The State of Remote Engineering

2023 Edition
Letter from the CEO

The last six months in tech have not been easy – it’s no secret that the looming recession has hit the industry hard, with widespread layoffs, hiring freezes and budget cuts.

But, as we look to the future, leaner teams are an opportunity for leaders to build stronger ones, too – with a focus on culture, tight-knit collaboration, and clear growth paths.

Terminal’s State of Remote Engineering Report is back for its 4th year, with insights from 1000+ engineers on how economic uncertainties have affected their teams, as well as what they believe leaders can do to better support them during this difficult time.

It’s also clear that the Remote Revolution of 2020 has transformed into the Hybrid Shift of 2022, with far fewer engineers working fully remote than in the past. But, this doesn’t necessarily align with engineers’ preferences, as more than 80% would still like to stay remote most of the time.

In this year’s report, you’ll gain insights into what engineers are looking for, both in current and future jobs, as well as how to deliver the right benefits for your teams.

Now’s the time to listen to your people – and get creative about how you can support them. Even in times of change, struggle and uncertainty, there exists the opportunity to build a better future for your company.

Clay Kellogg
CEO, Terminal
Key insights

Economic turmoil is taking its toll on tech teams.
26% of engineers report layoffs at their companies, while nearly a third report hiring freezes and budget cuts. Low morale and concerns about the company’s future are also prevalent. At the time of our survey, only 32% of engineers reported no impact from the current market correction.

Companies have gone hybrid, but engineers want remote.
66% of global (non-US) engineers report they are working fully remote, a shift from last year when 82% of engineers were fully remote. While many companies have shifted to a hybrid approach – requiring employees to come into an office a few days each week – this doesn’t match up with what engineers want. 80% say they want to work remotely at least 80% of the time.

Flexibility, work from home and clarity on vision are top asks.
Engineers at impacted companies believe leaders can better support them during this tough time. Almost half seek more clarity on their company’s vision and strategy. 48% want more opportunities to work from home, and 27% want less demanding timelines.

Salary dissatisfaction may drive turnover this year.
Despite economic uncertainty, 52% of respondents plan to look for a job in the next 12 months. 47% cite ‘higher pay’ as the main motivation for leaving.

This number is significantly higher for Latin American engineers, with 78% reporting they plan to look for a new job.
Key insights

**Stability and culture hold major appeal for candidates.**

While pay consistently ranks as a top factor in taking a job, this year stability, culture, and exciting work opportunities ranked in the top five. 25% of candidates chose stability as #1 while 19% indicated culture was most important to them.

**Engineering teams continue to struggle with gender inequity.**

44% of respondents say their team has a ratio of 3:1 or 4:1 male to female employees. And this can impact a company’s appeal to candidates, with 50% of engineers saying that an employer’s reputation for gender diversity, equity, and inclusion is influential on their decision to work there.

**The interview process is still broken.**

Year over year, we’ve seen engineers struggle with interviews that have **too many rounds** (47%), **long delays** (44%), and **generic formats** (22%). While engineering and HR leaders seem to be aware of the struggle, engineers have felt little to no improvement in their interviewing experience over the past four years.
Economic turmoil is taking its toll on tech teams.

26% of engineers told us in October 2022 that they’ve had layoffs at their companies, with 32% reporting hiring freezes and 31% reporting budget cuts. Less than a third have experienced no negative impacts.

While staffing and budget cuts may be unavoidable, engineers say there are some things that leaders can do to support them during this uncertain time. They’re asking for the ability to work from home (48%), more clarity on organizational vision (48%), remote work stipends (43%), and less demanding timelines (28%).

It also looks like there will continue to be big movements in the talent market this year – 52% of respondents are planning to look for a new job in the next 12 months.
## Economic Uncertainties

### Negative impacts of economic uncertainty felt by engineers

- Hiring freezes: 32%
- Budget cuts: 31%
- Layoffs at their current company: 26%
- Concerns about their company’s future: 22%
- Experiencing low morale: 17%

68% of engineers experienced at least one of these negative impacts.

### What engineers say companies can do to support them during this time

- 48% of respondents say employers should offer the ability to work from home.
- 28% feel companies should impose less demanding timelines.
- 43% would like more remote work stipends.
- 48% believe in more clarity on organizational vision.

Engineers who plan to start a job search in the next 12 months

- **Yes (52%)**
- **No (28%)**
- **Not sure (20%)**

**Main motivation for starting a job search**

- **Looking for higher salary**: 47%
- **Looking for more interesting challenges**: 19%
- **Want more flexibility to work remotely**: 14%
- **Feeling burnout in current role**: 8%
- **Want more remote work benefits**: 6%
- **Laid off from a previous position**: 6%

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**Short-staffed:**

Survey respondents say the shortage of engineers holds back technical development (36%), overworks current engineers (39%), and limits their ability to grow (35%).

Lower pay + devaluation of LatAm currencies may mean more motivation to seek new work: 60% of LatAm engineers make less than $50k, compared to 13% of Canadian engineers and 78% of those Latin American engineers plan to look for a new job in the next 12 months.

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There’s been a shift toward hybrid, but engineers still want remote work.

Two-thirds of global (non-US) engineers are working remotely 100% of the time, a shift from last year’s report when a majority (82%) of engineers were fully remote. This shift to a hybrid approach doesn’t necessarily align with engineers’ preferences: 80% say they want to work remotely at least 80% of the time.

Remote work continues to come with its challenges, including lack of day-to-day interaction (40%), lack of visibility for career development (27%), and loneliness or feelings of isolation. In many cases, these seem to be outweighed by the positives, including better work/life balance (66%), productivity (51%), less stress (47%), and more autonomy (27%).
Global engineers’ ideal balance of remote vs. in-office work

I want to work remotely...
- 0% of the time (3%)
- 20% of the time (3%)
- 40% of the time (4%)
- 60% of the time (10%)
- 80% of the time (25%)
- 100% of the time (55%)

Mistrust on the rise:
11% of engineers say they don’t trust their team, as compared to 3% in 2020.

- Lack of day-to-day in-person interactions 40%
- Loneliness or feelings of isolation 27%
- Easily distracted and harder to focus 27%
- It’s harder to collaborate and feel part of the team 26%
- Perception from others that I’m not working as hard 19%
- Burnout/lack of motivation 18%
- Lack of visibility for career development 14%
- My ideas aren’t taken as seriously 12%
- I don’t trust my team as much 11%
- My team doesn’t trust me as much 9%
### Benefits of working remotely

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<thead>
<tr>
<th>Benefit</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Better work/life balance</td>
<td>66%</td>
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<tr>
<td>No commute</td>
<td>57%</td>
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<tr>
<td>Made on-site vs remote employees more equal</td>
<td>54%</td>
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<tr>
<td>I'm more productive</td>
<td>51%</td>
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<tr>
<td>I'm less stressed</td>
<td>47%</td>
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<tr>
<td>I'm more innovative</td>
<td>28%</td>
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<tr>
<td>More autonomy</td>
<td>27%</td>
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<tr>
<td>People communicate more proactively</td>
<td>27%</td>
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<tr>
<td>People are more trusting now</td>
<td>13%</td>
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**Work/Life:**

79% of Latin American engineers have better work/life balance with remote work.
Engineers want remote-exclusive benefits.

When workforces went remote in 2020, companies were offering very few benefits for remote employees – for some, the ability to occasionally work remotely was the benefit itself.

Now, to stay competitive, companies have converted some of their previously on-site benefits into remote-exclusive offerings, such as utilities, internet, or home office stipends, fitness and mental health tools, and remote learning and development.

While engineers appreciate monetary stipends, there’s also demand for lifestyle benefits that address burnout, such as flexible work hours (47%), which fall among the top-most desired benefits.
Top remote work benefits preferred by engineers

- Flexible work hours: 47%
- Utilities, internet or other home office stipend: 37%
- Technology and productivity tools: 33%
- Childcare support: 33%
- Mental health & wellness services: 29%
- Remote learning & development: 25%

Parental burnout:

While only 12% of employers offer childcare support, 33% of employees would value this as a benefit.

How companies are addressing burnout and isolation

- Flexible work hours: 47%
- Virtual get-togethers: 38%
- Check ins with staff: 27%
- Additional paid time off: 26%
Engineers want higher pay, more transparency.

52% of engineers told us they plan to leave their jobs in the next 12 months – and the main motivation is higher pay. This number is significantly higher for Latin American engineers, with 78% reporting they plan to look for a new job.

Nearly half of engineers rank pay as the #1 most important factor when choosing a new job, but equity could be a way for some companies to fill the gap. 70% of engineers say that equity is important, yet only 48% of engineers report that they currently receive any shares or stock options.

More than anything, engineers want transparency. 87% of global engineers believe salary transparency is important, especially when it’s affected by their location.
Salary ranges for engineers - in USD

- Less than $50,000: 29%
- $50,000 to 99,999: 35%
- $100,000 to 149,999: 19%
- $150,000 to 200,000: 13%
- More than $210,000: 4%

Open book:
73% of engineers would prefer all job listings include salary ranges.

Importance of equity to engineers

- Extremely important: 15%
- Very important: 32%
- Somewhat important: 38%
- Not at all important: 14%

87% of global engineers believe salary transparency is extremely or very important.
How engineers feel about location-based salaries

- I’d leave my company if they enacted location-based salaries. 35%
- I’d only accept a location-based salary cut if the cost of living dropped at least 20%. 28%
- I don’t want to move from my current location because it means I’d have a location-based salary cut. 27%
- They are fair and I want my company to have location-based salaries. 23%
Exciting work and culture may outweigh strong benefits.

Salary may top the list of wants, but ‘stability’ and ‘exciting work’ also hold a spot in the top three most important factors engineers look at when choosing a job. Engineers look at interesting projects, strong culture, and a clear growth path as bigger priorities than a solid L&D program or other benefits.

There continues to be a de-emphasis on the in-person factor, with 47% of engineers ranking ‘location’ and 38% ranking ‘office space’ as their least important criteria.
## Job Seeker Preferences

What engineers chose as their most important factor when choosing a company

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<th>ALL</th>
<th>CANADA</th>
<th>LATAM</th>
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<tbody>
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<td>Pay</td>
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<td>Clear growth plan</td>
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<td>Learning &amp; development programs</td>
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<td>19</td>
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<td>Mental health and wellness</td>
<td>16</td>
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<tr>
<td>Benefits</td>
<td>13</td>
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Shaky ground:

25% of engineers chose stability as their top choice when job-seeking, up from 6% in 2022.
The interview process remains broken.

Engineers continue to be frustrated when interviewing for new roles, citing long delays, too many rounds of interviews, generic interviews, and overall disorganization. Only 2% of engineers experienced none of these issues.

Beyond frustrating, this can actually turn engineers off of the job – 47% of engineers say that experiencing too many rounds of interviews during the recruiting process would reduce the job’s appeal. This can add up to lost candidates and a struggle to stay competitive.
Issues experienced during engineering interviews

- Too many rounds of interviews: 47%
- Long delays: 44%
- Disorganization: 43%
- Interviewed by people who don’t understand the role: 41%
- Long distance travel for an in-person interview: 31%
- Generic interview not customized to me: 22%
- Technical exam or test: 22%
- Whiteboard exercise/test: 19%
- Video interview: 11%

Whiteboarding on the decline:
61% of engineers say they’ve undergone a technical exam or test as part of the recruiting process. Only 37% say they had a whiteboard exercise/test.
Gender disparity remains high, and job seekers want better.

Engineering teams continue to be heavily male – with 44% of respondents saying their team has a ratio of 3:1 or 4:1 male to female employees. 24% say it’s more than 4:1.

This may have negative consequences on recruiting success: 50% of respondents said that an employer’s reputation in this area was extremely or moderately influential on their decision to work for the company.

Influence of an employer’s reputation on gender diversity, equity and inclusion on an engineer’s interest in working with that company

- Extremely influential (22%)
- Moderately influential (28%)
- Somewhat influential (13%)
- Slightly influential (15%)
- Not at all influential (22%)
Conclusion

While 2020 may feel long ago (and thank goodness), it’s clear that some of the perspectives and preferences that developed during this time among engineering teams continue to linger. Engineers continue to prefer remote work and expect organizations to provide flexible working hours and remote benefits that improve the work/life balance.

While companies may not be able to significantly move the needle on salary right now (a top ask of engineers), the insights in this report leave the door open for leaders to support in other ways, including more equity, better remote benefits and a strong workplace culture.

This year’s tech troubles will no doubt leave lasting ramifications – but leaders who see this as an opportunity to lean into existing teams and build programs to support them may find themselves with stronger teams and stronger companies moving into the future.
Terminal is the leading platform used by startups to build full-time, remote engineering teams faster and more affordably than any other solution on the market.

The company provides tech-enabled hiring, employment and people-management solutions to build and run world-class remote engineering teams. Terminal has hired more than 700 engineers and built teams for top tech companies such as Hims and Hers, Chime, Everly Health and Skillz.

Scale your remote team at Terminal.io.