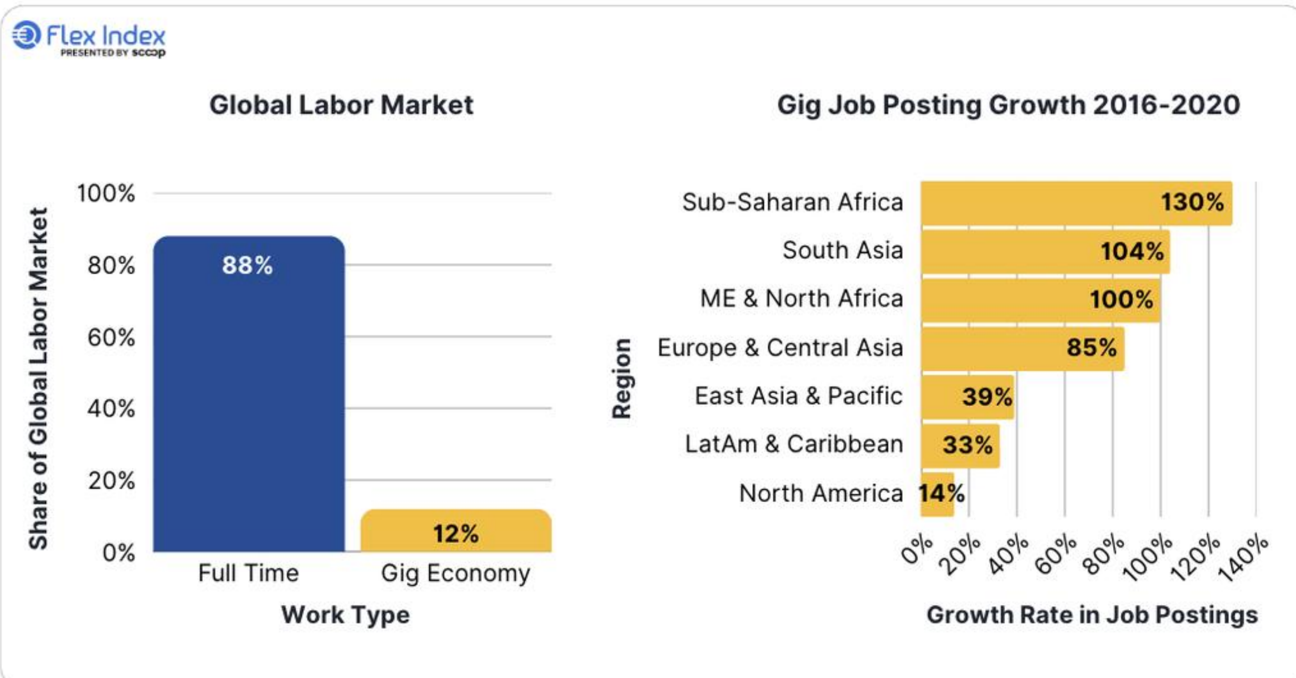
[Julia Hobsbawm]

Founder of The Nowhere Office, Bloomberg Work Shift Contributor

2024 will be the year of the “Flexetariat.”

A new class of worker emerged from the pandemic — the “Flexetariat” — for whom flexibility is baked into how they want to work and increasingly how they do work.

Flexibility and freedom to choose is a permanent shift for workers. In 2024 we will see more reference to the concept of “flexibility” than to “hybrid working”, as flexibility around when we work and our employment relationship (e.g. gig work) creates economic opportunity for workers globally.



Source: "Working Without Borders: The Promise and Peril of Online Gig Work;" 2023 International Bank for Reconstruction and Development, The World Bank.

💡 KEY IMPLICATIONS

Demand for gig work in developing countries has risen over 100% from 2016 - 2020. The World Bank believes that flexible gig economy work, if well paid, is “a path out of poverty.”

In more developed markets, studies such as the Deloitte Gen Z and Millennial Annual Survey find that more than half of respondents believe flexible work is good for their mental health, with associated benefits around financial control and productivity.

In Closing

In Closing

No one knows exactly what 2024 has in store. Will we spend more time in office or less? Will we use the office for similar types of work as we did in the past, or only for collaborative interactions? Even our predictors have sometimes conflicting takes on what to expect next year!

While no one has a crystal ball, one thing is certain — flexible work will continue to be an important topic. It is a top consideration for employees when considering what jobs to take and what jobs to leave. It is a Board-level topic for companies globally as they try to find balance between employee demands for flexibility and the desire to foster collaborative, in-person interactions.

As we close 2023, we can't help but take a look back at this first year for **Flex Index**. We **launched Flex Index** in February to create better visibility into flexible work trends and practices for employers, job seekers, journalists, and academics.

We never dreamed it would receive the response and attention that it has! We're proud to have produced data and research that is read worldwide and to have helped so many make sense of how the world of flexible work is evolving.

Thank you to everyone who has read and supported Flex Index! We wish you a great holiday season, and a fantastic start to 2024, and we'll be with you every step of the way to shine a light on where we are and where we're headed.