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As the COVID-19 outbreak spreads across the world and India's caseload inches toward the 10.3 million mark, hundreds of thousands of Indians are practicing self-isolation to slow the spread of the virus. This unprecedented period disrupted the lives' daily flow, and it has also led to a marked shift in the systems that keep our lives running. For instance, schools and daycare centers are closed. Grandparents, babysitters, and others we rely on in our support networks can't be enlisted for backup care, given the risk of contagion. Teachers are looking to parents to take over schooling while figuring out what online learning even looks like. Parents are juggling the upkeep for children's therapies, special needs, or medical conditions. And then there are aging parents, and older family members-they need our attention too. Amidst all this, there's a rising concern to manage the pressure of work and holding onto a job in the middle of an ailing economy. Those who've transitioned to remote work during the Covid-19 outbreak are among the lucky ones. Millions of people have lost their jobs, and others have jobs that put them and their families at risk. But even for those fortunate enough to continue working from the relative safety of their homes, remote work poses new challenges. Newly remote knowledge workers are struggling to adapt to their new workplace reality. Many new and innovative methods are emerging to smoothen the transition to a home-based workplace. Collaboration tools can be part of the solution. We explore some of the possibilities and some of the challenges underlying the COVID-19 induced shift to a new paradigm- work from home, in this issue.

### **Parallels between Industrial Revolution and WFH in 2020:**

A [study](#) examines the future of remote work by drawing parallels between two contexts: the monumental shift from home to factory-based work during the Industrial Revolution, and the change to working from home in 2020. The firms face a similar trade-off: the potential productivity advantage of the new working arrangement made possible by technology, versus organizational barriers such as coordinating workers. Using contemporary survey data, the authors show that there are organizational challenges in moving workers off-site. The mass movement to remote working witnessed during the current pandemic ignored these challenges because of high infection exposure while performing on-site work. The lessons from the move to factory-based production during the Industrial Revolution suggest that these types of major organizational innovations take time, so the dramatic shift to remote work may not (yet) be permanent.

### **The Wage-Infection Trade-Off:**

Lockdowns have also emerged as the most effective policy tool to reduce infection exposure and incur large economic losses. But they also present a tradeoff between gains today versus costs for the broader economy tomorrow. To analyze this trade-off, a [study](#) constructs an exposure index, which measures

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to the lockdown of broad categories of jobs (essential vs non-essential, mainly), the authors consider an optimal policy where the planner chooses which industry-occupation pairs to send home to minimize economic cost, while still attaining the same reduction in the aggregate exposure to infection. The authors find that the optimal policy achieves the same reduction in aggregate infection risk at half the economic cost, while fewer workers are sent home. A move from the lockdown to the optimal policy generates the largest wage gains for high-wage workers. It is always high-wage workers who are the least exposed to infection risks and lose the least economically, pointing to redistributive policies during a pandemic.

### **Work from Anywhere vs. Work from Home:**

Some five years before COVID-19, Nicholas Bloom co-authored a [paper](#) estimating the benefits of working from home (WFH), in which the employee lives within commuting distance of the office. He identified productivity-enhancing mechanisms such as reduced commute time, fewer work breaks, sick days, and the benefits of a quieter work environment. Based on a randomized control trial on 1,000 employees of Ctrip, a NASDAQ-listed Chinese travel agency, the experiment revealed that working from home for nine months led to a 13 percent increase in performance. The experiment was so successful that Ctrip rolled out the option to WFH to the whole firm. The overall impact of the WFH was striking, as the firm improved total factor productivity by between 20% to 30% and saved about \$2,000 a year per employee WFH.

Research on remote work has focused mostly on the effects of working from home (WFH). Recently, another form of remote work - work-from-anywhere (WFA) - has begun to emerge. Here, workers have greater flexibility to choose where to live. WFA has underlying mechanisms similar to those of WFH, but added benefits such as moving to a lower cost-of-living location, and increased psychic benefits to employees. A recent [study](#) suggests that managers offering WFH or WFA should “cut the umbilical cord” rather than granting piecemeal flexibility. WFA workers who relocated were more likely to move to lower cost-of-living locations. The workers who enjoyed higher-than-average cost-of-living savings demonstrated higher productivity than relocating employees enjoying lower-than-average cost-of-living savings. These findings are taken together to suggest that a non-pecuniary incentive can yield a pecuniary benefit to employees and firms alike, implying that WFA could potentially be used as a sufficient firm-specific incentive to attract and retain skilled employees.

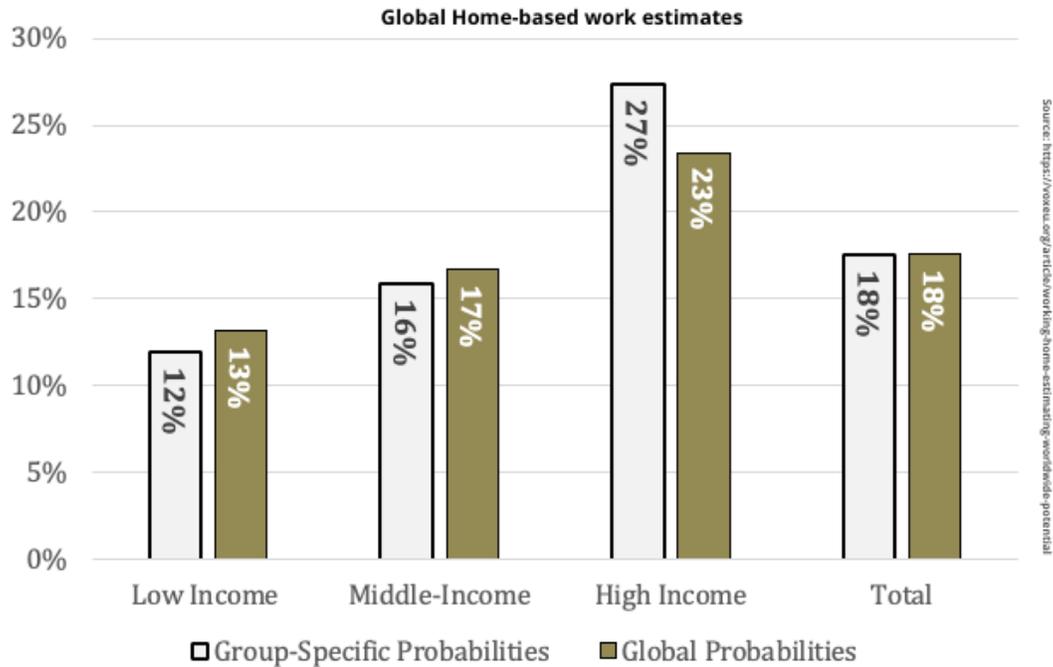
Though people assumed Bloom would be optimistic over the global rollout of WFH, his recent work shows caution and concern. His analysis of Ctrip took into account that employees were only allowed to work from home if they had a home office. The employees were explicitly asked to work from home four days a week and come into the office every fifth day. Further, the element of personal choice was a huge factor contributing to the success of Ctrip's WFH policy that is absent in the current situation. After nine months of allowing those employees to do their jobs at home, Ctrip asked the original volunteers whether they wanted to keep working remotely or return to the office. Half of them requested to return to the office, despite their average commute being 40 minutes each way. Why? “The answer is the social company,” Bloom [says](#). “They reported feeling isolated, lonely, and depressed at home. So, I fear an extended period of working from home will not only kill office productivity but is building a mental health crisis.”



### Estimating Global Work from Home Potential:

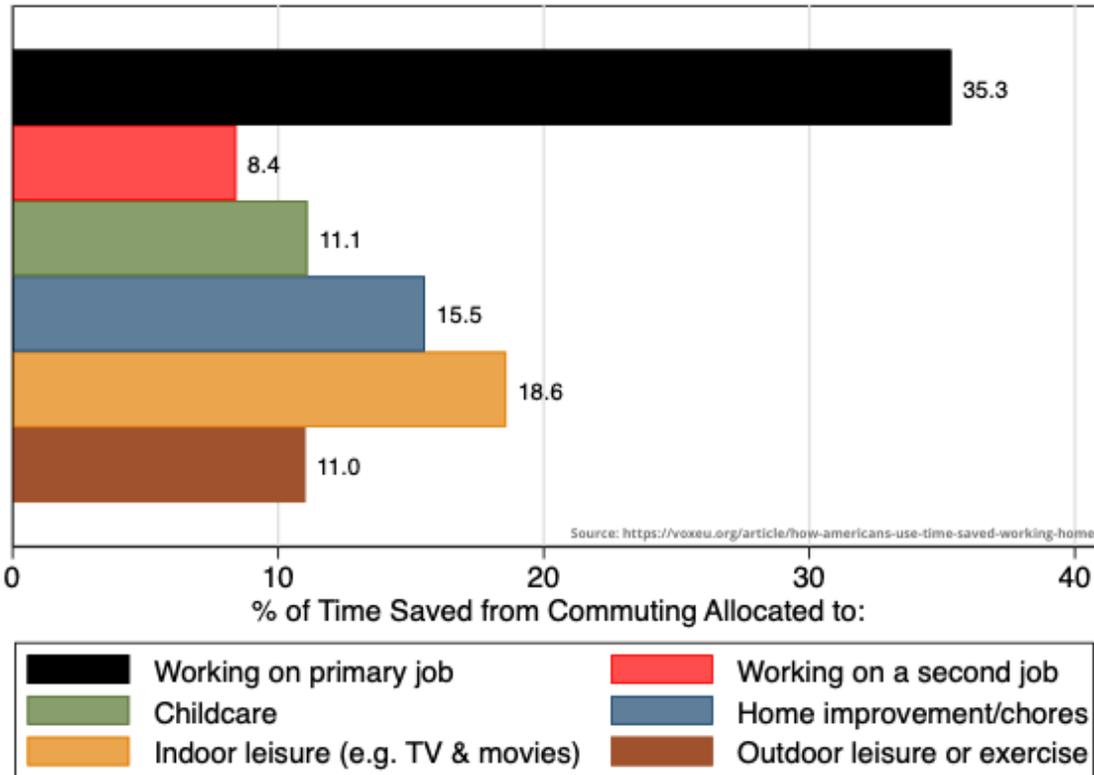
What can one say about the global estimates of potential to work from home? Evidence here is just emerging. A labor market experts' [survey](#) worldwide shows that approximately one in six workers at the global level, and just over one in four in advanced countries, could potentially work from home. The survey also reveals that about 18% of workers worldwide work in occupations and live in countries with the infrastructure that would allow them to effectively perform their work from home. There are important differences across regions of the world and income level of each country, reflecting the economic and occupational structures of countries and environmental factors, such as access to broadband internet and likelihood of owning a personal computer. Not surprisingly, workers in developed economies are more capable of working from home. Many workers in developing nations are employed in occupations that cannot be done from home. Such occupational structure differences account for a difference of ten percentage points between workers in advanced economies and developing ones (13% for developing economies against 23% for developed ones). Further, the social, physical, and information technology infrastructures are often less adapted for remote working in low to middle-income countries than in higher-income countries.

Figures from a representative labour force surveys show that only around one in twenty people employed in the EU27 usually worked from home till late 2019 and the share had remained constant since 2009. The outbreak of the Covid-19 pandemic and the resulting confinement measures put in place to slow down the spread of the virus suddenly changed all this, out of necessity. Yet, teleworking is not for everybody, remote working during the pandemic has been strongly skewed towards highly paid occupations and white-collar employment, raising the possibility of a new divide between those who can telework and those who cannot and hence identifying how many, and which, personnel can perform jobs remotely has become a key factor to understand the pandemic's economic and distributional consequences. A recent survey based on the European occupational data suggests that about 37% of dependent employment in the EU27 can technically be carried out remotely. Similarly, according to Eurofound's "Living, Working and Covid-19" e-survey, tele-workable employment ranges from 35% to 41% in two-thirds of EU countries. With the majority of the tele-workable jobs require extensive social interaction, which often makes working remotely sub-optimal. On this basis, only 13% of employment in Europe can perform remotely with no or limited loss of quality and 24% of technically tele-workable jobs involve extensive social interaction. Thus they can only be partially provided remotely without a significant loss in [service quality](#).

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### Work from Home and Commuting Time:

The shift to working from home has already saved billions of hours of commuting time in the US alone. According to an estimate, the pandemic-induced shift to working from home yields [62.4 million fewer](#) commuting hours per workday in the US. A survey consisting of 10,000 Americans aged 20-64 years reveals that their primary job itself absorbs about 35% of the total saved time. The next largest category is indoor leisure, including reading and watching TV or movies, which absorbs 18%. Childcare, outdoor leisure, and work on a second job together account for about 30%. The global reduction in time spent commuting is surely many times larger.



**Choice, Willingness to Pay for Alternative Work Arrangements:**

A [study](#) implements a discrete choice experiment in the job application process for a national call center to estimate workers’ willingness to pay for alternative work arrangements. During the application process, the applicants were asked their preference between two positions: a baseline position offering a traditional 40-hour, 9 am–5 pm Monday–Friday on-site work arrangement in the applicant’s local area, and a randomly chosen alternative arrangement. Despite widely held views on the importance of workplace flexibility, most workers do not value flexible scheduling or the ability to select the number of hours they work. The job applicants have a strong aversion to jobs that permit employer discretion in scheduling: the average applicant is willing to take a 20 percent wage cut to avoid these jobs, and almost 40 percent of applicants would not take this job even if it paid 25 percent more than an M–F 9 am to 5 pm position. The distaste for jobs with employer discretion is due to aversion to working nonstandard hours (evening and weekend work), rather than unpredictability in scheduling. Also, women value working from home and dislike employer discretion more than men do.

**Organizational Structure and Remote working:**

The widespread implementation and adoption of digital technologies by organizations have a direct relationship with work from home. Initiative to adopt new technologies and harnessing their advantages not only changed the way firms interact with their consumers and do business but can alter the way firms define, divide, and group the sub-tasks required to reach an expected output. A better match between task and individuals’ digitization may influence the design of work so that there is less need for strict monitoring. Since employees receive more personal benefits from working on tasks that suit their abilities, their shirking incentives and probability would drop. Besides, digitization is associated with decentralization and higher employee autonomy, an adequate job, and organization design that motivates employees. The new work arrangements supported by digitization, such as work-from-home solutions, can also contribute to higher satisfaction, less monitoring concerns, and ultimately higher productivity, a [recent study](#). discussed.

surveyed 80 companies worldwide finds that 86 percent of companies plan to use flexible space as a crucial part of their real estate strategies in the future. India has also witnessed unparalleled success for the co-working juggernaut in the past years. However, on one hand, Coworker.com, the world's largest coworking listing platform, projected the number of coworking spaces worldwide to reach almost 20,000 by 2020 and cross over 40,000 with around 5 million people working in the [coworking space by 2024](#) (an increase of 158% from 2020). On the other hand, companies like WeWork and its competitors like Knotel and Industrious which lease ready-to-use office space to individuals and companies have slowed their rapid growth but haven't had to downsize much. They have [retained enough business](#) to keep themselves afloat during the pandemic and are looking forward to a time when their flexible space is more attractive than regular long-term office leases.

