

Comments on
“Working from Home Around the World,”

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Key messages of paper

- Work from home (WFH) rare pre-pandemic, but averaged 1.5 days/week among educated workers surveyed mid-2021 and early 2022
 - More severe lockdowns early in pandemic associated with higher WFH days
- WFH has worked out well where adopted
 - Workers value flexibility of WFH; 26 percent of those currently WFH say would quit or seek new job if required to be onsite 5 days/week
 - Workers pleasantly surprised by their (perceived) WFH productivity
- WFH will persist and likely grow
 - Workers say employers plan post-pandemic average 0.7 WFH days/week
 - Employers have adjusted plans towards larger number of WFH days
 - Experience with WFH, development of supporting technologies and changes in norms will make WFH more attractive in many (though not all) workplaces

Reasons to be cautious in drawing conclusions from G-SWA survey data

- Not entirely clear who survey samples represent or how that differs across countries
 - Respondi's description of sample recruitment opaque
 - Highly educated individuals clearly over-represented
 - Participants in online panel may be more likely than others with similar characteristics to WFH
- Potential biases could affect answers to some of the G-SWA questions



Example: G-SWA question on staying in a job without WFH

- How would you respond if your employer announced that all employees must return to the worksite 5+ days a week starting on February 1, 2022?
 - I would comply and return to the worksite
 - I would start looking for a job that lets me work from home at least 1 or 2 days a week, but return to the worksite if I don't find one by February 1st.
 - I would quit my job on or before February 1st, regardless of whether I got another job.
- Potential issue
 - Hypothetical bias: What people say they will do may differ from what they actually do
- Concern: Actual likelihood of quitting or looking for a new job if cannot WFH may not be as large as responses suggest

Example: G-SWA question about WFH productivity

- Compared to your expectations ***before COVID (in 2019)*** how has working from home turned out for you?
 - Hugely better -- I am 20%+ more productive than I expected
 - Substantially better -- I am 10% to 20% more productive than I expected
 - Better -- I am 1% to 10% more productive than I expected
 - About the same
 - Worse -- I am 1% to 10% less productive than I expected
 - Substantially worse -- I am 10% to 20% less productive than I expected
 - Hugely worse -- I am 20%+ less productive than I expected
- Possible issues
 - Primacy bias: Tendency for respondents to written surveys to pick answers earlier in list of response options
 - Social desirability bias: Tendency to give responses that make respondent look better
 - Effects of response options: Range of options can affect answers, especially to questions that require evaluation

Effects of response options on reported hours per day watching television

Low category range		High category range	
Up to ½ hour	7.4%	Up to 2 ½ hours	62.5%
½ hour to 1 hour	17.7%	2 ½ hours to 3 hours	23.4%
1 hour to 1 ½ hour	26.5%	3 hours to 3 ½ hours	7.8%
1 ½ hour to 2 hours	14.7%	3 ½ hours to 4 hours	4.7%
2 hours to 2 ½ hours	17.7%	4 hours to 4 ½ hours	1.6%
More than 2 ½ hours	16.2%	More than 4 ½ hours	0.0%
	100.0%		100.0%

Schwarz, Hippler, Deutsch and Strack, “Response Scales: Effects of Category Range on Reported Behavior and Comparative Judgments,” *Public Opinion Quarterly*, 1985.



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 - Effects of response options: Range of options can affect answers, especially to questions that require evaluation
- Concern: Answers may overstate positive effect of WFH on productivity relative to expectations

Where comparisons possible, G-SWA results seem qualitatively consistent with other evidence

G-SWA finding

- Average of 1.6 WFH days reported by U.S. respondents

Other evidence

- Household Pulse Survey: In June 2022, 48.8% of workers teleworked during prior 7 days
- BLS Business Response Survey: According to results collected July 27-September 30, 2021, 34.5% of establishments increased telework due to the pandemic



Where comparisons possible, G-SWA results seem qualitatively consistent with other evidence (cont'd)

G-SWA finding

- U.S. employers plan average of 0.8 WFH days/week after pandemic, compared to 1.6 days/week at time of survey

Other evidence

- BLS Business Response Survey: According to results collected July 27-September 30, 2021, 60.2% of establishments that increased telework as a result of the pandemic planned to make the increase permanent



Where comparisons possible, G-SWA results seem qualitatively consistent with other evidence (continued)

G-SWA finding

- On average, workers say they would give up 5% of pay to be able to WFH 2-3 days/week
- 26 percent of workers currently WFH say would quit or seek new job if required to be at worksite 5 days/week

Other evidence

- Mas and Pallais (2017): Study based on varying characteristics of offered jobs concluded average applicant would accept 8% lower pay for option of working from home
- Bloom, Han and Liang (2022): 6-month attrition rate for engineers at Chinese company randomly assigned to a hybrid WFH was 4.7% versus 7.2%

Where comparisons possible, G-SWA results seem qualitatively consistent with other evidence (continued)

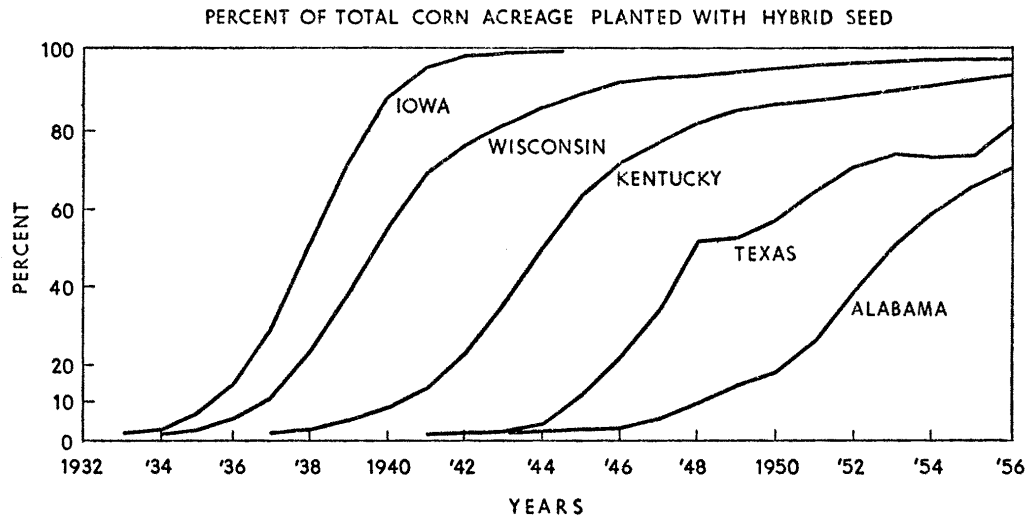
G-SWA finding

- Workers report productivity during WFH 5% higher on average than they had expected

Other evidence

- Bloom et al. (2014) and Emmanuel and Harrington (2021): Call center employees ~10% more productive if WFH
- Bloom, Han and Liang (2022): Engineers at Chinese company randomly assigned to WFH did not have higher performance ratings but wrote 8% more lines of code and self-assessed productivity as 1.8% higher

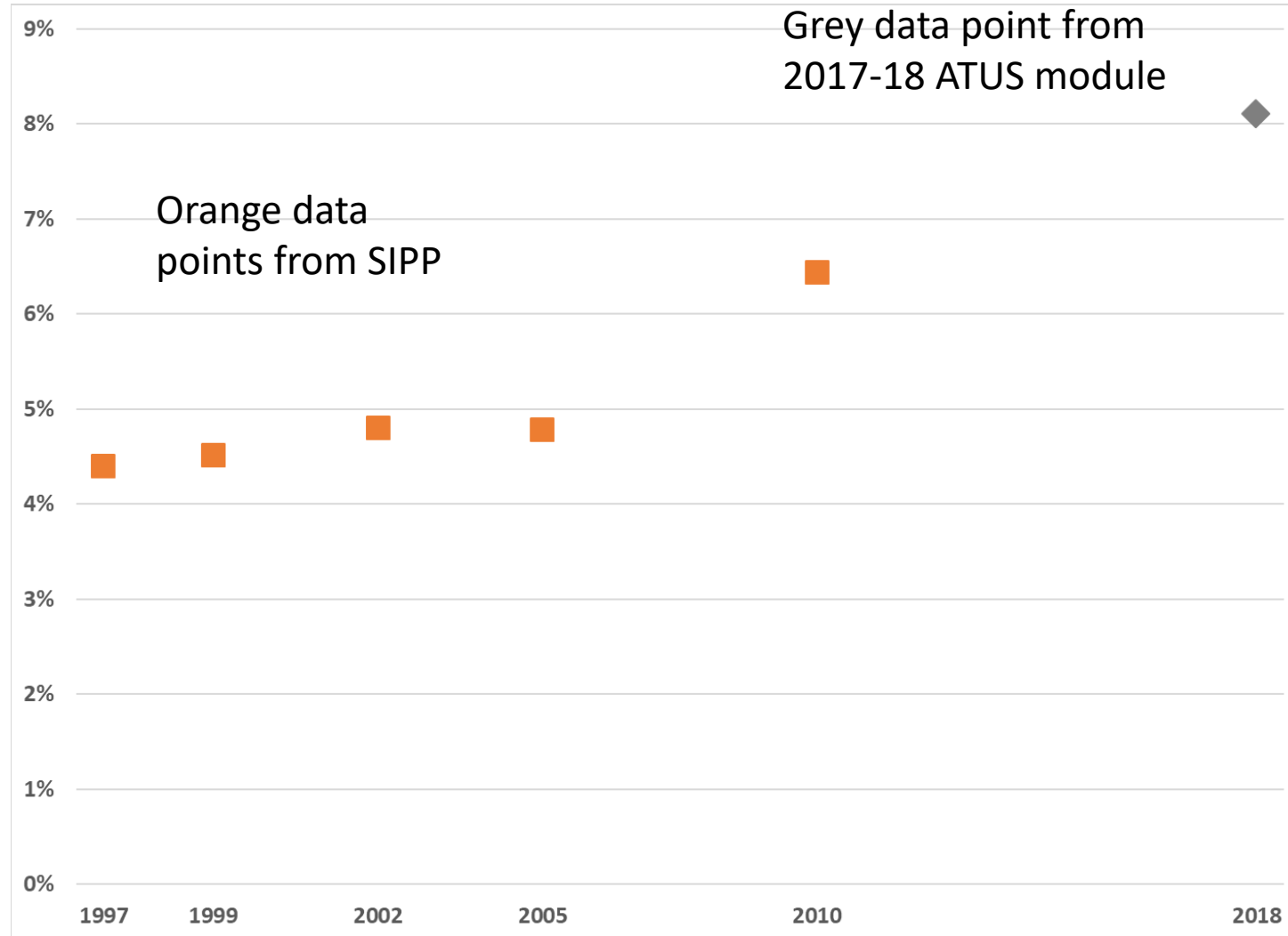
WFH was an innovation that was diffusing (slowly) prior to the pandemic



Source: Griliches, "Hybrid Corn: An Exploration in the Economics of Technological Change," *Econometrica*, 1957.

- Large literature on the diffusion of new technologies
- Common to see S-shaped diffusion pattern; illustration at left from Griliches' classic paper on farmers' adoption of hybrid corn
 - Slow initial growth
 - Takeoff period
 - Leveling off as adoption approaches its maximum level

WFH was an innovation that was diffusing (slowly) prior to the pandemic (continued)



SIPP estimates: Share of non-self-employed working exclusively from home 1 or more days/week

ATUS estimate: Share of wage and salary employees working exclusively from home 1 or more days/week



Without pandemic, would eventual outcome have been different?

- Pandemic clearly accelerated WFH adoption
 - Forced WFH on large numbers of employers, providing wealth of experience with an option many would have seen as risky
 - Encouraged the development of tools that can make WFH work better
 - Helped to change norms around WFH
- Still, to extent WFH has real benefits, history of adoption of other innovations suggests we might well have reached similar levels of WFH even absent pandemic



Pros and cons of WFH for workers

Pros

- Less time getting ready for work
- Less time commuting
- Greater schedule flexibility

Cons

- Increased difficulty of developing professional relationships
- Increased difficulty of separating home and work



Pros and cons of WFH for workers (continued)

- *Pros* are things that manifest immediately; *cons* may take time to become apparent
- U.S. data from Survey of Working Arrangements and Attitudes (SWAA) show that number of WFH days workers desire has fallen since December 2020
 - Responsible for 31% of reduction in gap between worker desires and employer plans for WFH



Pros and cons of WFH for firm performance

Pros

- To extent employees value WFH, expanded recruiting pool and improved employee retention
- In some cases, savings on operating expenses
- In some cases, improved task performance

Cons

- Negative selection among applicants for WFH jobs
- Loss of opportunities for informal information exchange
- Less conducive to collaboration
- In some cases, negative impact on innovation over time



Pros and cons of WFH for firm performance (continued)

- As with pros and cons for workers, *pros* for firm performance are in general more immediately obvious; most important *cons* may take time to become apparent
- Less clear to me than to the authors that WFH will settle at higher levels than firms currently plan, but we will see!



Thank you!

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