# Hibbs Brief

Hibbs Institute for Business & Economic Research

# Remote Jobs: Working from Home, an Increasing Trend By Manuel Reyes, D.E.D. and Cecilia Cuellar, Ph.D.

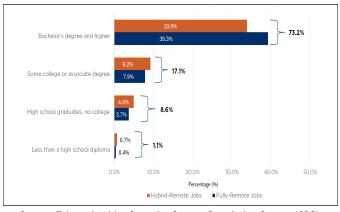
In this issue of the <u>Hibbs Brief</u>, we discuss teleworking (working from home) in the context of a change in the labor market dynamics during the post-pandemic times. We explore some national and state statistics behind the working from home trend. Finally, we examine some regional numbers in East Texas and its increasing trend.

#### The Post-Pandemic Labor Market

The U.S. labor market experienced a period of unprecedented volatility during the COVID-19 pandemic in 2020. Social-distancing measures and fear of contagion drove an abrupt and massive change in the nation's labor market dynamics. Several companies suddenly shifted all their employees to fully remote work in response to the pandemic. While about 59% of these employees have returned to their traditional working arrangements and commute every day to their worksite, 12% work remotely on all or most of their workdays, and 29% have a hybrid arrangement.<sup>1</sup>

Since 2020, the rise in telework has grown remarkably, but not consistently, across different workforce segments; some demographic groups are more prone than others to work remotely. For instance, educational attainment was identified as a relevant determinant in working remotely for both, fully remote jobs and the hybrid job scheme. According to the Bureau of Labor Statistics (BLS), 73.2% of remote workers have earned a bachelor's degree or higher: 17.1% have some college education or an associate degree; 8.6% have completed college; and only 1.1% have less than a high school education.<sup>2</sup> See Figure 1. Other workforce segments have also shown interesting differences. For instance, 25% of women reported having fully or hybrid remote jobs, compared to only 20% of men.<sup>3</sup> This gap suggests that some remote job schemes may be more convenient for some women, such as those who perform household duties and take care of their children.

Figure 1. Percentage of Workers with Remote Jobs by Educational Attainment in the U.S. (June 2024)

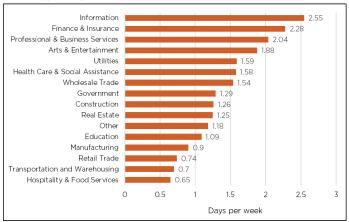


Source: Telework tables from the Current Population Survey (CPS).

Teleworking may be more suitable for employers in certain industry sectors, such as those associated with the *Information*, the *Finance & Insurance*, and the *Professional & Business Services* sectors (**Figure 2**).<sup>4</sup> The *Information* sector has the highest teleworking rate at 2.55 days per week among employees who work five days a week, or more. The *Finance & Insurance* sector ranks second with 2.28 days per week, while the *Professional & Business Services* sector ranks third with an average of 2.04 days per week. These sectors are typically analytical or computer-intensive in nature and well-paid jobs, which incentivize or facilitate teleworking.<sup>1</sup>

In contrast, some jobs more commonly follow a traditional working arrangement due to their required face-to-face contact with customers, clients, and coworkers. Examples of these jobs include restaurants and bars, frontline retail jobs, hotels, construction, many healthcare jobs and janitorial/cleaning services. Not surprisingly, the *Retail Trade*, the *Transportation & Warehousing*, and the *Hospitality & Food Services* sectors are at the bottom of the list with 0.74, 0.70 and 0.65 days worked from home in a week, respectively.<sup>1</sup>

Figure 2. Days Working from Home per Week by Industry Sector (2023)

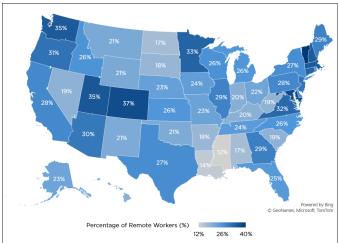


Source: Employees who work five or more days per week, Bloom paper/survey.

## Where is Remote Work Clustering?

Given the industry concentration and the infrastructure development, the expansion of telework has grown inconsistently among the different states of the nation. The states with the highest percentage of remote workers are largely dominated by industries such as automobile, healthcare and tourism. On the other hand, states with the lowest percentages tend to focus more on agriculture and oil and gas industries. Figure 3 illustrates the percentage of remote workers by state in the nation.

Figure 3. Remote Workers by State, as Percentage of Workforce (May 28, 2024 - June 24, 2024)



Source: Hibbs Institute's estimates using Household Pulse Survey Data Tables (Phase 4.1 Cycle 06).

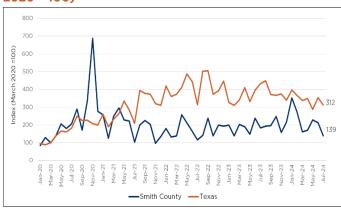
The three states with the highest shares of remote workers are Vermont (40%), Maryland (37%) and Colorado (37%). Conversely, the states with the lowest percentages are Mississippi (12%), Louisiana (14%) and North Dakota (17%). The state of Texas ranks 20<sup>th</sup> with 27% of its workforce performing remote jobs. According to the U.S. Census,

1,560,083 people work remotely 1-2 days per week in Texas, while 1,036,103 work remotely 3-4 days per week and 3,566,320 work remotely more than 5 days per week.<sup>7</sup>

### **The Regional Demand for Remote Jobs**

At the regional level, the demand for remote jobs has surged significantly since the pandemic and the employment recovery in 2020, Figure 4 shows the demand for remote jobs in the state of Texas and Smith County expressed as indexed values (for comparison purposes), where March 2020, the beginning of the pandemic, equals 100. Since July 2024, the demand for remote jobs in Texas has increased more than three times, while Smith County has seen a 39% increase in remote job postings (Figure 4). Texas has advertised nearly 105,000 new remote job openings in 2024, while Smith County has released 477 remote job opportunities in 2024, which represents 7.8% of all job posts in Texas and 3.3% in Smith County. These numbers suggest a growing market for remote work in these regions, driven by the increasing acceptance of remote work models and jobseekers' preferences for flexible working conditions.8

Figure 4. Job Postings for Remote Jobs (Indexed January 2020 = 100)



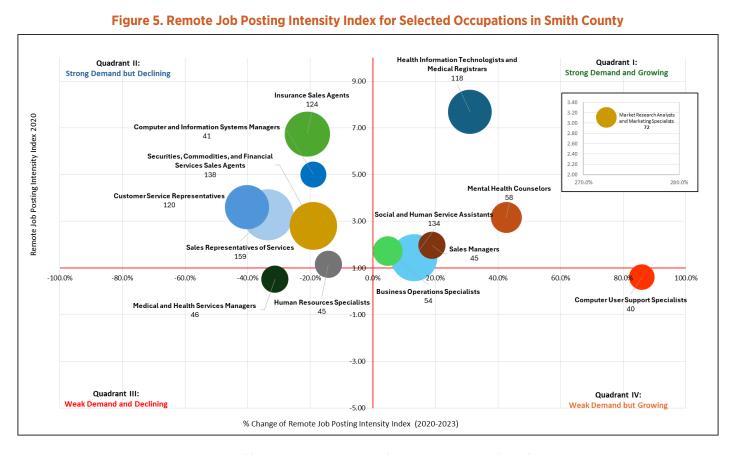
Source: Hibbs Intitute's estimates using Chmura Economics & Analytics

The number of remote work opportunities at the regional level is often associated with the local development of industries and occupations. To have a better understanding of the remote-job growth in the Tyler's labor market, the Hibbs Institute has developed a Job-Posting Intensity Index for Smith County. This index intends to measure the relative prevalence of remote job opportunities for specific occupations with respect to traditional job opportunities. Figure 5 depicts the Job-Posting Intensity Index. The index produces a number for each occupation category in the labor market. This number is allocated on the graph (four quadrants) based on the current development of the occupation. We can identify four possible scenarios:

- A) Quadrant I. Occupations with a large number of current remote opportunities and an increasing trend over the past three years. These occupations include Market Research Analysts and Marketing Specialists; Health Information Technologists and Medical Registrars; Mental Health Counselors; Sales Managers; Business Operations Specialists; and Social and Human Service Assistants.
- B) Quadrant II. Occupations with a large number of current remote opportunities but with a declining trend in the past three years. These occupations include Insurance Sales Agents; Customer Service Representatives; Sales Representatives of Services; and Securities, Commodities and Financial Services Sales Agents.
- C) Quadrant III. Occupations that have fewer remote opportunities available and their demand has decreased in the past three years. These occupations include Medical and Health Services; Secretaries and Administrative Assistants (not in graph); and Office and Administrative Support Workers (not in graph).

D) Quadrant IV. Occupations that have fewer remote opportunities available but have experienced an increasing trend over the past three years. These occupations include Computer User Support Specialists; Bookkeeping, Accounting, and Auditing Clerks (not in graph); and Financial Managers (not in graph).

The labor dynamics are continuously changing. The upward trend of remote job opportunities experienced in the United States after the pandemic is an important change to be considered by local businesses, policymakers, and other organizations. Flexible work arrangements and technological adaptations are some of the adjustments developed by companies that are taking advantage of teleworking. Many organizations in East Texas are adapting successfully. How is your organization doing?



Source: Hibbs Intitute's estimates using Chmura Economics & Analytics data. Note: The larger the size of the bubble the higher the number of job posts in that category.

#### **End Notes**

<sup>1</sup> Barrero, Jose Maria, Nicholas Bloom, and Steven J. Davis (2023). The Evolution of Work from Home.

#### https://www.aeaweb.org/articles?id=10.1257/jep.37.4.23

- <sup>2</sup> U.S. Bureau of Labor Statistics from the Current Population Survey (June 2024). https://www.bls.gov/cps/telework.htm#data
- <sup>3</sup> U.S. Bureau of Labor Statistics from the Current Population Survey. Table 1 (June 2024). https://www.bls.gov/cps/telework.htm#data
- <sup>4</sup> The North American Industry Classification System (NAICS) includes 20 major industry sectors. These sectors are used by U.S. government agencies to categorize business based on their economic activities, enabling consistent data collection, analysis, and publication related to the U.S. economy. The North American Industry Classification System (NAICS) includes 20 major industry sectors. These sectors are used by U.S. government agencies to categorize business based on their economic activities, enabling consistent data collection, analysis, and publication related to the U.S. economy.
- <sup>5</sup> The Hibbs Institute use several sources to identify the main industries.
- <sup>6</sup> Hibbs Institute estimated the share of remote workers as the number of remote workers over working population (18-64 years of age). The data used to create these figures is Household Pulse Survey Data Tables (Phase 4.1 Cycle 06) provided by U.S. Census Bureau.

#### https://www.census.gov/data/experimental-data-products/household-pulse-survey.html

<sup>7</sup> Household Pulse Survey Data Tables (Phase 4.1 Cycle 06) provided by U.S. Census Bureau. <a href="https://www.census.gov/data/experimental-data-products/household-pulse-survey.html">https://www.census.gov/data/experimental-data-products/household-pulse-survey.html</a>

- <sup>8</sup> Hibbs Institute's estimates using Chmura Economics & Analytics data. <a href="https://jobseq.eqsuite.com/">https://jobseq.eqsuite.com/</a>
- <sup>9</sup> The Job-Posting Intensity Index reflects how certain occupations are more likely to offer remote positions compared to the overall job market. For instance, to calculate the index for Insurance Sales Agents (ISA), it first compares the proportion of remote job postings within the ISA occupation to the proportion of remote postings across all occupations. This is then contrasted with the proportion of traditional (non-remote) ISA job postings against the total job postings for all occupations. This comparison highlights which occupations have a greater tendency to offer remote jobs relative to their traditional job postings. The formula is as follows:

$$Job - Posting\ Index_{ISA} = \frac{\binom{Remote\ Job\ Postings\ of\ ISA}{\binom{Job\ Postings\ of\ ISA}{All\ Job\ Postings}}}{\binom{Job\ Postings\ of\ ISA}{All\ Job\ Postings}}$$

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