

Online Appendix for  
“Determinants and Consequences of  
Return to Office Policies”

## **B Examples of classifications**

### **B.1 Announcement categories**

As an example of a firm that announces an In-person policy, take Ally Financial, which announced on September 3, 2022, the following:

*Ally Financial encouraged employees to return to its offices in recent months. Like many companies, it found that some employees stayed home anyway, said Kathie Patterson, the financial-services company's HR chief. Ally has hired close to 2,000 people during the pandemic, Ms. Patterson said, and new employees need to learn alongside company veterans. The company sent a message to staff in recent weeks to remind employees that office attendance is expected, and leaders are telling staff to reiterate that point. "There is a real strong push now, after Labor Day, for all employees to come back into the workplace," she said. "We want a more consistent schedule." For those workers who have spent little to no time in the office, managers are reaching out to have individual conversations, Ms. Patterson said, and may give staffers a deadline to make personal arrangements to return. Further action could take place in the year ahead. "We're prepared to have a very clear conversation that this position is in-office," she said. "If they're not in the office, it could be seen as a form of insubordination, but we have not gotten to that point yet."*

As an example of a firm that announces a Hybrid policy, take Wells Fargo, which announced on July 16, 2021, the following:

Wells Fargo has laid out a return-to-work strategy that includes a first wave of remote employees coming into the office after Labor Day and others heading back sometime in October...In the banking industry, where

most non-branch employees shifted to remote work in March 2020, return-to-work strategies are creating a divide, as some companies demand that their employees come back on a full-time basis while others take a less strict approach. Now, Wells Fargo's back-to-office plans will be organized by job function and location, and flexibility will vary, the company said. But the details on such flexibility are still fuzzy. *Technology, corporate and back-office employees of the \$1.9 trillion-asset bank will return in October, according to the memo. They will be offered at least some degree of flexibility in terms of how many days they spend in the office and how many days they work from home. For technology teams, Wells "will allow more flexibility to work remotely," while corporate and back-office staffers may have the option of splitting their weeks between office and home, spending at least three days a week in the office, the company said. What flexibility looks like for call center teams is not yet clear. Wells said management is trying to figure out "how to best offer flexibility for contact center and operations roles going forward" and that the ability to work remotely will depend on factors such as the type of job and individual employees' experience.*

As the article indicates, most workers will split time between in-person and remote work.

As an example of a firm that announces a Flexible policy, take Charles Schwab Corp, which announced on August 19, 2021, the following:

The firm also announced additional steps it is taking to address pandemic concerns and provide workplace flexibility for its employees going forward. In light of current circumstances, the firm has delayed a full Return to Office until January 2022, at the earliest. In the meantime, employees can continue to work from home, or return to the office on a voluntary basis. Once back in the office, Schwab employees will enjoy additional workplace flexibility, based on a hybrid work schedule. *Employees will also have the*

*ability to work with their manager to determine an approach that works for their individual situation, should they need additional flexibility.*

The key distinguishing factor between Charles Schwab and Wells Fargo is that Schwab will give employees the ability work with their manager to determine the appropriate RTO policy, which implies that the RTO arrangement is not a blanket, company-wide policy. In contrast, Wells Fargo's announcement implies that all employees across the company will work in-person part of the time and remote part of the time, which implies a firm-wide Hybrid policy. This example illustrates the key difference between a Flexible and Hybrid policy. A Hybrid policy applies at the firm-wide level and the choice of RTO policy is not at the discretion of lower-level managers or supervisors. In contrast, under a Flexible policy, the choice of policy is at the discretion of team or group managers.

As an example of a firm that announces a Remote policy, take Brighthouse Financial, which announced on January 10, 2022, the following:

Throughout the COVID-19 pandemic, the health and safety of our employees and their families has been a top priority. At the end of 2021, all Brighthouse Financial offices remained closed as we closely monitored the current environment. *This spring, we plan to begin transitioning to a flexible, hybrid work model that allows our employees to choose whether they want to work fully remotely or use our offices.* While we hope that the worst of the pandemic is behind all of us, other headwinds, including geopolitical and macroeconomic ones, have emerged more recently. In this challenging environment, Brighthouse Financial remains dedicated to our mission to help people achieve financial security. Uncertain times further underscore the importance of protecting individuals' and families' financial futures, and we at Brighthouse Financial are proud to be one of the largest providers of annuities and life insurance in the U.S. 1 It is that sense of pride and purpose that drives us every day to deliver on our mission while living our company's core values of collaboration, adaptability and passion.

Although the text of the announcement mentions a “flexible, hybrid model,” because employees are allowed to “choose whether they want to work fully remotely or use our offices,” all employees can work fully remotely if they choose. Therefore, this qualifies as a Remote policy.

Finally, as an example of a firm that announces a Mixed policy, take KeyCorp, which announced on July 20, 2021, the following:

At Key, the resurgence of the coronavirus hasn’t impacted our back-to-the-office strategies, but it could if it continues. *By the end of September, we expect to have our whole team back in the office. We have 17,000 teammates nationwide. Half will work four to five days in the office. Another 30% will work three days in the office on a “reservations” basis, and 20% will work remotely from home.* In the Cleveland market, that means about 1,000 of our associates in our downtown Cleveland headquarters and other Northeast Ohio offices will continue to work remotely.

This example illustrates the key distinguishing factor between Mixed and Hybrid or Flexible: that different policies apply to different groups of employees. Unlike Flexible, a Mixed policy is determined at the company level and the policy decision is not made by lower-level managers or team supervisors. However, a Mixed policy does not imply that all employees work part-time in office and part-time remotely. Rather, it implies that certain types of employee will be subject to certain RTO policies, whereas other types of employees are subject to different policies.

## **B.2 Non-announcer**

As an example of a non-announcer, take the firm ResMed Inc, which manufactures medical devices. On August 12, 2022, the following article about ResMed was published:

As the COVID-19 pandemic spread, we implemented and maintained significant changes that we determined were in the best interest of our employees. These included work from home flexibility, adjusted attendance policies and additional safety measures for our on-site workforce. We have since re-opened our offices, consistent with local public health guidance and protocols, and continue to support flexible working globally.

Although this article contains the phrases “flexible working” and “flexibility,” it is not classified as Flexible because it does not specify that employees and managers have discretion to negotiate individual RTO policies. Additionally, it does not indicate any type of firm-wide or Mixed policy. Therefore, we classify it as a non-announcement.

### **B.3 Multiple announcements**

As an example of a multiple announcer, take the firm Hewlett-Packard Company. The first announcement we observe is on August 26, 2021, in which they announce a Hybrid policy:

Let me now turn to our transformation efforts and our cost savings initiatives. In the second year of our program, we continue to look at new cost savings opportunities and remain ahead of our \$1.2 billion gross run rate structural cost reduction plan. Our hybrid work strategy is one example. It has enabled us to accelerate our location strategy while providing a more flexible workspace. Going forward, we are enabling HP’s hybrid work strategy by monetizing our sites to be critical hubs for collaboration and innovation. This will also deliver savings in our real estate portfolio.

HP then made a subsequent announcement on December 9, 2021, which was consistent with the Hybrid policy announced initially.

We are embracing hybrid ways of working across HP and introduced new

flexible working guidelines in July 2021. Hybrid Work at HP balances more workplace flexibility with structured time together to collaborate and connect in person at our HP sites. Our goal is to provide the ability to work seamlessly across a diverse ecosystem of workplaces, enabled by enhanced tools and technology designed to optimize productivity and collaboration.

## C Robustness: Final Announcements

Table C.1 reproduces the results of Table 6 using the final announcement made by each firm during the sample period.

Table C.1: RTO Policy Choice: Determinants of Final Announcement

	(1)	(2)	(3)	(4)	(5)
WFH share	-0.25 (0.20)	-0.23 (0.21)		-0.23 (0.22)	
Office rent	-0.026** (0.010)	-0.024** (0.010)	-0.023** (0.010)	-0.030*** (0.011)	-0.027** (0.011)
Residential price	0.00067 (0.00068)	0.00069 (0.00069)	0.00063 (0.00070)	0.00098 (0.00073)	0.00092 (0.00075)
Commute time	0.019 (0.027)	0.021 (0.027)	0.022 (0.027)	0.034 (0.028)	0.034 (0.028)
City size	0.051 (0.034)	0.040 (0.035)	0.037 (0.035)	0.029 (0.036)	0.022 (0.037)
Firm size		0.00032* (0.00019)	0.00034* (0.00019)	0.00044* (0.00023)	0.00046** (0.00023)
Firm age		0.0040 (0.0025)	0.0032 (0.0026)	0.0019 (0.0026)	0.00085 (0.0026)
CEO age				0.016** (0.0078)	0.018** (0.0081)
Female CEO				-0.39*** (0.15)	-0.41*** (0.15)
Industry FE			✓		✓
Observations	716	716	716	661	661
Pseudo R2	0.019	0.024	0.032	0.038	0.051

Notes: 1) Results of estimating ordered probit regressions of announcement likelihood on controls. The dependent variable takes a value of 3 for In-person, a value of 2 for Hybrid or Flexible or Mixed, and a value of 1 for Remote. Sample consists of Russell 3000 firms that announce a RTO policy from March 1, 2020, to June 1, 2023. We only include the final announcement. 2) Data is from Factiva, Compustat, US Census ACS of 2019, Compustat, Realtor.com, and BoardEx. All variables are measured as of the end of 2019. 3) All variables defined in Table A.1. 4) t-statistics are calculated based on robust standard errors and are reported in parentheses. \*, \*\*, and \*\*\* denote statistical significance at the 10%, 5%, and 1% levels.