

# COVID-19 and the accelerated shift to technology-enabled Work from Home (WFH)

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# The Transatlantic Expert Group on the Future of Work (TEG)

- The report that I will be presenting was produced by the EU/US Transatlantic Expert Group on the Future of Work (TEG).  
<https://www.bruegel.org/eu-us-transatlantic-expert-group-on-the-future-of-work/>
- The TEG is an interdisciplinary group of some thirty knowledgeable and highly qualified experts.
- It explores multiple emerging challenges in the area of the future of work by bringing together their respective perspectives from the European Union and the USA.
- The TEG has been brought together by Bruegel and the German Marshall Fund of the United States with the financial support of the European Union.

# COVID-19 and the accelerated shift to technology-enabled Work from Home (WFH)

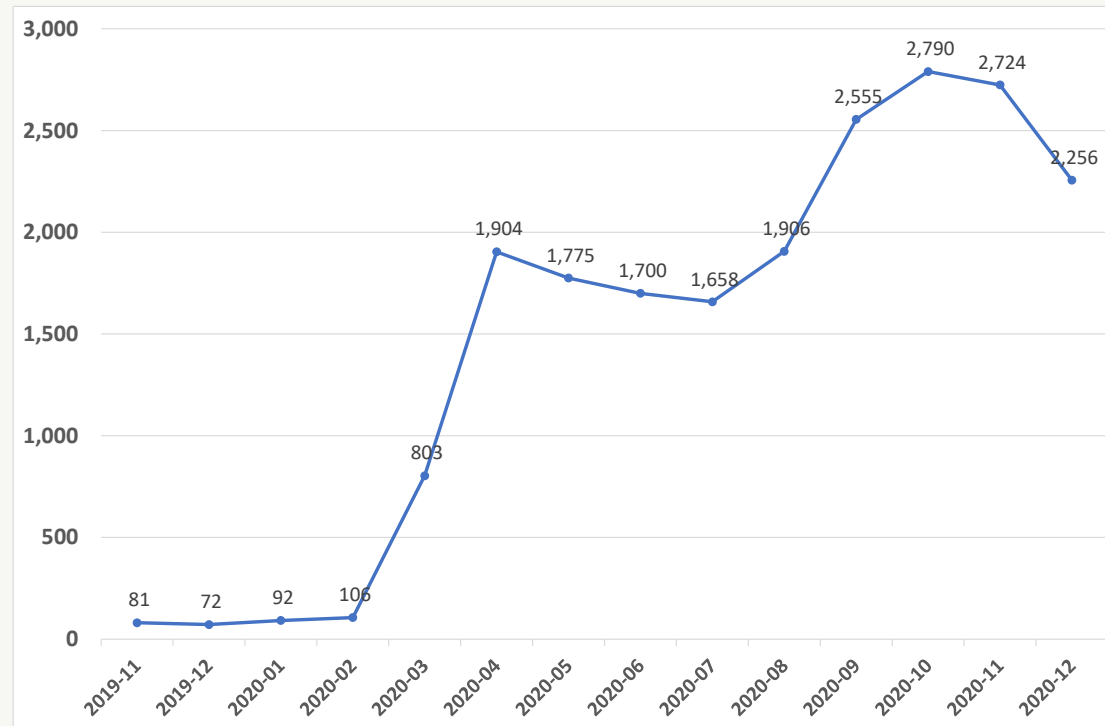
- New technology as an enabler to Work from Home
- Work from home and productivity
- Likely evolution when WFH is no longer a mandate
- Distributional effects
- Health and well-being of those working from home
- Implications for urban areas
- Implications for public policy

# New technology as an enabler for Work from Home (WFH)

- A shift to WFH has been hugely valuable during the pandemic.
- The basic technology for a dramatic increase in WFH was already widely available in most developed countries: fast and reliable internet access, conferencing tools, e-mail, and more.
- Why did the shift to remote work fail to materialise long ago?
- Workers wanted WFH; some managers feared loss of control.
- When firms were forced to support WFH, they found ways.
- Contrary to early fears, the internet did not collapse – it has continued to function reasonably well during the pandemic.

# New technology as an enabler for Work from Home

## Monthly number of visits from SimilarWeb users to the Zoom website



Source: SimilarWeb, Bruegel calculations

# Work from home and productivity

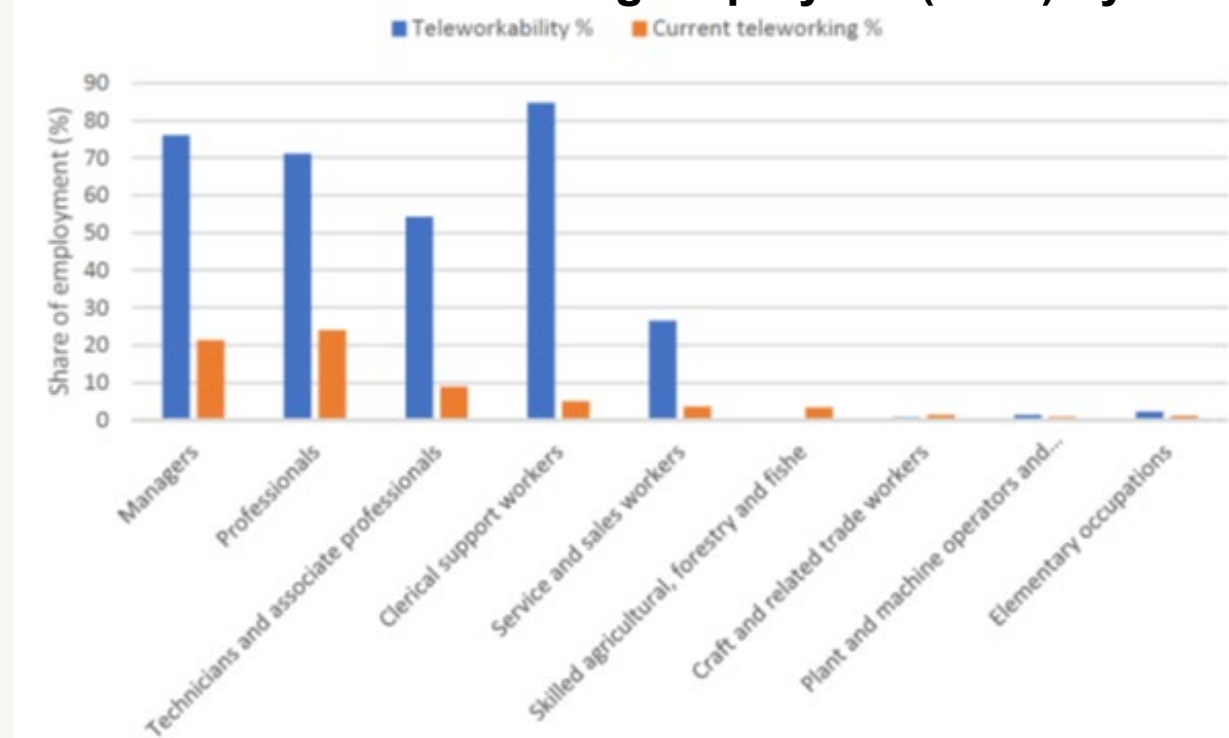
- Many workers think that they are more productive working from home; however, views among managers appear to be mixed (Barrero, Bloom, & Davis, 2021).
- Hours worked per day seems to increase with WFH, but one study (Gibbs et al., 2021) found lower productivity per hour.
- Growth in US labour productivity, which averaged only 1.3% since 2006, increased by 5.4% in the first quarter of 2021, probably reflecting increased digitalisation together with WFH. (Brynjolfsson & Petropoulos, 2021)

# Likely evolution when WFH is no longer a mandate

- WFH today is a crisis-driven arrangement.
- Surveys in the US and EU show that many workers want to continue WFH; many managers can now accept some WFH.
- WFH full time will be less common than WFH 2-3 days/week.
- Who will do WFH in the future?
  - huge unrealised potential for WFH for managers, professionals, technicians, and clerical support workers; but
  - very little potential for agricultural, forestry, fishery workers, machine operators (Eurofound, Sostero et al., 2020) (Dingel & Neiman, 2020).
- The “Great Resignation” more a US phenomenon?

# Likely evolution when WFH is no longer a mandate

## Amenability to WFH versus actual WFH among employees (2018) by broad occupation group



Source: Eurofound: Sostero, Milasi, Hurley, Fernandez-Macías, & Bisello, JRC, 2020



# Distributional effects

- Even before the pandemic, the vast majority of WFH was performed by those in higher income quantiles (DeSilver, 2020).
- Survey data suggests that this continues to be the case.
- The growth of remote work might contribute to further income polarisation and inequality (Autor & Reynolds, 2020).
- Women may benefit from being able to work at home, but those with caregiving responsibilities have suffered during the pandemic.
- EU27 women were spending 39 hours a week on average taking care of their children, compared with 21 hours spent by men.

# Distributional effects

## Proportion of parents stating that they are “too tired after work to do household jobs” (EU-27)

			Summer 2020	Spring 2021
Men	No children under 12	Worked from employer's premises	25	26
		Worked only from home	23	23
	Children under 12	Worked from employer's premises	27	20
		Worked only from home	24	24
Women	No children under 12	Worked from employer's premises	30	36
		Worked only from home	30	30
	Children under 12	Worked from employer's premises	38	44
		Worked only from home	31	39

**Notes:** Green = lowest value, red = highest value.

Source: Eurofound: Ahrendt D. , Mascherini, Nivakoski, & Sándor, 2021

# Health and well-being of those working from home

- The time saved on the commute is mostly not translating into more leisure time.
- The distinction between work time and private time is blurring.
- Managers may not fully respect workers' private time.
- Pandemic-induced WFH may be leading to increased stress and a decline in mental well-being, especially for those with children at home. (Eurofound: Ahrendt et al., 2021)

# Implications for urban areas

- In 2020, there was a strong expectation (in the USA) that the pandemic would lead to a hollowing out of major cities.
- There has indeed been some migration out of US cities such as New York City and San Francisco, but far less than had been feared.
- US cities that were already losing population continued to lose population during the pandemic (Kolko et al., 2021)

# Implications going forward

- **Workers** need to be able to adapt to a rapidly changing job market, and need to be well trained including with digital skills.
- **Managers** need to alter their practices in many ways, managing knowledge workers based on their results, not on hours worked.
- **Social partners** (e.g. trade unions) need to re-think how they engage with their members, and how they protect them.
- **Education and training** needs for many reasons to shift to *lifelong learning*.

# Implications going forward

- **Policymakers** may need to deal with distributional effects, protect the work-life balance, and ensure that the shift to remote work does not erode social protection.
- Distributional effects:
  - The shift to WFH favours those with high skills and education, and may thus increase social polarisation.
  - During the pandemic, caregivers have carried a heavy burden.
- As hours worked expand, a *right to disconnect* may be needed.
- Social protection was already challenged by increasing labour flexibility, gig work, and more.