



Current trends in remote working

Work from Anywhere



Introduction

It's been three years: Evolving trends in remote working

Over the past three years, remote work has become an integral part of our working world. The ability to work from anywhere has transformed how we work, removing geographical limitations and reshaping the traditional office-based model.

At the beginning of the journey, companies had to quickly react to support employees and maintain business continuity during the COVID-19 pandemic. As restrictions eased, employees began to recognize the value of location-independent work, leading to a growing demand for workplace flexibility. Today, while organizations continue to explore the approaches that best fit their talent and business needs, many have already embraced more flexible work models and are enjoying the benefits of a borderless workforce.

In light of the continued dynamic development of remote work, this study aims to gain insights into where companies are on their journey today and validate the findings from the “Current trends in remote working” survey conducted two years ago.

The global webcast: “Work from Anywhere: It's been three years” asked more than 580 participants from 52 countries, territories and jurisdictions about their current remote work considerations and

approaches. Participants included board members, managers, and professionals from the fields of global mobility, human resources, tax, and labor law from a cross-section of industries.

We would like to express our gratitude to all the participants who contributed to this survey. We trust that this report will prove a valuable addition to the understanding of the evolution of international remote working and the emergent market practices.



Marc Burrows

Head of Global Mobility Services
KPMG International and Partner,
KPMG in the UK



Michelle Berners-Price

Global Head of Business Travel and
Remote Work Services and Partner,
KPMG in the UK

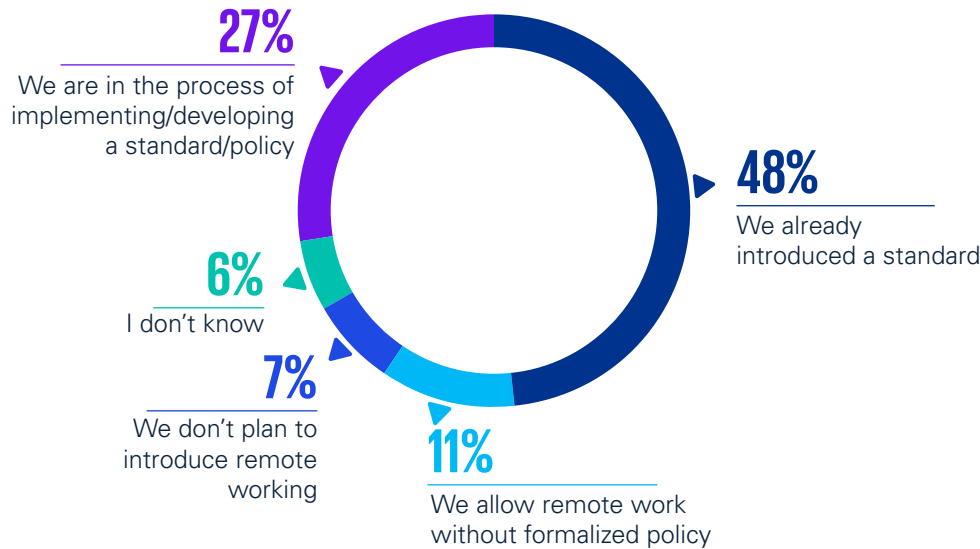
Survey results

1 Remote working policies continue to increase

Comparing the results from two years ago, the number of companies that have introduced a policy or standard for remote work has increased by more than 10 percent. Today, almost half of the respondents (48 percent) have introduced a policy or standard, while about a quarter (27 percent) are planning to do so. Some of the respondents (11 percent) are allowing for remote work but don't have a policy or standard in place. Only a few (7 percent) indicated they do not plan to introduce remote work.

The data reveals over the past three years, almost 90 percent of surveyed companies have embraced workplace flexibility. The data also shows a trend towards establishing standards and policies to proactively manage the remote workforce.

Figure 1: Is your organization considering introducing remote working as a standardized policy?



2 Remote work is talent-driven

The primary driver for implementing remote work arrangements remains the employee demand for workplace flexibility (73 percent). While COVID-19-related reasons have become less influential, talent-related drivers such as improving employer attractiveness (53 percent), bridging talent shortages (38 percent) and gaining better access to skills (27 percent) have increased in importance. Only a few respondents cited cost savings (14 percent) or reduced carbon emissions (3 percent) as the reasons for adopting remote working.

The results indicate that remote working has become primarily driven by the need to attract and retain talent. Remote working is thereby establishing itself as an important part of the talent strategy, especially in industries that face talent shortages. Where organizations are purposefully using remote working as part of their talent agenda, workplace flexibility is actively communicated in job postings and advertised in recruitment publications.

Figure 2: In your organization, what are the key drivers towards remote working? Select all that apply.



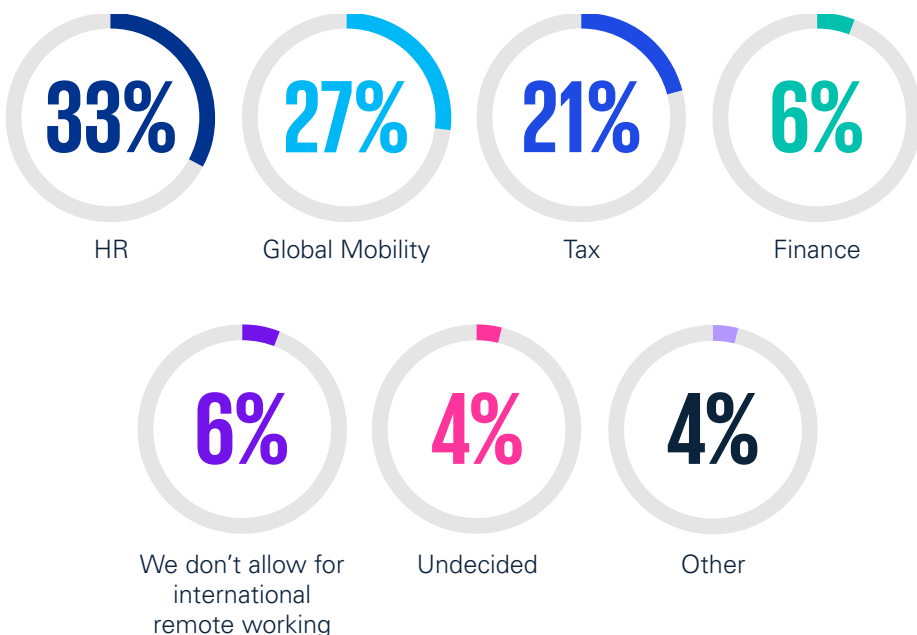
Note: Multiple answers possible.

3 HR and Global Mobility are responsible for international remote work

The governance models of international remote working continue to evolve, including which functions hold primary responsibility for managing the international remote working programs. Compared to our 2022 study, the findings reveal that this responsibility increasingly sits with HR and Global Mobility functions. The Tax departments, who often found themselves deeply involved in the management of cases during the initial waves of COVID-19 related remote working, are now less frequently responsible for the ongoing management of the programs.

This change may be attributed to the implementation of clear policies and guardrails for international remote working, reducing the need for case-by-case tax compliance assessments and bespoke mitigations. However, whilst the governance structure might be increasingly clearer and better defined, effective delivery of international remote working policies requires cross-functional support to balance compliance and talent needs of each individual organization.

Figure 3: Which function is responsible for international remote working arrangements in your organization?

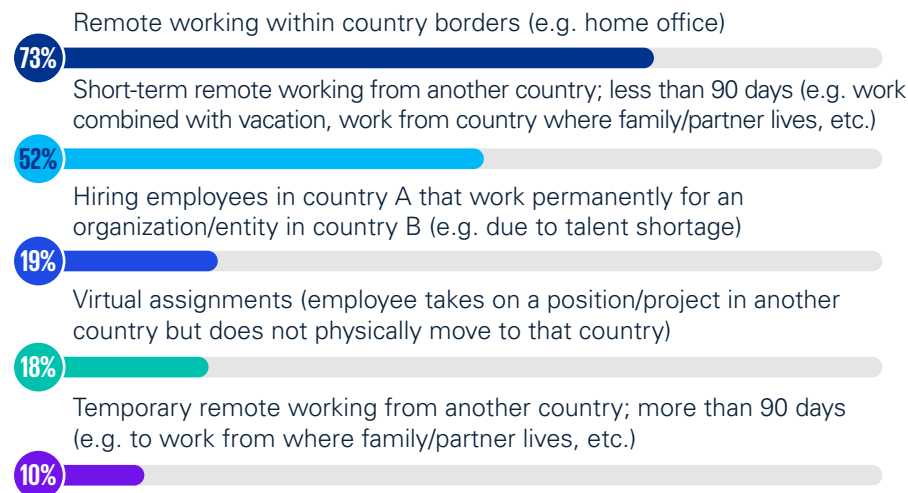


4 When remote work crosses borders, short-term arrangements remain the most common approved type

Most of the respondents indicated their company allows for remote working within country borders (73 percent). When it comes to cross-border remote working, short-term arrangements remain the most common type, with over half of the respondents (52 percent) considering or implementing temporary arrangements of up to 90 days per year. Around 20 percent of respondents are considering hiring abroad or facilitating virtual assignments. Longer-term international remote work arrangements of more than 90 days continue to be least common.

The focus on short-term arrangements for cross-border remote working allows companies to offer a larger degree of location flexibility to employees while minimizing compliance risks and administrative efforts required. In practice, it is not uncommon for organizations to first introduce policies allowing employees to work for a limited time (often between 10 and 40 days), predominantly from a vacation destination or family and friends, subject to certain conditions and requirements. At the same time, the long-term and permanent remote work arrangements continue to be enabled mostly on a case-by-case basis due to the administrative complexities and associated compliance requirements.

Figure 4: Which of the following best describes the patterns for remote working that your organization considers/has introduced? Select all that apply.



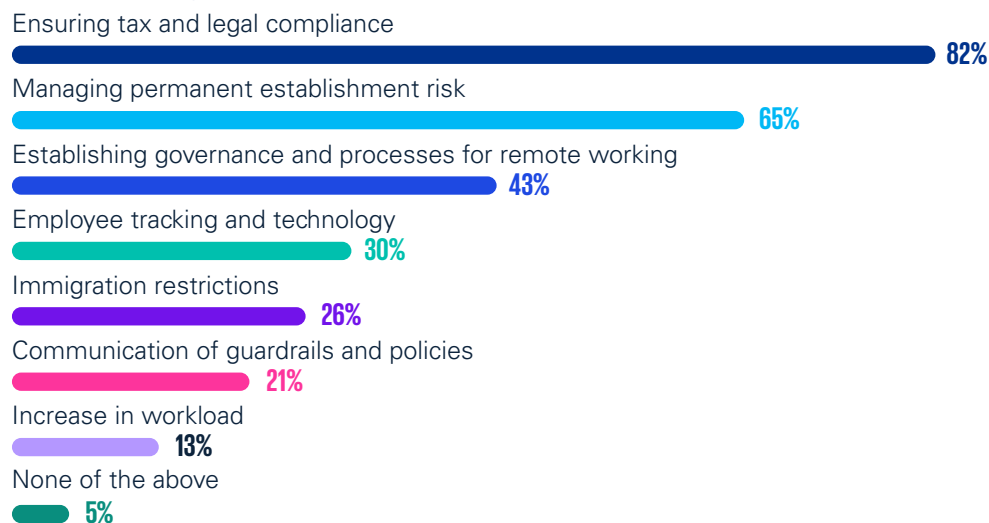
Note: Multiple answers possible.

5 Compliance-related challenges continue to be the primary concern

According to the latest study, most companies (82 percent) identify tax and legal compliance as their biggest challenge when it comes to implementing remote working. Similarly, 65 percent of companies cite managing the risks associated with creating a permanent establishment, while 26 percent mention immigration restrictions as the main hurdle. Aside from compliance-related challenges, respondents also identified challenges relating to implementing and administering a remote work program itself. These include establishing robust processes and governance (43 percent), tracking days spent abroad, (30 percent), and ensuring clear communication of guardrails and policies.

The results show that compliance challenges remain a major concern for companies to introduce cross-border remote working. In the last three years, regulators and authorities have made progress in enhancing transparency and facilitating remote working practices. Examples include the introduction of international remote work visas, as well as EU initiatives to establish consistent rulings for cross-border workers. However, further progress is still needed to gain a unified view of how both local and international authorities approach compliance relating to remote working. In the meantime, organizations need to continue to develop and enhance their strategies to minimize risk exposure, stay updated on developments and engage with authorities to support local policy decisions.

Figure 5: What are the main challenges for your organization in introducing remote working? Select the top three answers.



Note: Multiple answers possible.

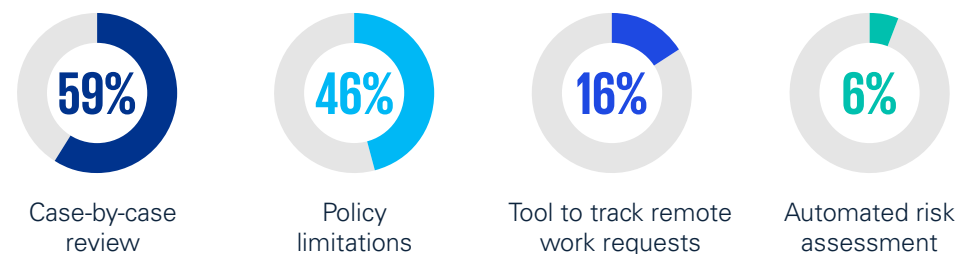
6 Most companies rely on case-by-case assessments to help reduce compliance risks.

In light of the continued compliance challenges, the question remains: what measures are being introduced to effectively manage the associated risks? The majority of respondents (59 percent) conduct case-by-case assessments, while almost half (46 percent) have introduced policy limitations to set clear guardrails that at least partially reduce the need for individual case assessments. Some companies use specialized tools to track remote work requests (16 percent) or run automated risk assessments (6 percent).

The results show that most organizations currently rely on manual processes for managing their remote working programs. Only a small number with more advanced programs have implemented technology-based or automated solutions.

This is not entirely surprising as the level of process automation will vary from one organization to the next. Each company trying to answer the question of whether to implement technology will need to evaluate factors such as the number of cases they experience, the degree of program standardization and the level of complexity embedded within their processes. In addition, the current IT-landscape and the extent to which technology is already deployed in the organization play an important role in companies' decision to adopt a technological solution for remote working. Some organizations are leveraging existing software or low code solutions to automate parts of the remote work request process, such as standardized request forms. However, we are seeing an increasing number looking at specifically designed remote work solutions. This is driven by the increasing complexity of tracking cross-border travel and remote work together along with the complexities of remote work management. For example, the need to consider multiple layers of approvals and ensure employee validation post travel within a single platform.

Figure 6: What measures have you introduced to reduce compliance risks for international remote working? Select all that apply.



Note: Multiple answers possible.

7 In 2023, most companies are focusing on implementing governance and processes for their international remote work programs.

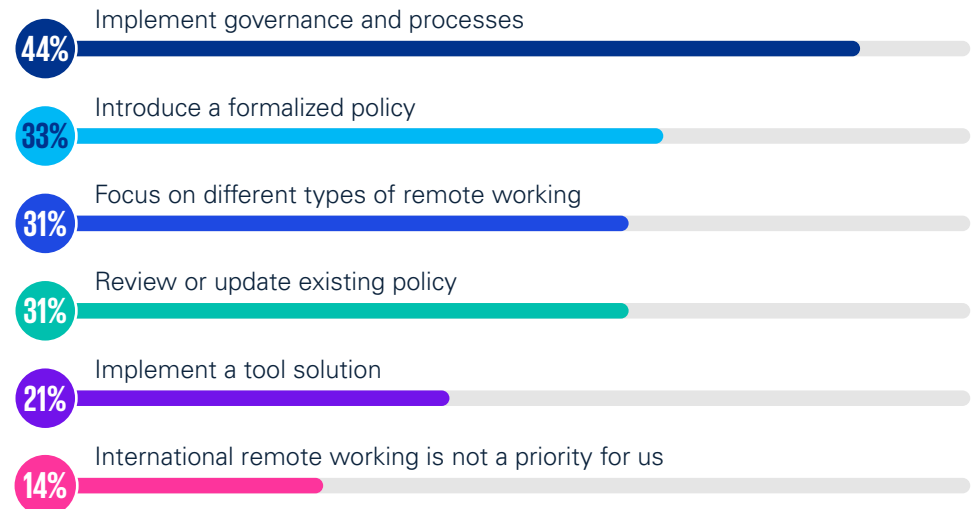
When we asked the participants about their top priorities in the coming months, the majority expressed their willingness to focus on implementing governance and processes for international remote working. Additionally, a third of participants (33 percent) are planning to introduce formalized policies.

More than 60 percent of participants prioritize updating and expanding their existing programs. This includes focusing on different types of remote working (31 percent) or reviewing and updating existing policies (31 percent). Around 20 percent of participants are seeking to automate their processes or implement a technology-based solution.

The results illustrate the different program maturity levels of companies today: some are preparing to introduce governance and programs, while others are already expanding or reviewing their existing policies. In addition, the findings indicate a dynamic development of international remote working programs. As the concept is new for many organizations and does not follow a one-size-fits-all approach, companies test and adapt policies and processes along the way. As they learn, programs are adapted in terms of the flexibility provided and new remote work types are introduced to meet the talent and business needs. As the program grows and becomes more complex, technology and automation solutions come into play to ensure compliant and efficient management of remote work requests.

To support the evolution of the program, it is important that organizations establish measures and processes that allow for ongoing feedback and evaluation of the changes they implement. This can be achieved through stakeholder interviews or surveys, as well as establishing and monitoring of performance metrics to identify trends, patterns, and risk areas.

Figure 7: What are your top priorities related to international remote working for the coming months? Select all that apply



Note: Multiple answers possible.

Summary

The study reveals that an increasing number of organizations are embracing workplace flexibility. Almost two-thirds of the surveyed organizations manage their remote workforce proactively by implementing policy frameworks and standards.

While employee demand for remote working remains the main driver, organizations are also increasingly using the policies strategically to attract and retain talent, and to gain access to a broader skills pool, both inside and outside of their organizations. The possibility to work remotely has led to the emergence of a variety of different remote work types, however, domestic remote working continues to be most common, with two-thirds of surveyed companies allow remote work within country borders.

Across borders, more than half of the organization allow short-term arrangements for less than 90 days per year. As compliance challenges are still the main barrier to introducing remote working, organizations actively set policy limitations and conduct case-by-case reviews to understand and manage the associated compliance risks or manage automated solutions.



While “Work from Anywhere” is here to stay, it will likely continue to evolve.

As the study suggests, even though we are only at the beginning of the remote working revolution, companies are already reviewing their existing policies and looking at embracing new types of remote work arrangements. This trend is likely to continue as flexible working becomes an integral part of organizations’ talent strategies.

Outlook

1

Remote working will increasingly become more critical to the company's talent strategy

According to KPMG's latest [CEO Outlook Survey](#), attracting and retaining talent is a top operational priority for CEOs to achieving their 3-year growth objectives. We believe that remote working can play an important role in supporting talent retention and accessing new talent markets.

With global skill shortages expected to continue, the flexibility of work location through remote working presents a viable solution to bridging at least part of the gap. We are already observing organizations benefiting from increased access to skills, e.g., through the implementation of dedicated talent hubs where they can employ key talent remotely or through the expansion of internal talent marketplaces. Furthermore, normalizing remote working within organizations is helping to expand access to individuals who would otherwise be inclined to opt out of the labor market altogether, such as carers and parents of young children, thereby also increasing workforce diversity and inclusion.

2

Provision of international remote working will normalize in certain markets and industries.

While the concept of "war for talent" is not new, we see it intensifying in certain industries, especially where access to certain skills, e.g. technology skills, is fundamental to the success of the business.

In general, organizations who purposefully use remote working as part of their talent strategy will likely differentiate themselves as an employer of choice.

However, in particularly competitive markets, the offer of remote working, including cross-border, will likely become the industry norm. We already see this trend within the Fintech sector which continually challenges itself to find ways to offer increasingly higher levels of location flexibility.

Where used effectively, it can provide a meaningful yet relatively low-cost addition to the employee value proposition. With cost pressures continuing in a high-inflation global environment, we predict its use to continue.

3

Companies will continuously adapt their programs as we learn more about the long-term impact of remote working.

In 2023, we are increasingly observing divergent approaches in the use of remote working, with some organizations reverting to a full-time office-based model while others continue to adapt to long-term hybrid or predominantly remote operations.

Operating model strategies are currently being developed by organizations independently, in absence of long-term scientific data pointing towards best practices or clear decision criteria. The data available to date is heavily influenced by experiences during the global pandemic and will need to be validated in the coming years as labor markets approach the new status quo.

As a general trend, early studies point towards remote working becoming part of permanent organizational design. In a study conducted by International SOS¹, having the ability to choose the work location was found to have a positive impact on job satisfaction, engagement, productivity and retention. However, the exact shape and form of strategies to achieve these outcomes will likely continue to evolve.

We therefore expect to see an increase in organizations embracing experimentation and starting to internally measure the impact of their remote working programs on their key business outcomes. Those who do will be able to adapt more quickly as the needs of their employees change and ensure better return on their investment in the programs.

4

The regulatory landscape will continue to challenge uniform adoption of cross-border remote working.

While international authorities like the EU and the OECD have initiated efforts to harmonize regulations for cross-border remote working, achieving a standardized approach to taxation and social security treatment of long-term remote working is likely to take time.

In the meantime, local governments are taking varied approaches to categorization and treatment of remote workers. Whilst we see certain governments use relaxations around remote working to attract visitors and increase access to digital talent, others have expressed concerns over erosion of their income tax base and focus instead on adopting legislation needed to govern domestic remote working arrangements.

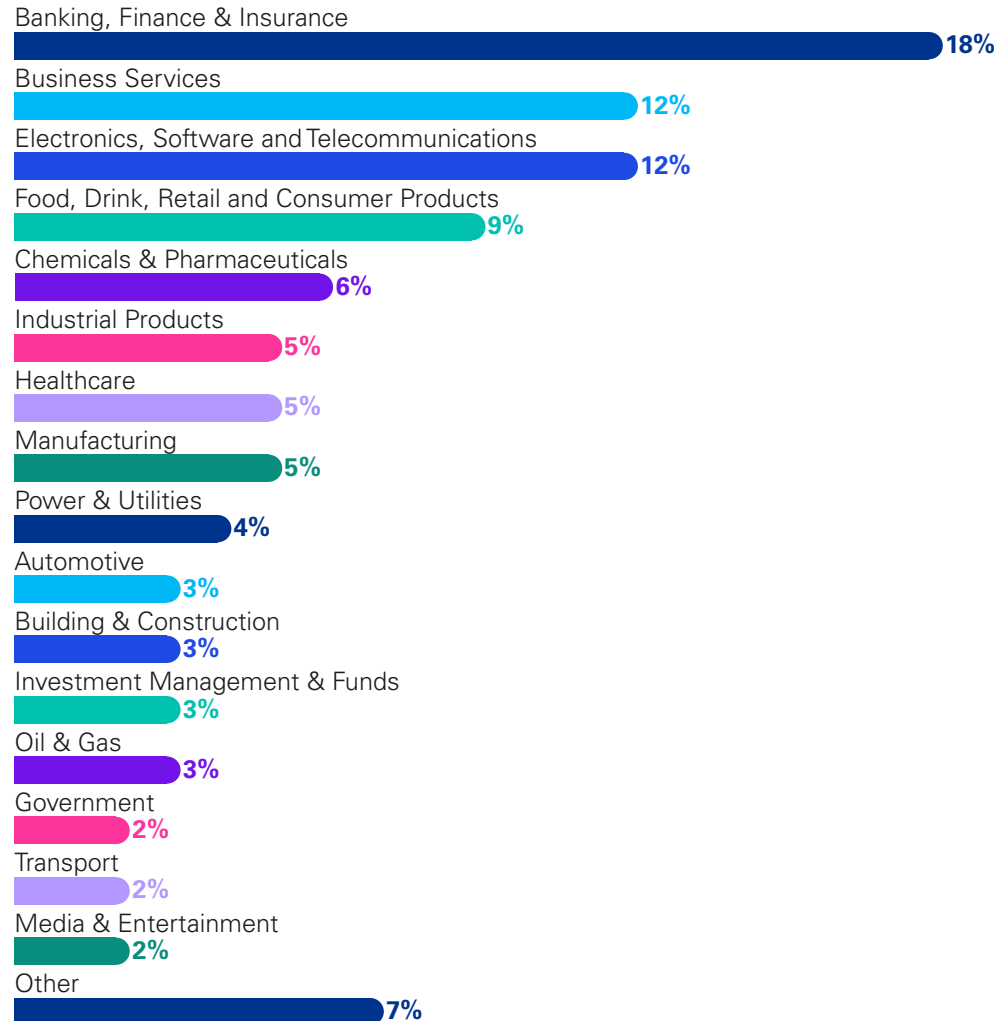
Open dialogue with the authorities, whether locally or at the OECD or EU level, will be increasingly more important to ensure that the voice of international business is heard and considered as the legislative landscapes continue to evolve. This also means that organizations will need to continue to actively review and monitor the compliance risks inherent in their cross-border remote working programs.

As companies continue to adapt their policies, embrace new remote work arrangements, and navigate the complexities of compliance and talent management, it will be fascinating to observe how this transformative trend evolves in the future. The dynamic nature of remote work presents both opportunities and challenges, and it is through ongoing research and adaptation that organizations can harness their full potential in the ever-changing landscape of work.

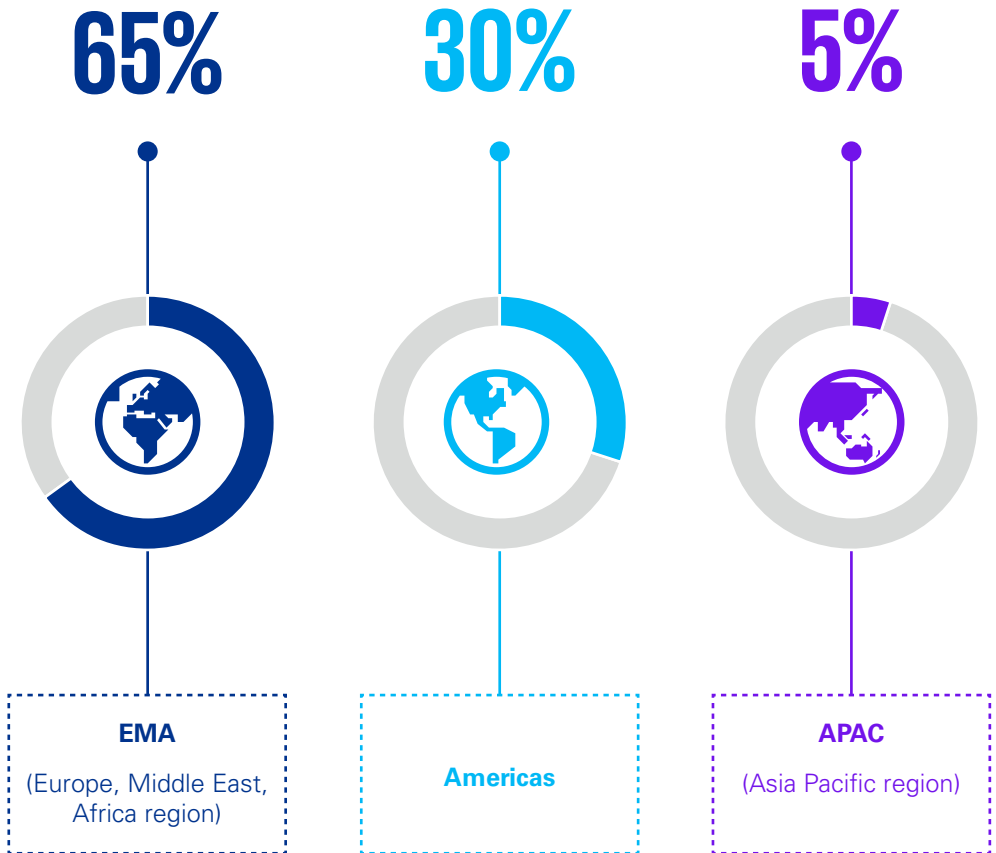
¹ <https://kpmg.com/xx/en/home/insights/2022/12/managing-duty-of-care-for-employee-wellbeing-within-a-hybrid-workforce.html>

Participant demographics

Industries



Per region





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