Future of Work and MA Competitiveness

Final Report
May 2021

Disclaimer

These materials reflect general insight based on currently available information, which has not been independently verified. Future results may differ materially from any statements of expectation, forecasts or projections. These materials are not a guarantee of results and cannot be relied upon. These materials do not constitute legal, medical, policy or other regulated advice. References to specific products or organizations are solely for illustration and do not constitute any endorsement or recommendation. The recipient remains solely responsible for all decisions, use of these materials, and compliance with applicable laws, rules, regulations and standards.

Executive Summary

Overall survey (n=48)

The Massachusetts Business Roundtable Future of Work and MA Competitiveness project surveyed 48 members, representing 53% of overall membership, across representative industries, sizes, locations, and MA affiliations. Some key highlights of findings include

Rise of hybrid working models

79%

Plan to shift to hybrid working models post-Pandemic

Definition of hybrid vary from 3-4 days on site to a few days a quarter

Rethinking purpose of office

50%

Plan to reconfigure the office to enable collaboration and connection by reducing individual workspaces

38% plan to decrease their existing MA real estate

Penetration of digital

90%

Expect increased adoption of digital tools for employee interactions

Interviews highlight need to build out enablers such as broadband internet in rural areas

Diversity, equity, and inclusion

92%
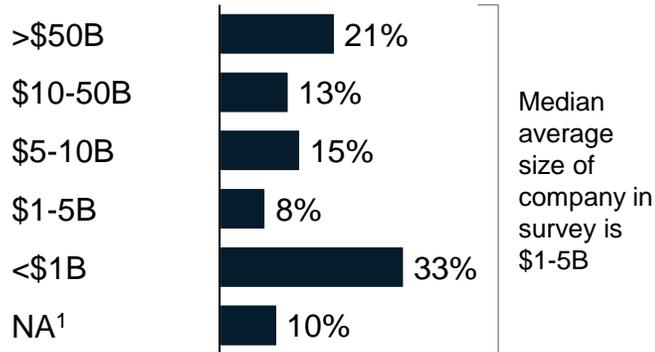
Expect increased organization focus on DEI initiatives

Importance of DEI underscored by member response that access to diverse talent is top driver of decision to expand in MA
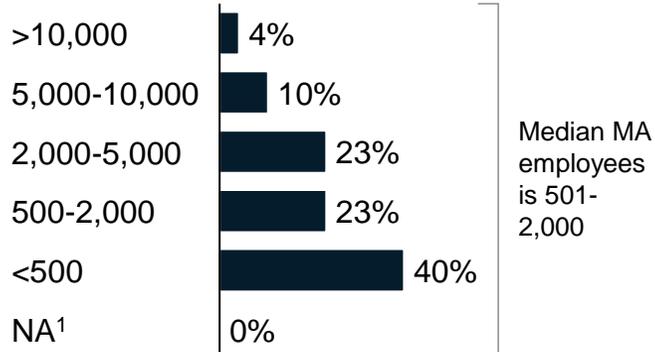
Survey Demographics (n = 48)

Industries included in aggregate response but not individual industry benchmarking due to insufficient responses
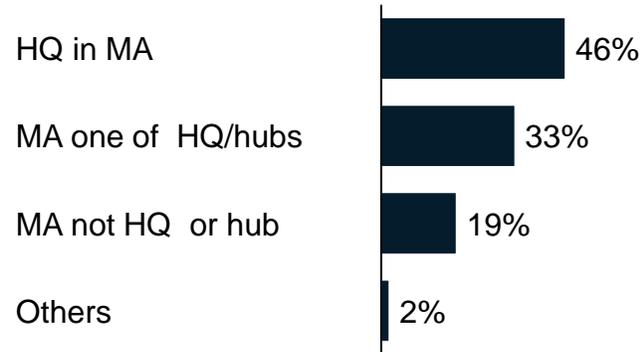
Global company revenue size

- >$50B — 21%
- $10-50B — 13%
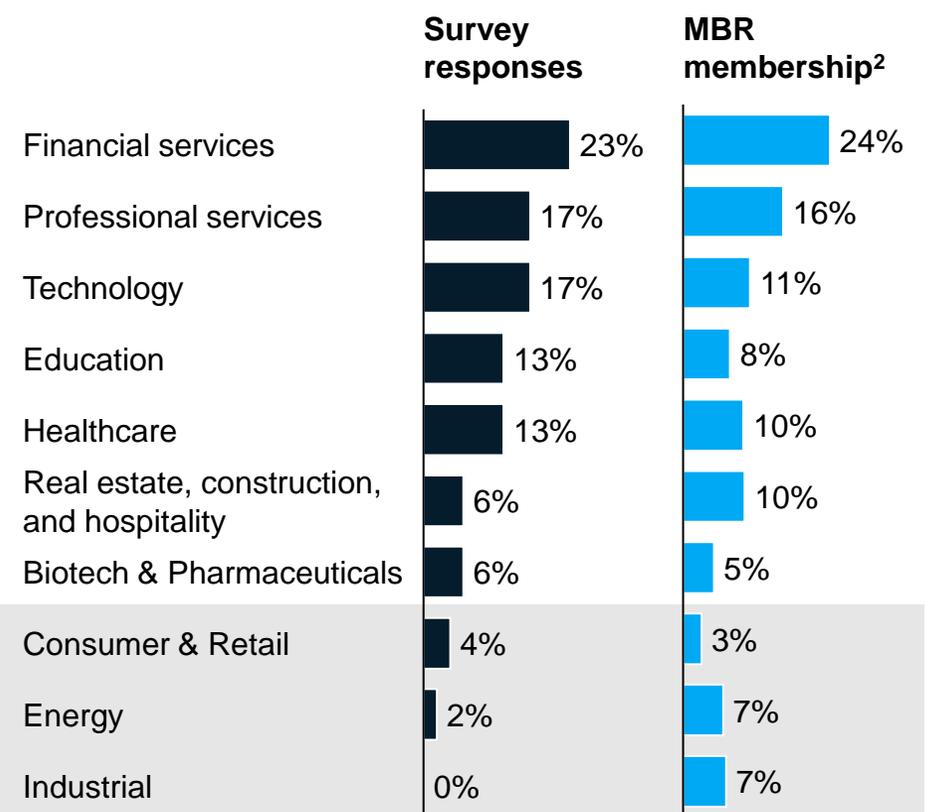- $5-10B — 15%
- $1-5B — 8%
- <$1B — 33%
- NA[1] — 10%

Median average size of company in survey is $1-5B

Number of employees in MA

- >10,000 — 4%
- 5,000-10,000 — 10%
- 2,000-5,000 — 23%
- 500-2,000 — 23%
- <500 — 40%
- NA[1] — 0%

Median MA employees is 501-2,000

Affiliation with MA

- HQ in MA — 46%
- MA one of HQ/hubs — 33%
- MA not HQ or hub — 19%
- Others — 2%

MA location

- Boston only — 31%
- Greater Boston only — 17%
- Outside of Boston and Greater Boston only — 25%
- Multiple locations across MA — 27%

Industry

	Survey responses	MBR membership[2]
Financial services	23%	24%
Professional services	17%	16%
Technology	17%	11%
Education	13%	8%
Healthcare	13%	10%
Real estate, construction, and hospitality	6%	10%
Biotech & Pharmaceuticals	6%	5%
Consumer & Retail	4%	3%
Energy	2%	7%
Industrial	0%	7%

1. Respondents selected 'I prefer not to answer'   2. MBR membership = 91
Note: May not sum to 100% due to rounding

Most respondents are awaiting local public health guidelines or unsure of return-to-office timing

Return-to-office timing, % respondents

When does your organization expect to have its workforce back in the workplace?
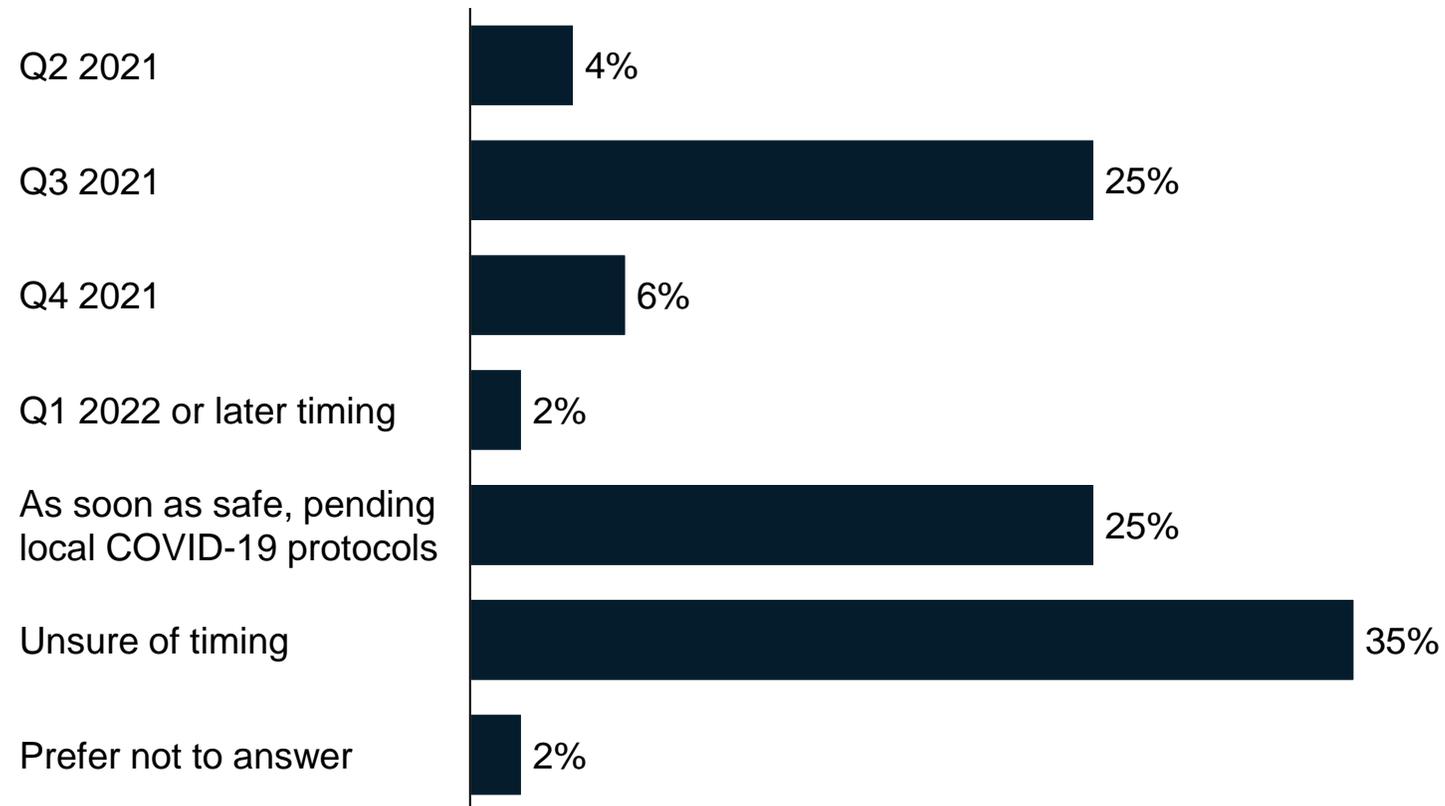
Category	%
Q2 2021	4%
Q3 2021	25%
Q4 2021	6%
Q1 2022 or later timing	2%
As soon as safe, pending local COVID-19 protocols	25%
Unsure of timing	35%
Prefer not to answer	2%

Note: May not sum to 100% due to rounding

" "

Even though all of our employees are now eligible for vaccination, our internal policies [around safety and social distancing] are leading our employees to question – why do I want to come back and wear a mask all day just to be on video conference? I think – beyond public health – you need a catalyst to make people *want* to come back
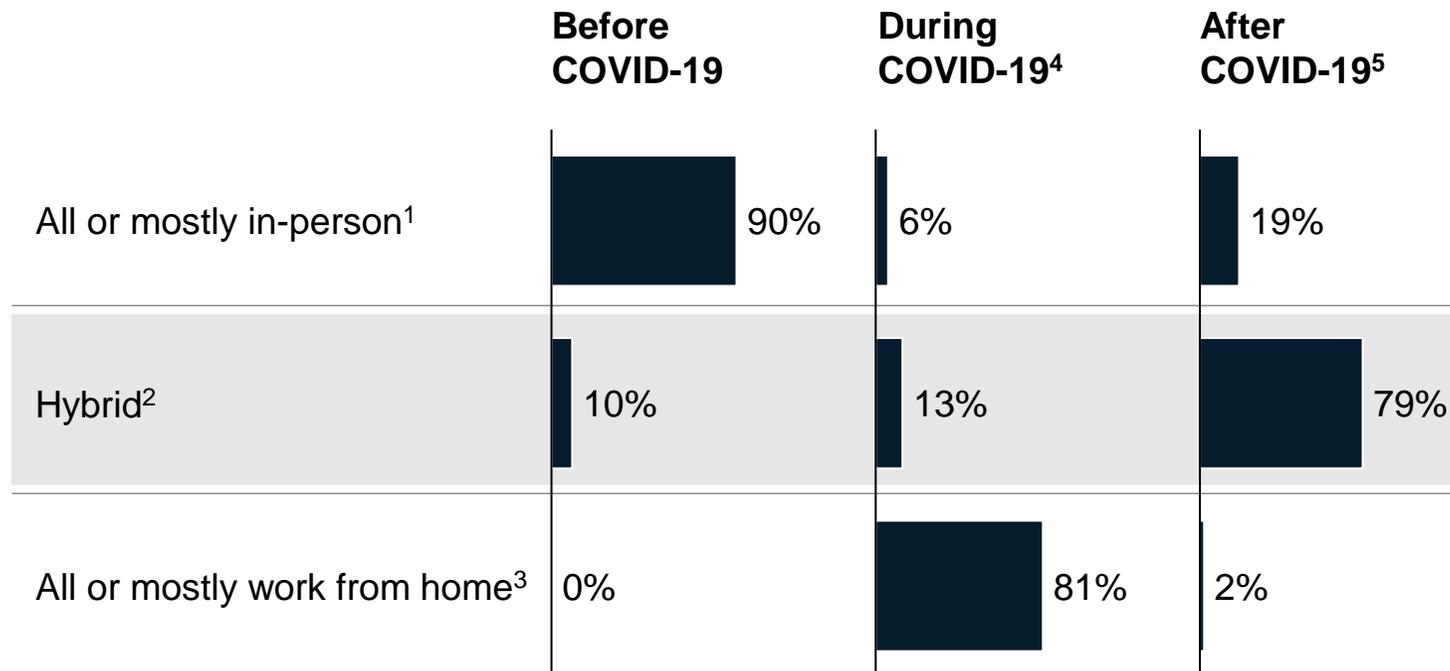
– MBR board member

Significant majority of respondents plan to shift to hybrid working model post COVID-19

Details on next page

Workforce working model, % respondents
Which of the following best describes your organization's typical working model?

	Before COVID-19	During COVID-19[4]	After COVID-19[5]
All or mostly in-person[1]	90%	6%	19%
Hybrid[2]	10%	13%	79%
All or mostly work from home[3]	0%	81%	2%

1. >60% of workforce
2. Mix of work from home and in-person
3. >60% of workforce
4. March 2021
5. 12-24 months from March 2021

> During the pandemic, we've all seen the benefits of working from home: less commute time, less interruptions, democratization of meetings. There's no question that we will maintain some work from home via the hybrid model
>
> **– MBR board member**

> I think we're going to be learning as we're going…We need everyone's patience and engagement to help create a new way of working
>
> **– MBR board member**

> Both of our top candidates [for a job opening] said – I am only accepting this job if I can work remotely and only come into the office when I have to, and no more than 1-2 days a week
>
> **– MBR board member**

There are a number of "hybrid" models depending on remote potential of role, preference, and company needs
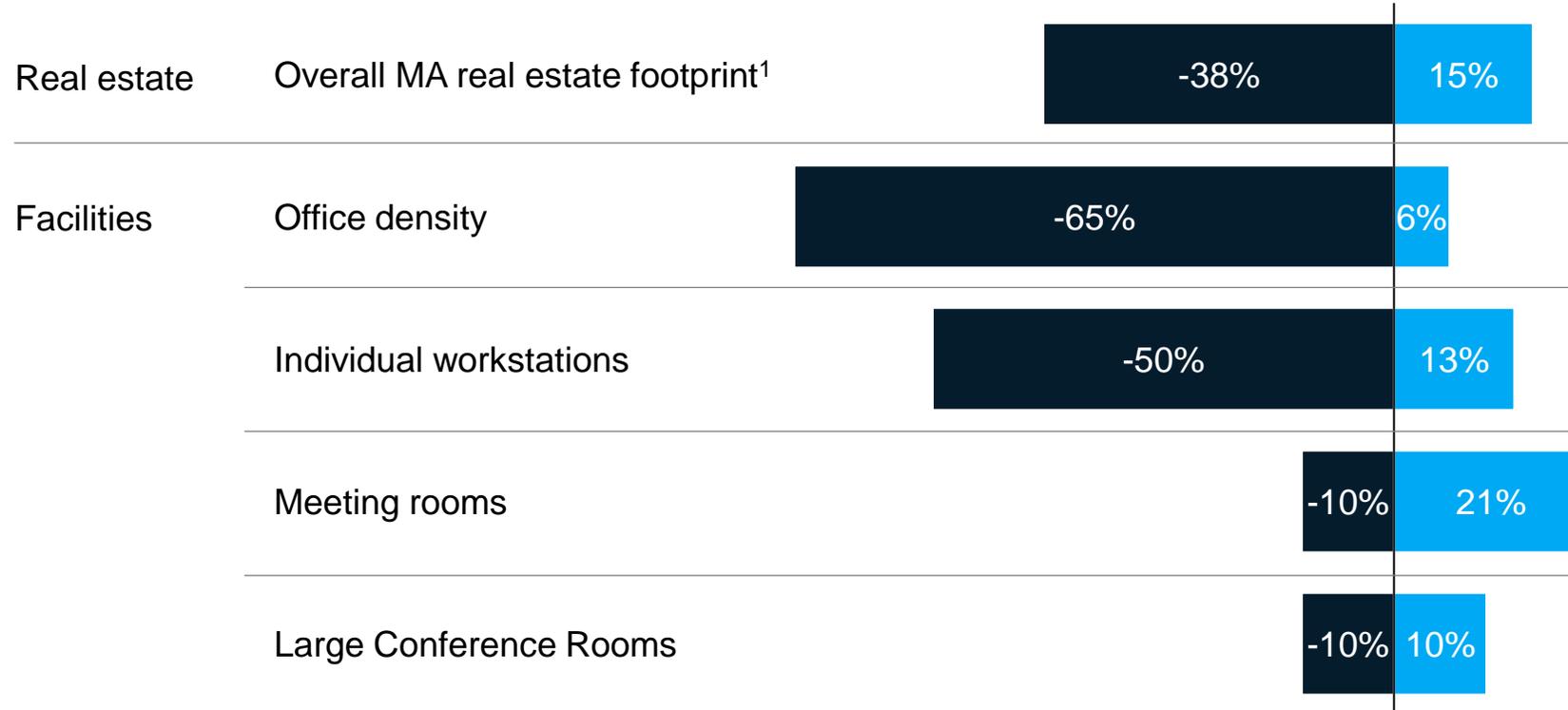
	Mostly in-person	**Weekly meetings**	**Mostly remote**
Benefits	**Cultural and social cohesion** ⟵	⟶	**Access to talent and cost optimization**
Where they work	Spending minimum **3-4 days a week** at an office for collaboration, connection, or individual work; hot-desking or assigned offices	May spend minimum **1-2 days a week or 1-2 weeks a month** at an office; meeting rooms, hot-desking, or shared assigned offices	Remote is the default, and spend minimum **2-4 days per month** at an office for key meetings or team sprints; meeting rooms or hot-desking
Required time in office	**60-80%**	**20-40%**	**10-20%**
Example roles	Research scientist Logistics Fraud analyst	Corporate strategy Data scientist	Finance HR management Procurement Marketing and sales
Example of tasks that can be done remotely	Write research reports Arrange facility schedules Perform data analytics	Analyze industry trends Writing code	Update general ledger Review employee survey metrics Prepare cost baseline

Employers are rethinking the purpose of in-person work and redesigning the office for collaboration

Decrease ■ **Increase** ■

Expectations of office use post-COVID-19[1], % respondents

In the next 12-24 months, how do you expect your organization's Massachusetts-based real estate footprint and facilities to change, compared to pre-pandemic?

		Decrease	Increase
Real estate	Overall MA real estate footprint[1]	-38%	15%
Facilities	Office density	-65%	6%
	Individual workstations	-50%	13%
	Meeting rooms	-10%	21%
	Large Conference Rooms	-10%	10%

1. Figures do not sum up to 100%; graph does not show responses for "no change" and "don't know"

> ❝❞
>
> We are rethinking the purpose of in-person work. As our employees return to the office, we want to focus more of their time around collaboration, communication, and connection. This means a lot less individual workstations and more neighborhoods
>
> **– MBR board member**

Employers are seeing trends in out-of-state work post-pandemic, but are working through the tax implications

% of MA workforce who work from out of state, % respondents

What proportion of your employees affiliated with MA-based operations or locations are based outside of Massachusetts and work from home?
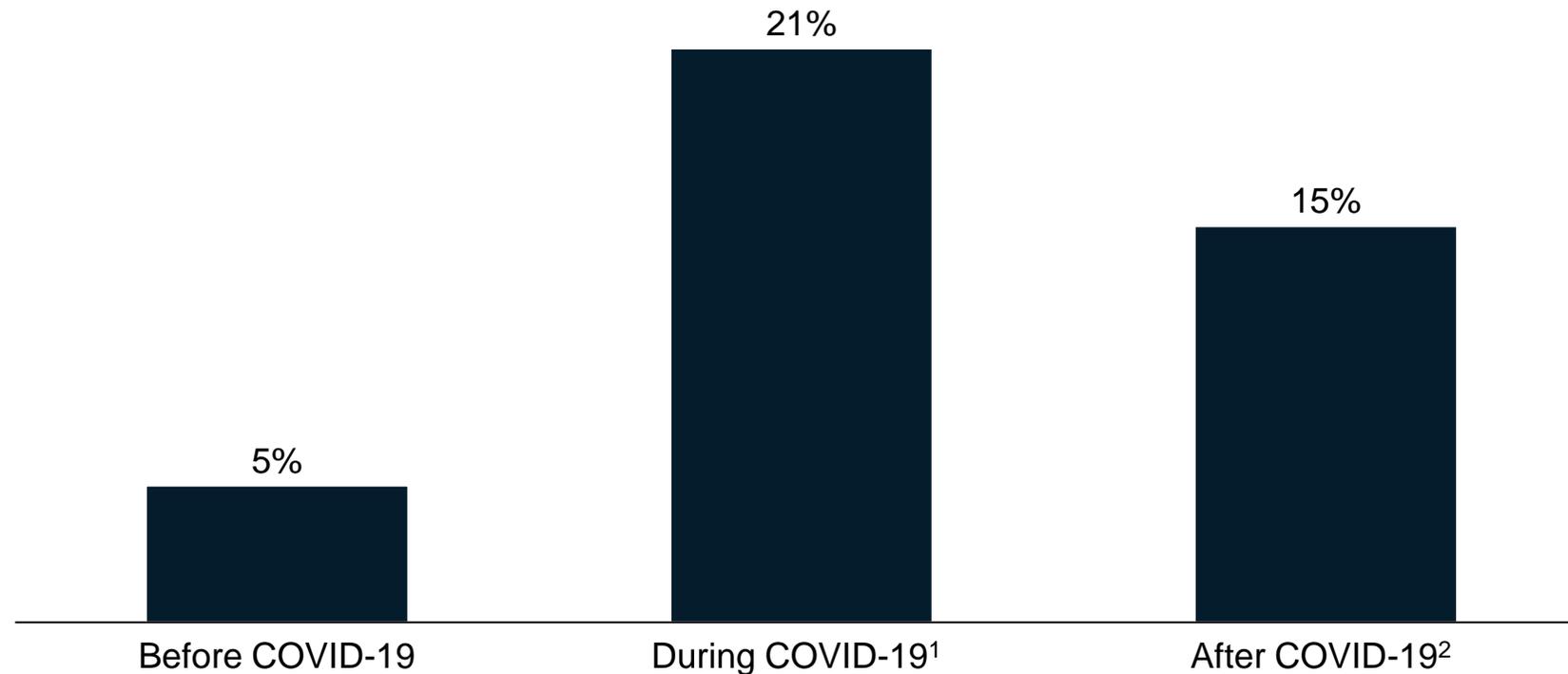
21%

15%

5%

Before COVID-19

During COVID-19[1]

After COVID-19[2]

> " "
>
> The tax code may be a barrier to flexible working arrangements that allow people to work from home out of state. Our company is wrestling with tax implications [of employees working in states with no corporate presences]
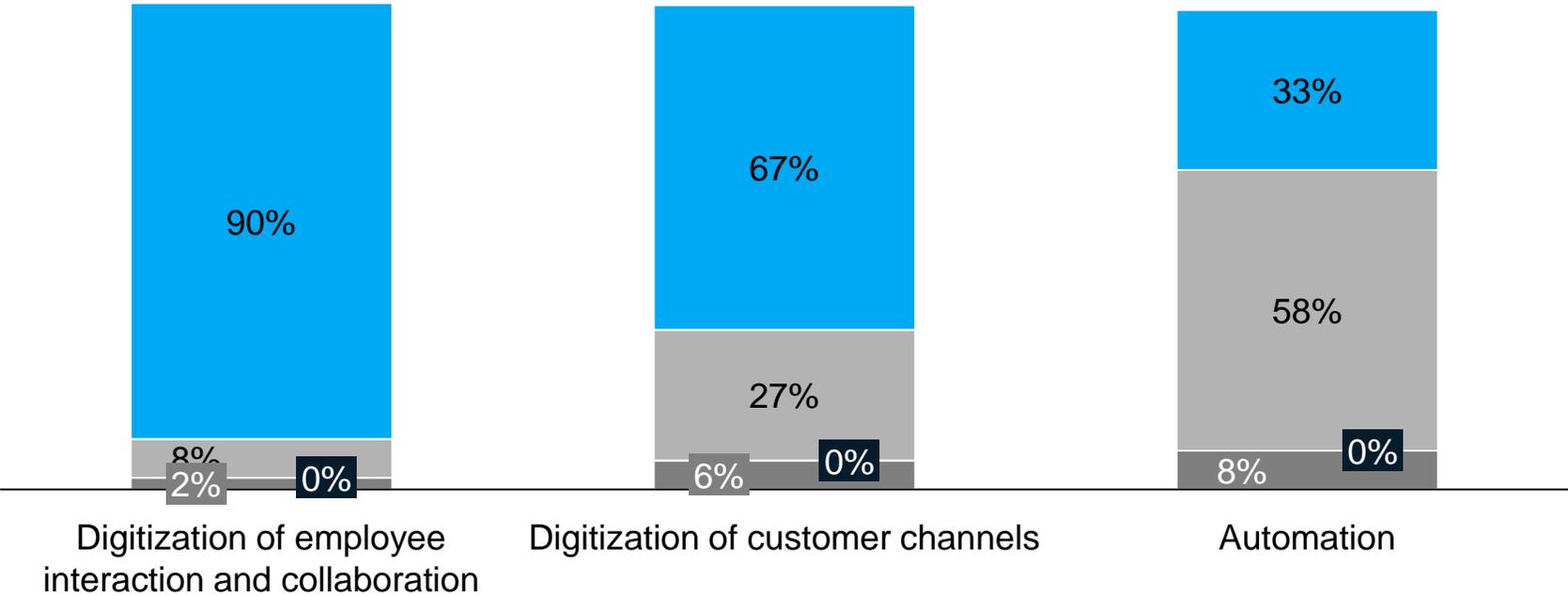>
> **– *MBR board member***

Employers have increased adoption of digital tools for employee interaction and customer outreach

Increase ■ No Change ■ Decrease ■ Don't know

Expectations of technology adoption post-COVID-19, % respondents[1]

In the next 12-24 months, how do you expect your organization's adoption of the following trends to change, compared to pre-pandemic?

Digitization of employee interaction and collaboration: 90% / 8% / 2% / 0%

Digitization of customer channels: 67% / 27% / 6% / 0%

Automation: 33% / 58% / 8% / 0%

> " One of the main issues we are running into [in rural/suburban Massachusetts] is that we don't have broadband. Remote working without broadband can be very nerve wracking and frustrating [in rural Massachusetts].
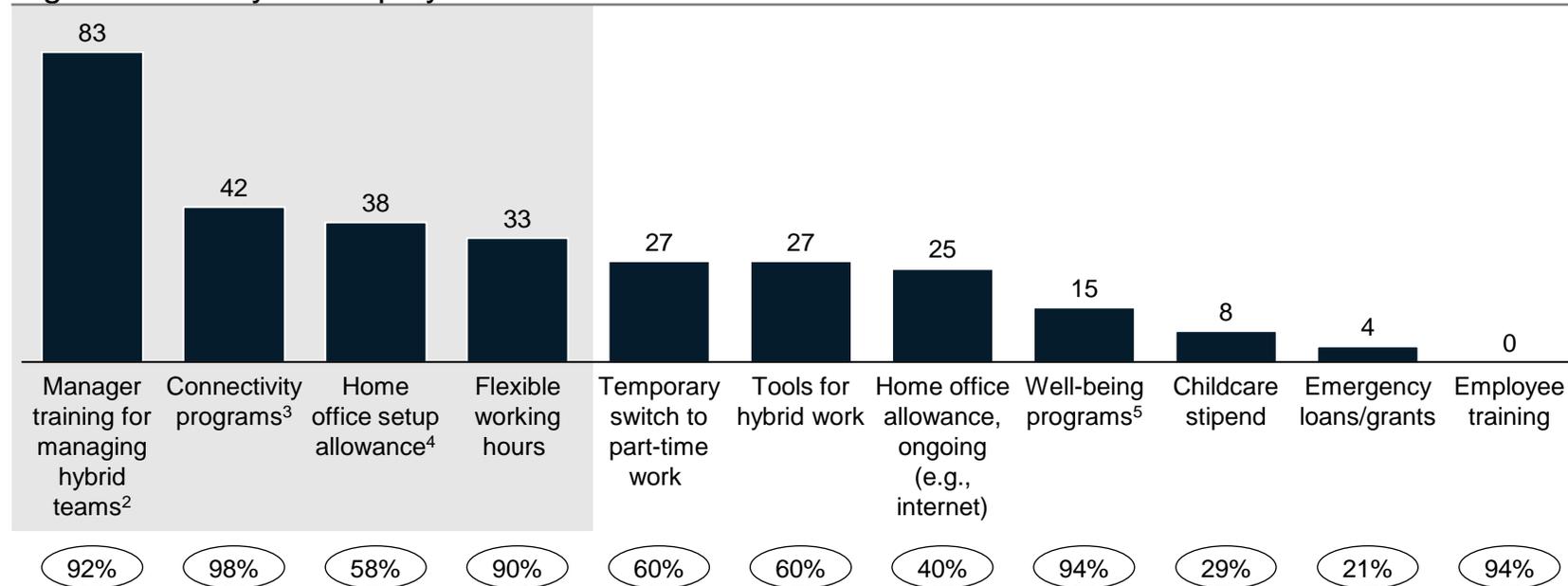>
> **– MBR board member**

1. May not sum to 100% due to rounding

MBR members plan to increase training for managing hybrid teams and connectivity programs

⬭ x **Post-COVID-19 support provided,** % of respondents   ▢ Largest increase from pre-COVID-19 support in place

Increase in support provided post-COVID-19 vs. pre-COVID-19[1], pp

Which of the following resources and supports are currently offered or will be offered by your organization to your employees?

Manager training for managing hybrid teams[2]	Connectivity programs[3]	Home office setup allowance[4]	Flexible working hours	Temporary switch to part-time work	Tools for hybrid work	Home office allowance, ongoing (e.g., internet)	Well-being programs[5]	Childcare stipend	Emergency loans/grants	Employee training
83	42	38	33	27	27	25	15	8	4	0
92%	98%	58%	90%	60%	60%	40%	94%	29%	21%	94%

1. Increase calculated as % of respondents who answered that a particular support will be provided post-COVID-19, minus the % of respondents who answered that a particular support was provided pre-COVID-19
2. Examples of manager training include training for managing hybrid teams
3. Examples of connectivity programs include senior leader forums, virtual coffee chats
4. Examples of ongoing home office allowance include monthly internet stipends
5. Examples of well-being programs include online yoga and stress management classes

> " "
>
> Some of the questions we are still working through: how do I help my managers manage a hybrid workforce? How do I build trust and rapport in a world where we see you remotely? How do I ensure evaluation is fair for in-person and work-from-home employees?
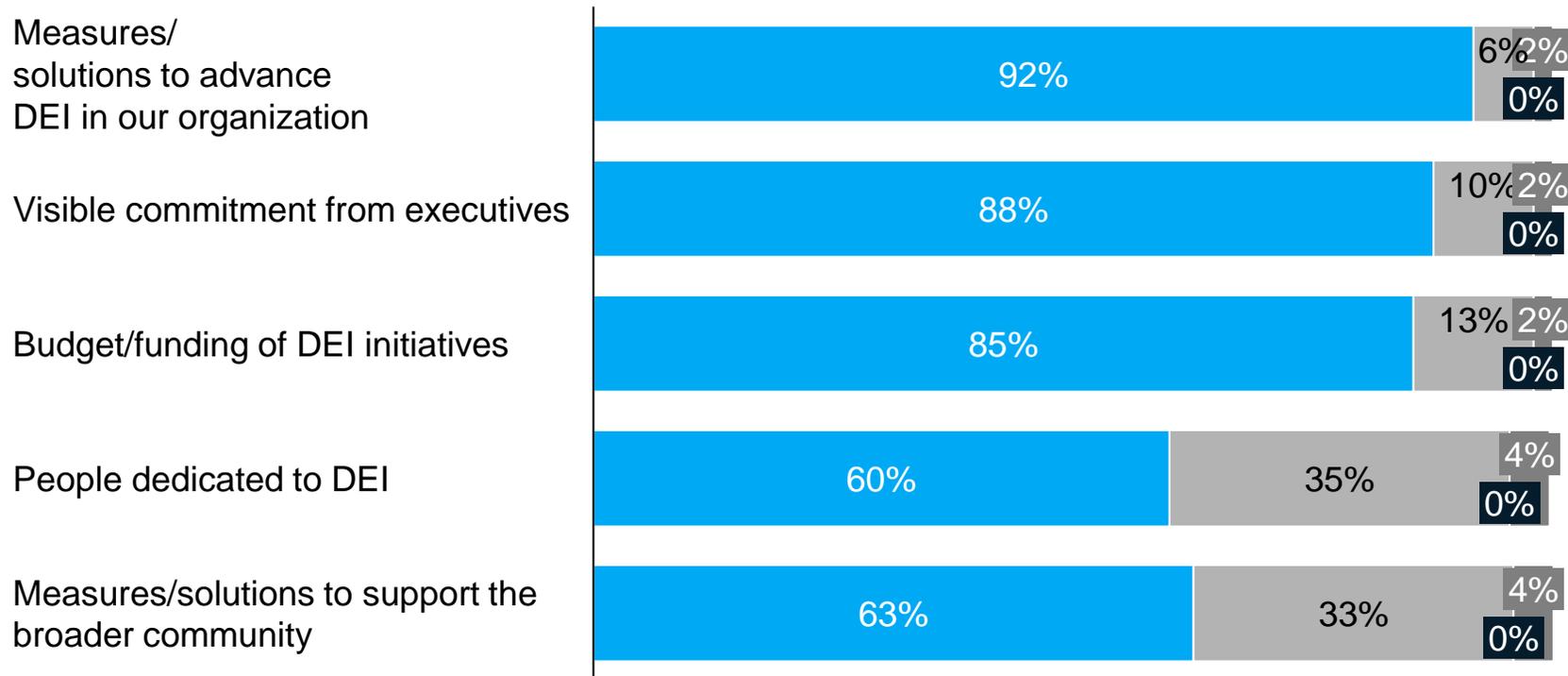>
> **– MBR board member**

90%+ of respondents plan to increase DEI efforts, compared to pre-pandemic

Increase ■ No Change ■ Decrease ■ Don't Know

Expectations of DEI efforts looking ahead, % respondents

In the next 12-24 months, how do you expect the DEI strategy for the Massachusetts operations of your organization to change, compared to pre-pandemic?

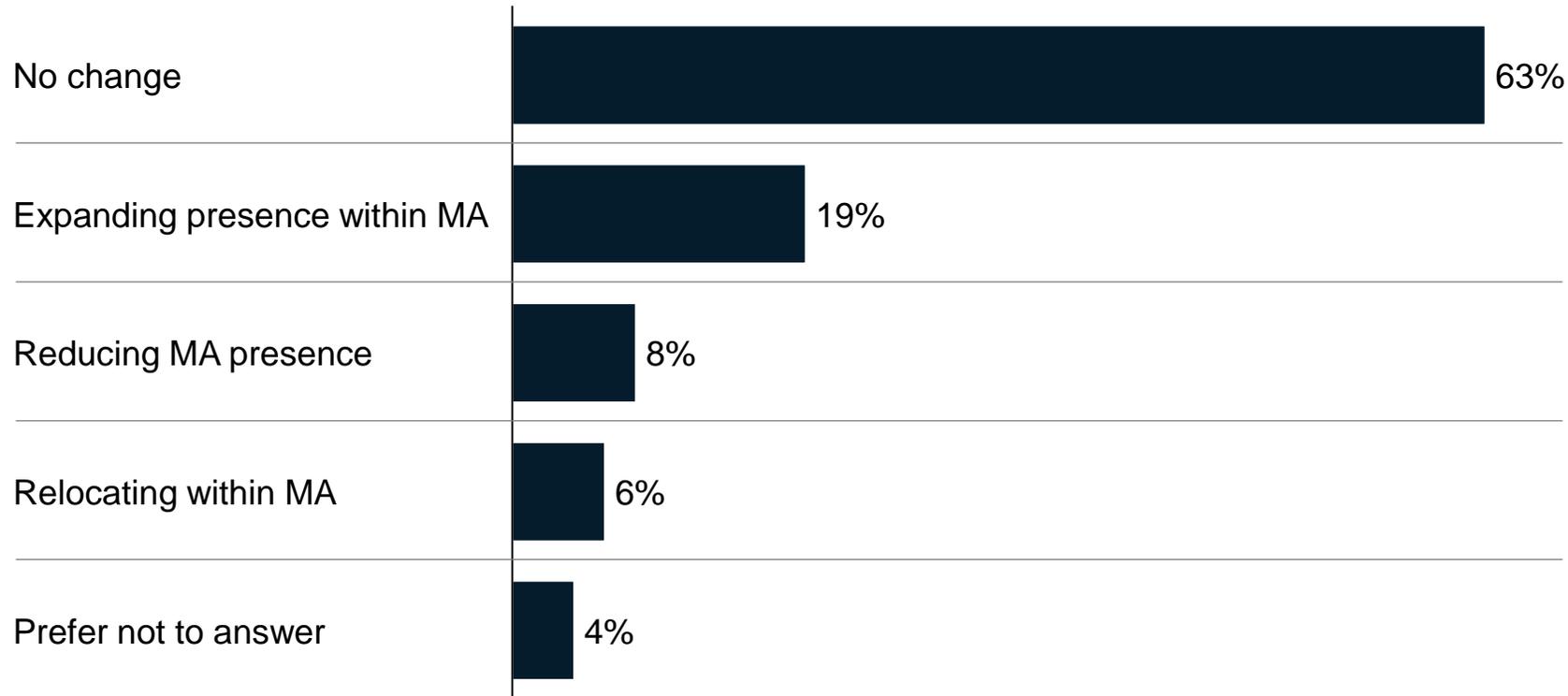| Category	Increase	No Change	Don't Know	Decrease
Measures/solutions to advance DEI in our organization	92%	6%	2%	0%
Visible commitment from executives	88%	10%	2%	0%
Budget/funding of DEI initiatives	85%	13%	2%	0%
People dedicated to DEI	60%	35%	4%	0%
Measures/solutions to support the broader community	63%	33%	4%	0%

> "
> This is a moment of opportunity to advance diversity, equity and inclusion within the company. The flexibility of hybrid working models add more tools to our arsenal to help retain talent (e.g., working families, mothers)…Allowing employees to live elsewhere may also help attract diverse talent not in Boston.
>
> **– MBR board member**

1Note: May not sum to 100% due to rounding.

88% of respondents are planning to maintain, expand or relocate within MA

Massachusetts presence, % respondents

Is your organization considering leaving Massachusetts in the next 12-24 months?

No change	63%
Expanding presence within MA	19%
Reducing MA presence	8%
Relocating within MA	6%
Prefer not to answer	4%

Note: May not sum to 100% due to rounding

❝❞

There is a real brain trust in the Greater Boston area with the universities. Even though we may reduce our physical real estate footprint, we are not reducing the number of employees in Massachusetts. In fact, there's a real appeal when we tell employees they can live in Massachusetts and work remotely for [one of our other locations in more remote states].

– MBR board member

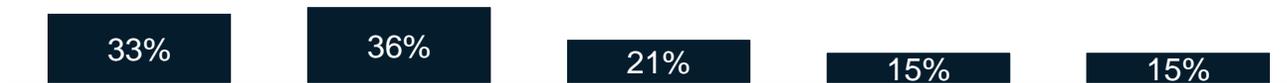# Members cited access to world-class and diverse talent as main reason to increase presence

Reasons to increase presence,[1] % respondents

How will increases in the following impact your organization's decision to leave or remain in Massachusetts over the next 12-24 months?
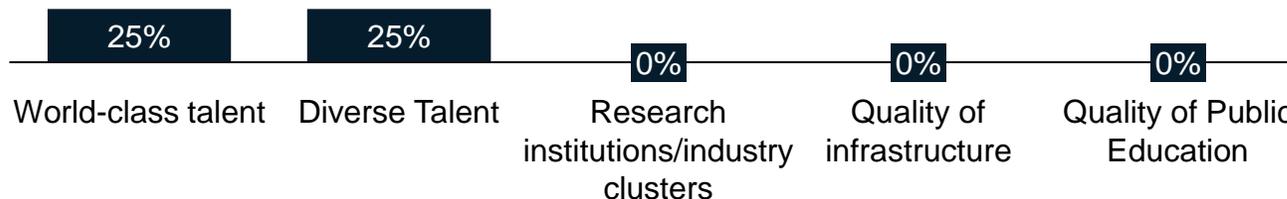
	World-class talent	Diverse Talent	Research institutions/industry clusters	Quality of infrastructure	Quality of Public Education
Respondents planning to expand in MA (n=9)	78%	67%	67%	56%	44%
Respondents planning to remain/relocate within MA (n=33)	33%	36%	21%	15%	15%
Respondents planning to reduce MA footprint (n=4)	25%	25%	0%	0%	0%

> Attracting and retaining a diverse workforce that sees Greater Boston/MA as a welcoming place for BIPOC as compared to other Eastern hubs (Atlanta, Detroit, DC, NYC) is a major weakness. The world-class academic institutions, high quality of life and K12 education help make up for this, but it should be a major focus.
>
> **– MBR board member**

1. Does not show 2 respondents who selected "I prefer not to answer." % does not include responses for "No Impact" and "Don't Know."

Members cited high cost of living and doing business as main reasons to reduce presence
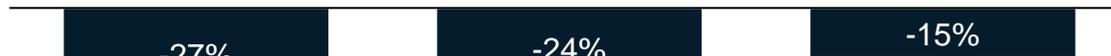
Reasons to reduce presence,[1] % respondents

How will increases in the following impact your organization's decision to leave or remain in Massachusetts over the next 12-24 months?
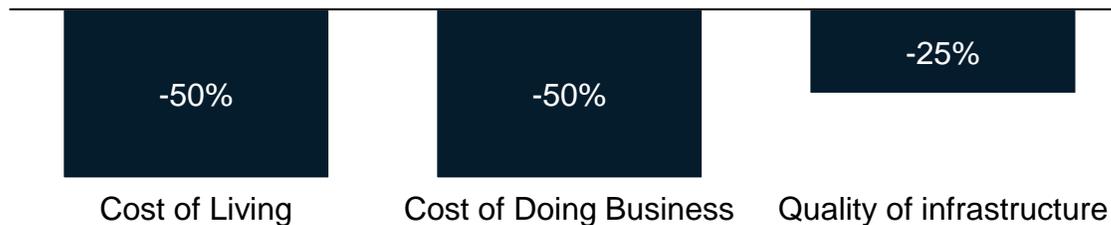
Respondents planning to expand in MA (n=9)

Cost of Living	Cost of Doing Business	Quality of infrastructure
-11%	-11%	-11%

Respondents planning to remain/relocate within MA (n=33)

Cost of Living	Cost of Doing Business	Quality of infrastructure
-27%	-24%	-15%

Respondents planning to reduce MA footprint (n=4)

Cost of Living	Cost of Doing Business	Quality of infrastructure
-50%	-50%	-25%

1. Does not show 2 respondents who selected "I prefer not to answer." % does not include responses for "No Impact" and "Don't Know."

Source: MBR Future of Work and MA Competitiveness Survey, March-April 2021 (total n = 48)

If corporate tax rates are increased, the extra burden in addition to already high MA tax rates will further weaken MA business competitiveness

– MBR board member

Employees may want to leave MA equal to or in greater numbers than employers. It is the 4th most expensive state and perhaps on its way to becoming even more expensive. With remote work becoming more of a possibility and threats of increased taxes will drive people to TX, FL, NH, etc.

– MBR board member

Members are adopting organizational adaptions to support their employees as they learn into the future of work

100%

Of interviewees indicated COVID-19 has enabled new thinking around culture, workforce development, tools & technology, and organizational footprint and policies

Connectivity and culture

How can organizations leverage post-COVID-19 adjustments to improve organizational culture, employee well-being, and diversity, equity, and inclusion?

Workforce development

How can organizations best equip their employees for the new hybrid working models? What are early indicator metrics to ensure timely adaption as we learn into the new normal?

Tools and technology

What digital tools and information infrastructure can best support the new hybrid working models?

Organization, footprint, and policies

How should organizations adapt their structure, footprint, and policies for the new hybrid working models?

Thought starters for redesigning the workforce of the future (1/4)

Example practices from MBR members

Connectivity and culture	**Culture**	Regular surveys, pulse checks, and listening sessions to understand employee sentiment, return-to-office readiness, and what is needed to support employees
		Consolidating multiple office buildings post-COVID-19 to increase occupancy rate from hybrid working models and ensure energy and excitement around coming on site
	Employee well-being	Extended care leave options, financial planning, career, training, and search benefits for caregivers; increasing insurance policies to allow extended family leave
	Diversity, equity, and inclusion	Increasing leaders' accountability to DEI by tying leaders' performance, compensation, and promotion to DEI metrics
		Growing in hubs with more diverse workforces

> " We've been very clear that we think the reason we've been so successful in remote working during COVID-19 is that we have 20 years of being in the office together, and we're taking withdraws from the culture and connectivity that's been built-up during those 20 years: employees feel psychologically safe with their team and know that they can trust them. That's really hard to do 100% virtually, and we need to think through how to ensure cohesive culture in the longer term. **– MBR board member**

Thought starters for redesigning the workforce of the future (2/4)

Example practices from MBR members

Workforce development	**Ways of Working**	Determine optimal days on site by matching virtualization potential of role, worker's preferences, and team's needs. Set core working hours, working etiquette for remote work, and meeting norms for hybrid meetings
	Productivity and performance	Track individual, team, and organizational effectiveness to help inform revisions required to working hours, days on-site, organizational support, and talent evaluation
	Training	Developing additional training modules on hybrid working model; using COVID-19 pandemic experience and shift to remote work as a catalyst to upskill workforce for the future Gamify onboarding training for mostly remote employees

> We have studied ways to adjust our organizational footprint for a decade and not moved an inch. This past year has been a hugely eye-opening experience in terms of what we can achieve. We've found that our workforce works remarkably well and productively offsite, and it has opened our eyes to further refine that opportunity. We are committed to ensuring our employees' success in the longer term. **– MBR board member**

Thought starters for redesigning the workforce of the future (3/4)

Example practices from MBR members

Tools and technology	**Information Security**	Establish secure channels and processes to handle private health information related to return-to-work working model planning Upgrade IT security to make sure information security are properly processed.
	Virtual collabora-tion tools	Create on-site presentation booths to enable best participant experience during hybrid-virtual meetings (e.g., large screen with participant view, speaker notes right next to cameras)

> One thing we've struggled with is hybrid meetings. When you have some people in the room and some [joining virtually], it's a difficult meeting. **– MBR board member**

> One thing we haven't figured out how to do are meetings that are hybrid. I think meetings need to be 100% in-person or 100% virtual…[For hybrid meetings], those who are on the screen are at a real disadvantage, particularly if the leader is in the room. **– MBR board member**

> You can't have side conversations in the room [during a hybrid meeting], because it's incredibly distracting and unfair to the people who are virtual. **– MBR board member**

Thought starters for redesigning the workforce of the future (4/4)

Example practices from MBR members

Organiza-tion, foot-print, and policies	Organiza-tional structure	Establish clear decision rights for working model approval within the organization. Map out additional organization needs to support hybrid workforce
	Footprint	Downsizing individual workspaces (e.g., cubicles) and creating neighborhoods by function or team. Upgrading to "smart office" to allow teams to reserve conference rooms and plan on-site days for collaboration, connection, and innovation
	Policies and regulations	Ensuring managers are aware of tax and employment law implications of their working model decisions. Conducting risk analysis to ensure hybrid working models do not disparately impact certain employee demographics

> " We're having conversations about how we turn a big part of [a current office building] into lab space for scientists to perform bench trials. We think there might be a hoteling possibility for our researchers.
>
> **– MBR board member**