Telework and productivity
New survey evidence from managers and workers

Peter Gal (OECD GFP) and Francesco Losma (Bocconi University, GFP)

Joint with Chiara Criscuolo, Timo Leidecker and Giuseppe Nicoletti

supported by the TUAC, BIAC and ERRA networks and Steering Group members

GEE/GPEARI Seminar
15 July 2021

Background

- COVID-19 catalysed widespread use of telework

- What happens to productivity if telework becomes a `new normal'?

- Recent OECD GFP work focuses on prospective impact of permanently widespread telework on firm productivity

- Resources:

  - Framework: Policy note

  - New data: Telework survey

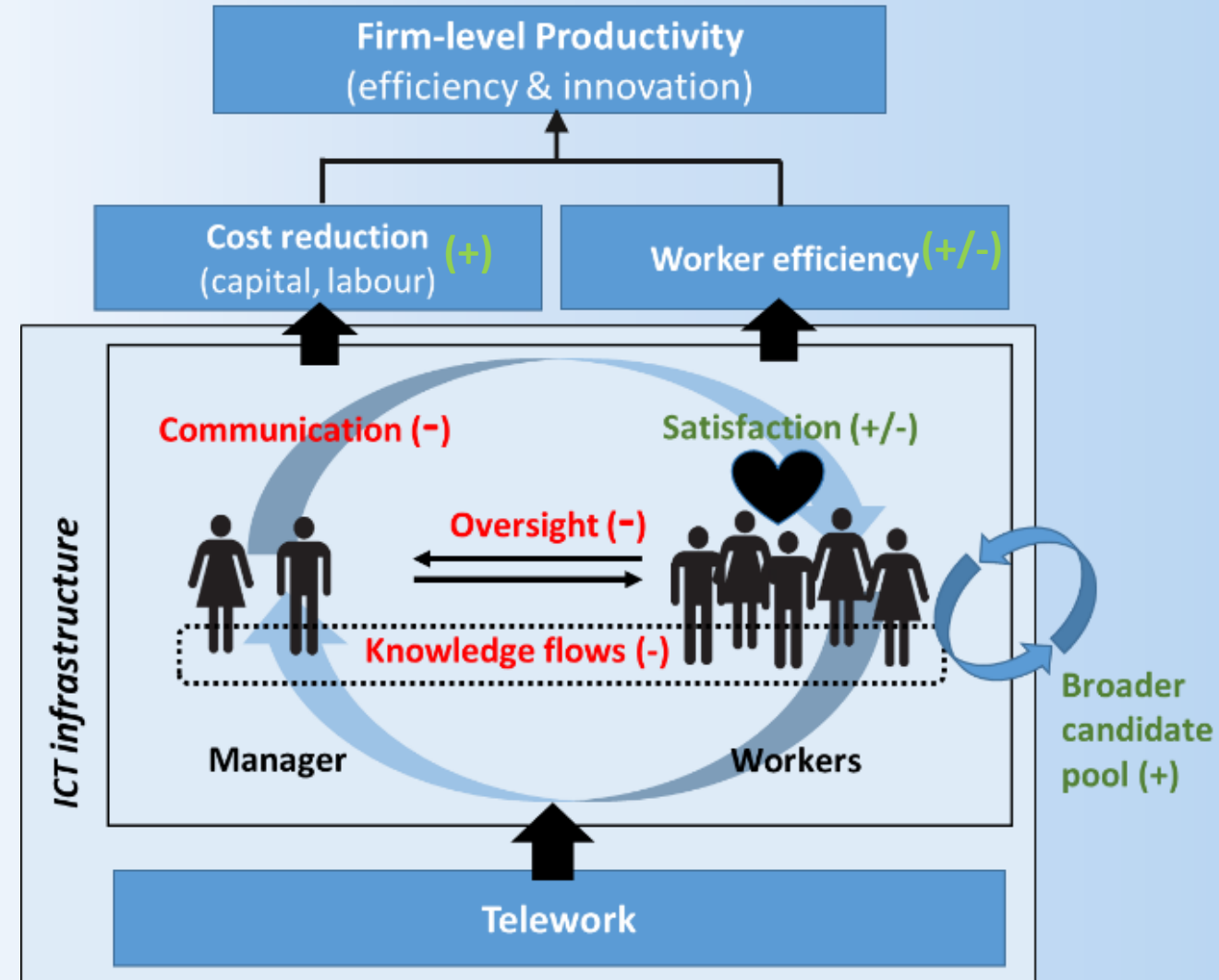 - GFP Webinar by Nick Bloom & discussion at GFP Week
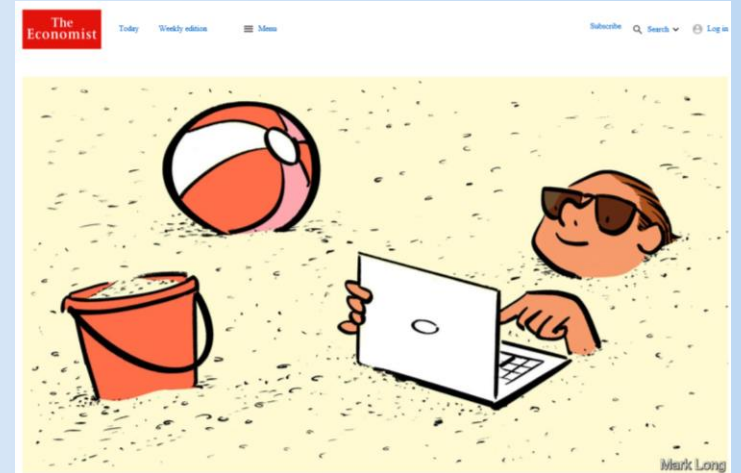
Bottom: Bloom (2020), "Working From Home: Past, Present, Future and some tips"

How does telework affect productivity?
Main insights from the framework

1. Overall impact is a priori ambiguous
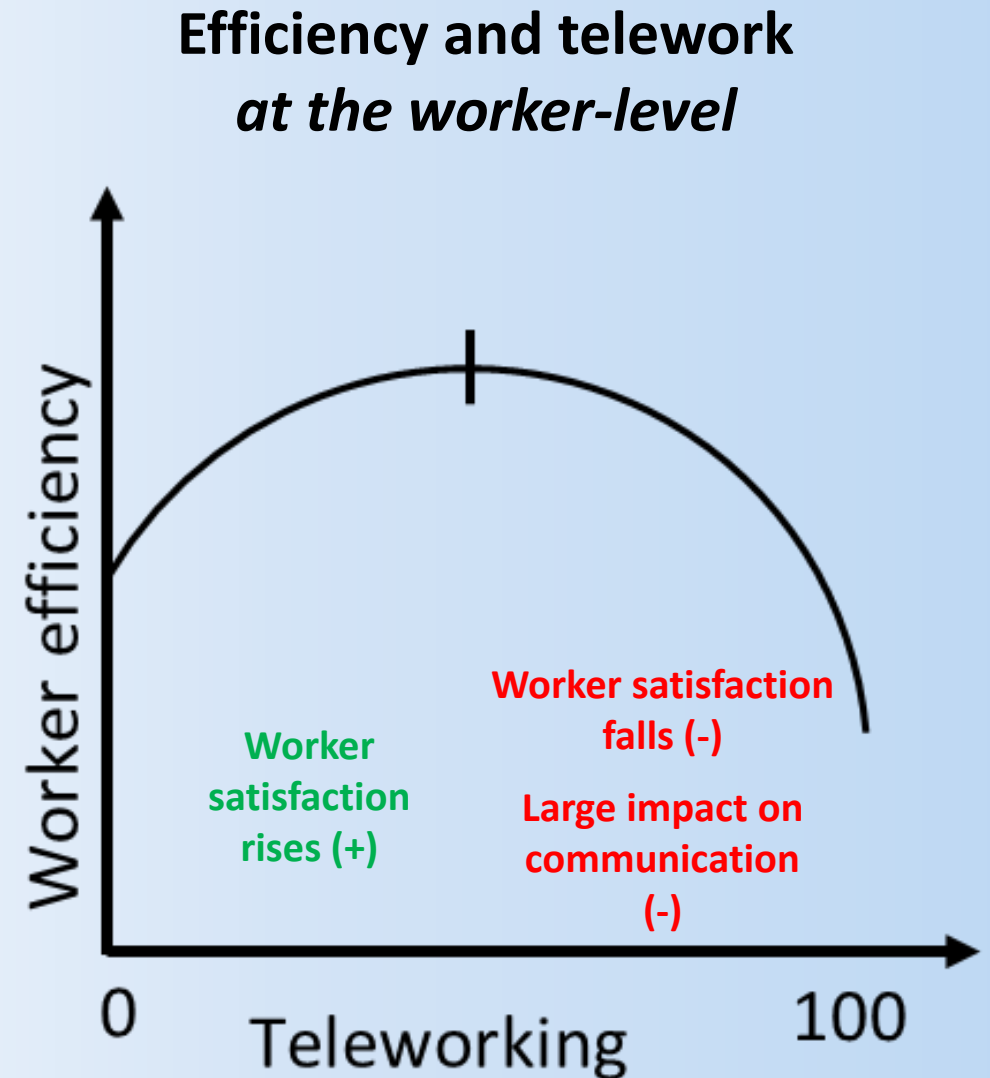
2. Worker satisfaction is key

How does telework affect productivity?
Main insights from the framework

1. Overall impact is a priori ambiguous

2. Worker satisfaction is key

3. **Worker-level** efficiency depends on telework intensity

4. **Firm-level** efficiency additionally depends on coordination

5. In the **long-term**, impact on knowledge sharing is crucial

Efficiency and telework
at the worker-level

Worker efficiency (y-axis)

Teleworking (x-axis) — 0 to 100

Worker satisfaction rises (+)

Worker satisfaction falls (-)

Large impact on communication (-)

How does telework affect productivity?
Online survey on experience and expectations

Timely evidence from **23 countries** from both:

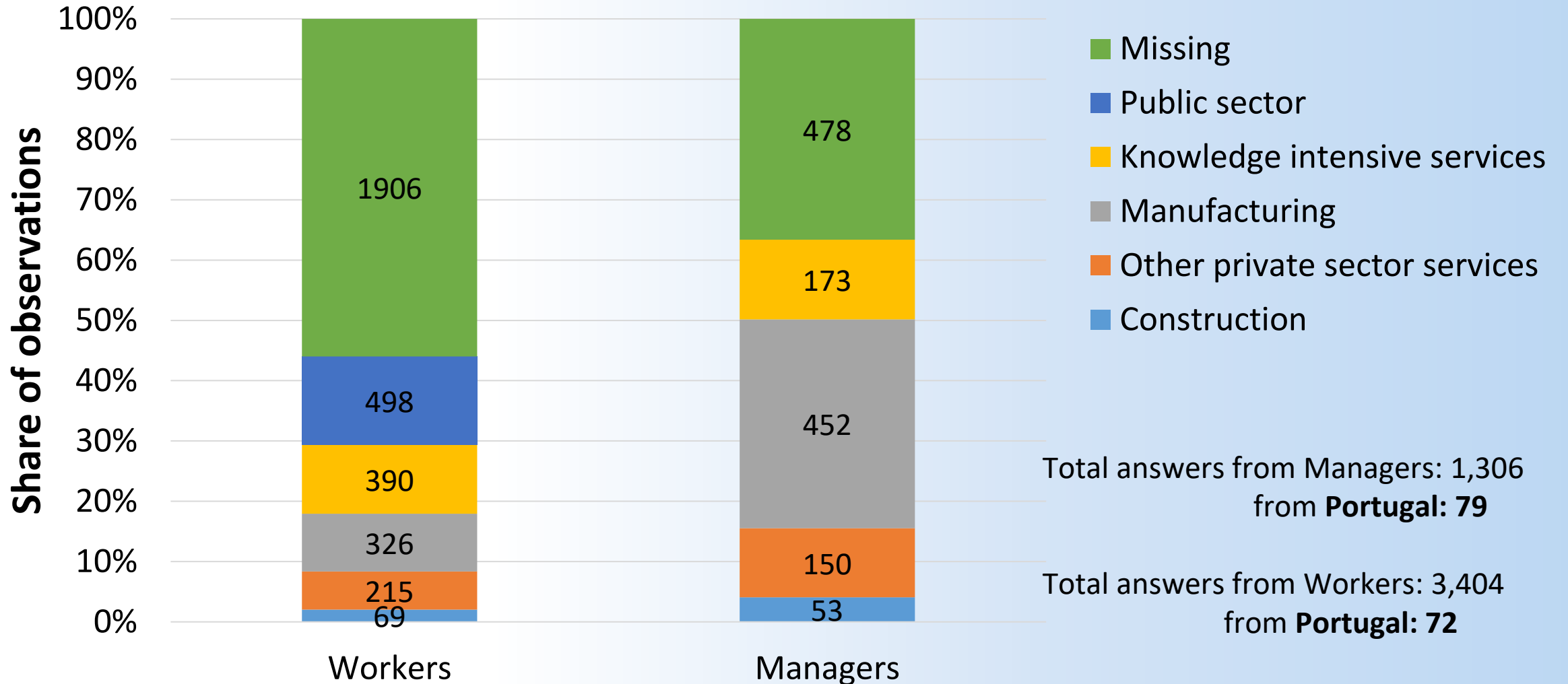- Management
- Employees or their representatives

We thankfully acknowledge the support of *BIAC, TUAC, GFP Steering Group members* and *ERRA* for the conception and dissemination of the survey questionnaire!

	I. Before COVID-19	II. During COVID-19	III. After COVID-19
Use	1. ✓	✓	3. ✓
Impact		2. Overall performance & assessment	Expected costs & benefits
Support		Short-term adaptation	Long-term adaptation; Main obstacles

Results
Responses from workers and managers by sector

Share of observations

Legend:
- Missing
- Public sector
- Knowledge intensive services
- Manufacturing
- Other private sector services
- Construction

Workers bar:
- 1906 (Missing)
- 498 (Public sector)
- 390 (Knowledge intensive services)
- 326 (Manufacturing)
- 215 (Other private sector services)
- 69 (Construction)

Managers bar:
- 478 (Missing)
- 173 (Knowledge intensive services)
- 452 (Manufacturing)
- 150 (Other private sector services)
- 53 (Construction)

Total answers from Managers: 1,306 from **Portugal: 79**

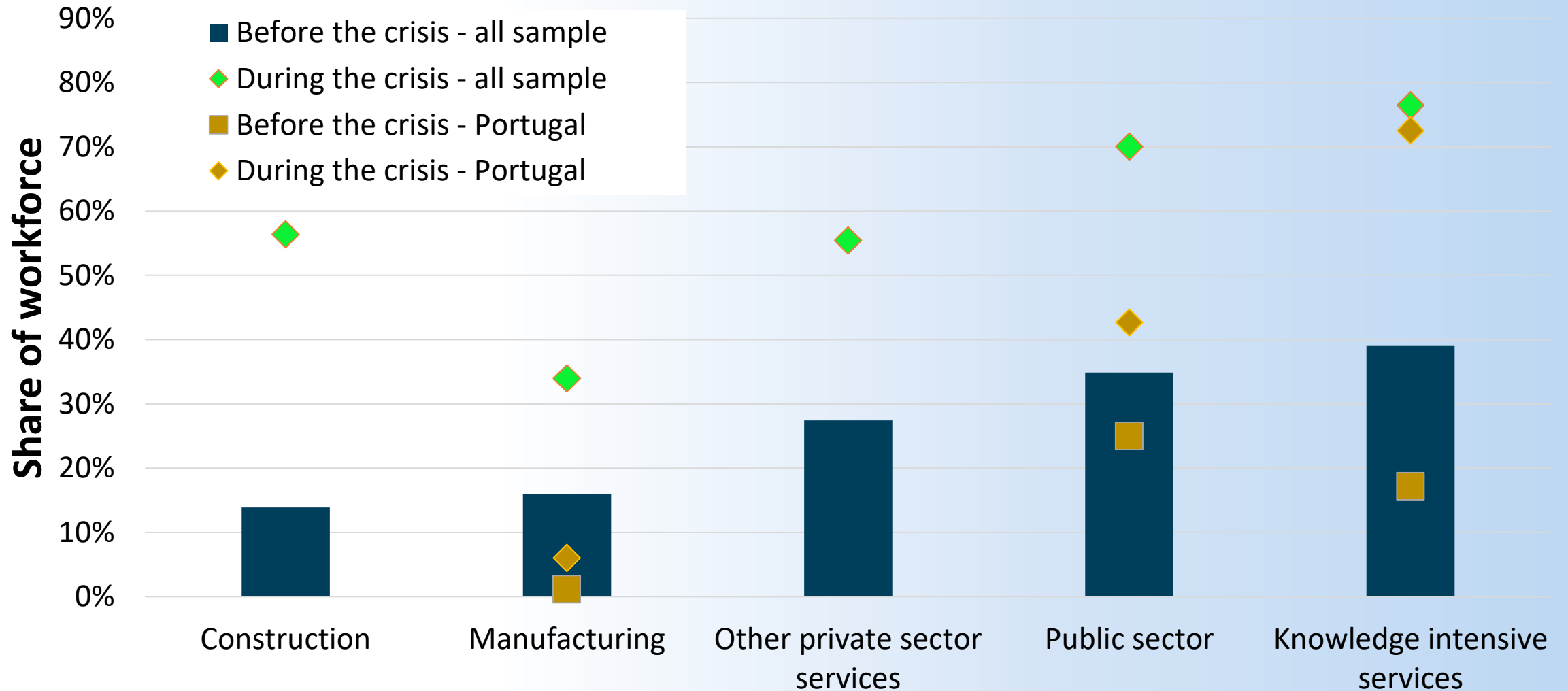Total answers from Workers: 3,404 from **Portugal: 72**

1. TELEWORK USE

BEFORE AND
DURING THE FIRST WAVE OF COVID-19

Large **increases in regular telework during the initial wave** of COVID-19, by sector
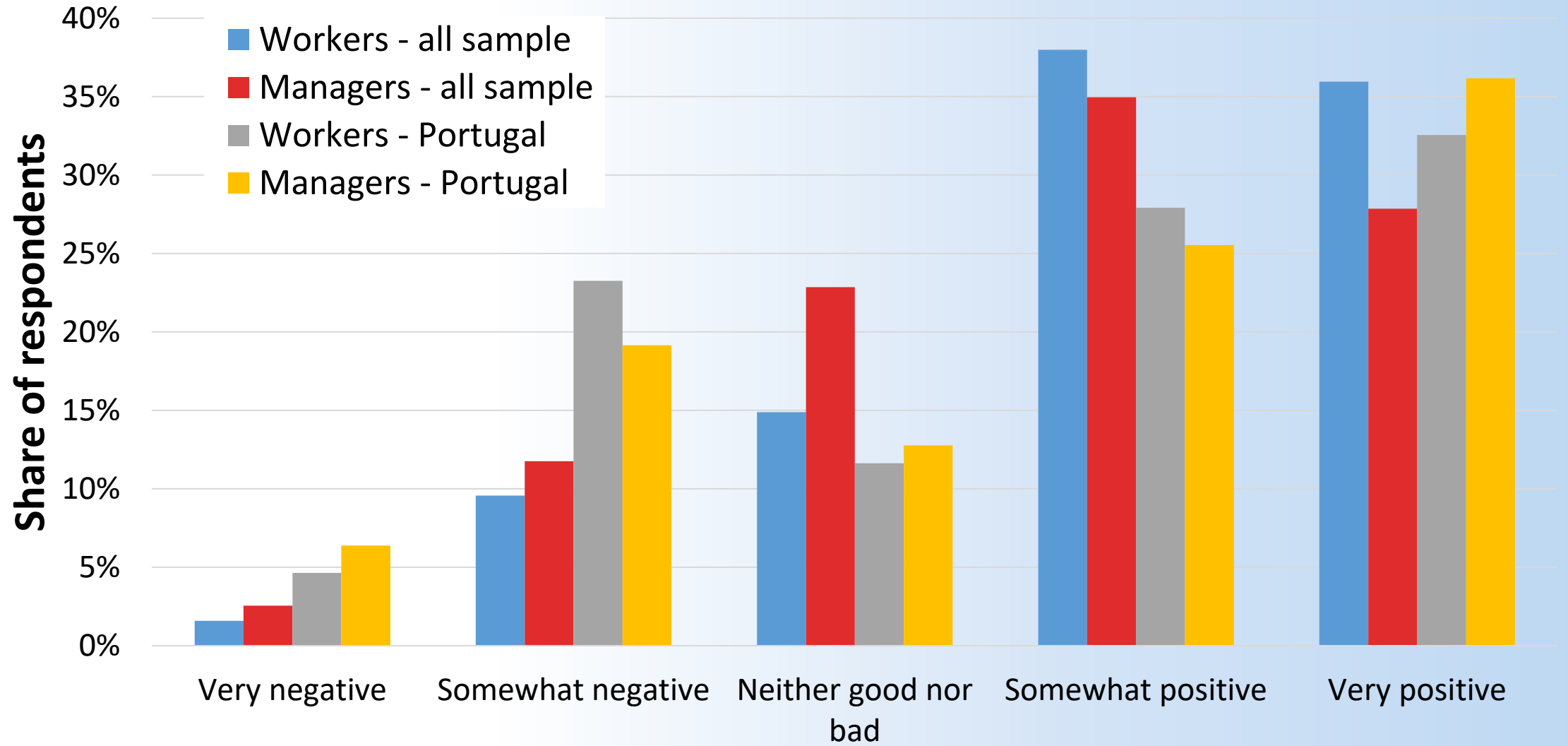
2. EXPERIENCE DURING COVID-19

MANAGERS AND WORKERS

The **experience of managers and workers** during the initial wave of the COVID-19 pandemic

What **adaptive measures** likely helped better firm performance according to **managers**?
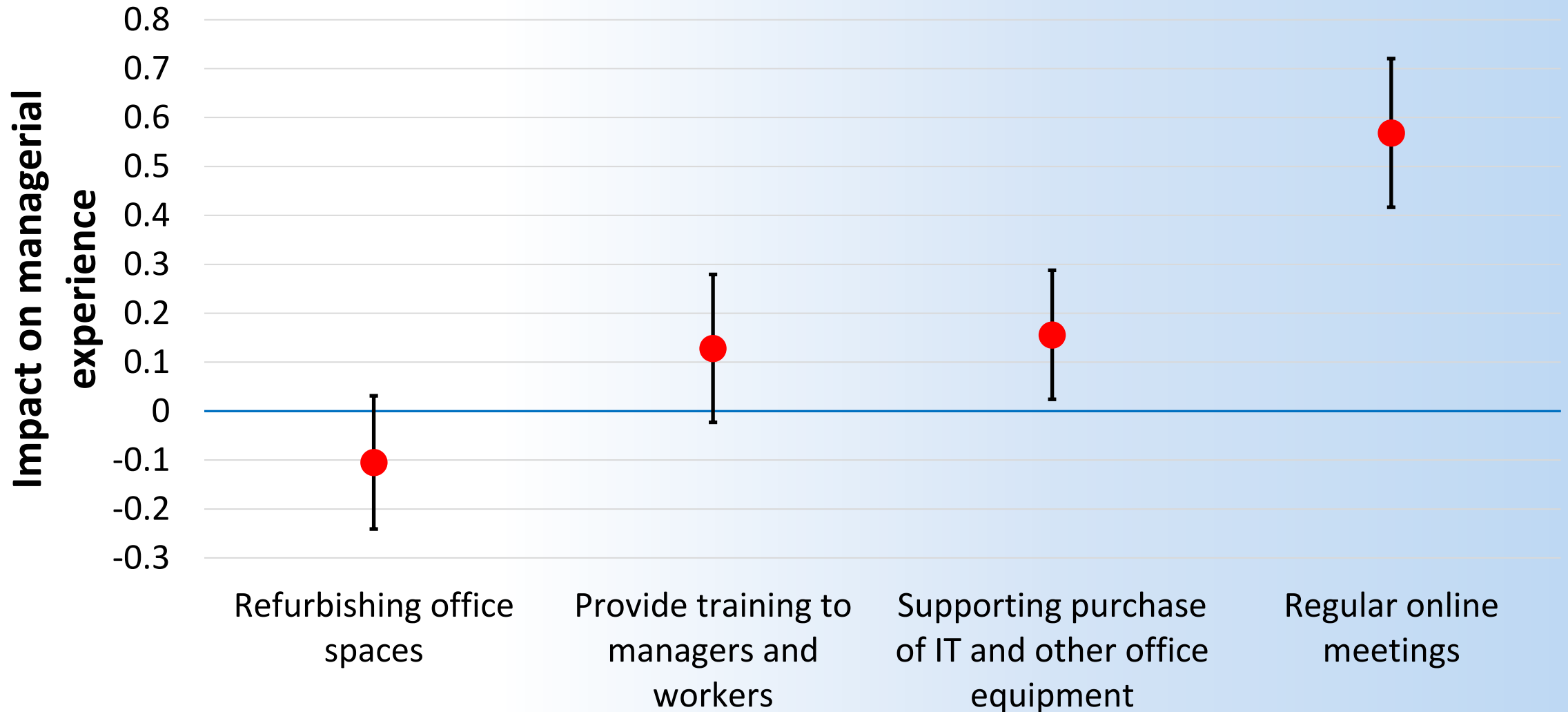
$$ManagerAssessment_{it}$$

$$= \sum_j \beta_{1j} AdaptiveMeasures_{ijt} + \beta_2 RegularTW_{it-1} + SME_{it} + D_c + D_s$$

- Organising online meetings
- Supporting purchase of IT and other equipment
- Training of managers and workers
- Refurbishing office space

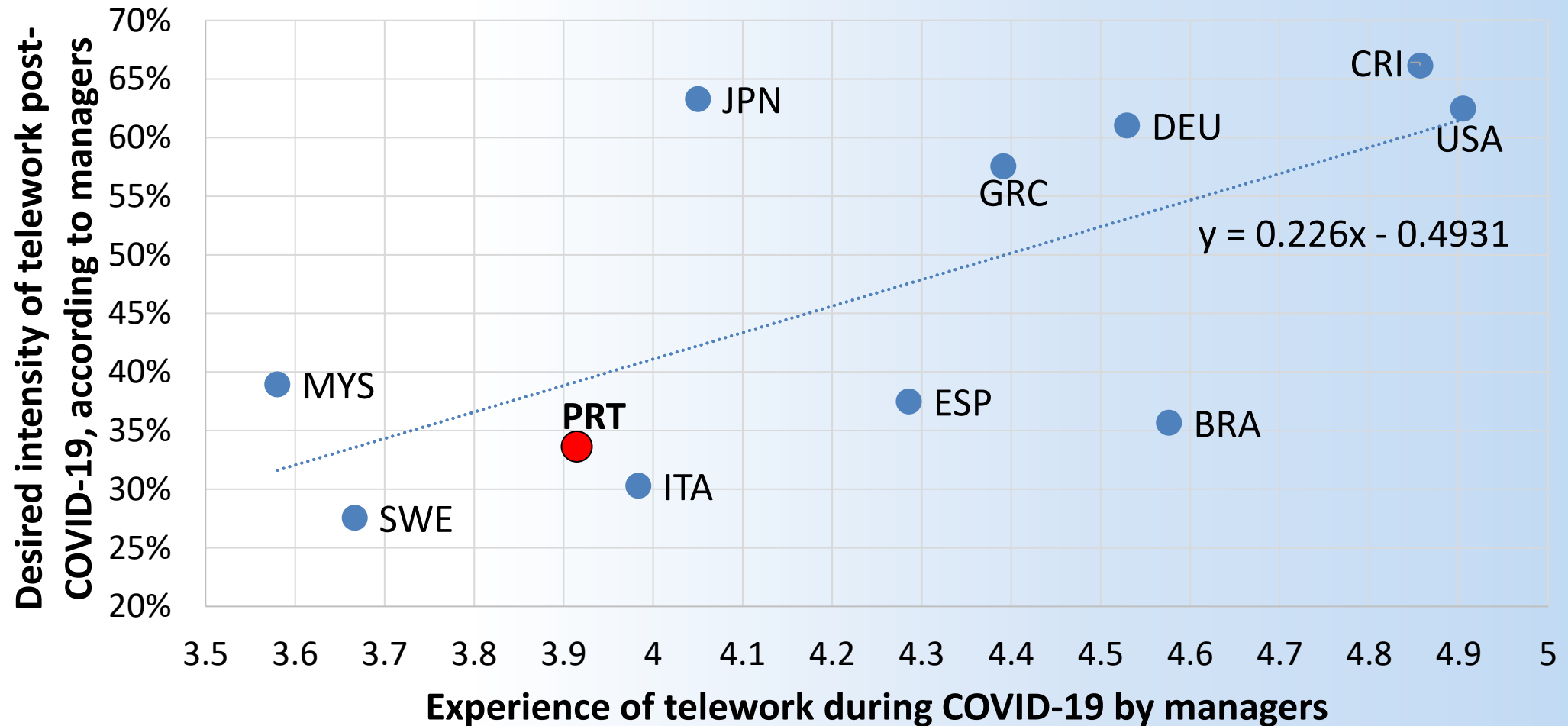We found $\beta_2 > 0$ and highly significant for managers

What **adaptive measures** likely helped better firm performance according to **managers**?

Countries with a **positive experience** during the pandemic are more **likely to desire higher intensity of telework post-COVID-19**
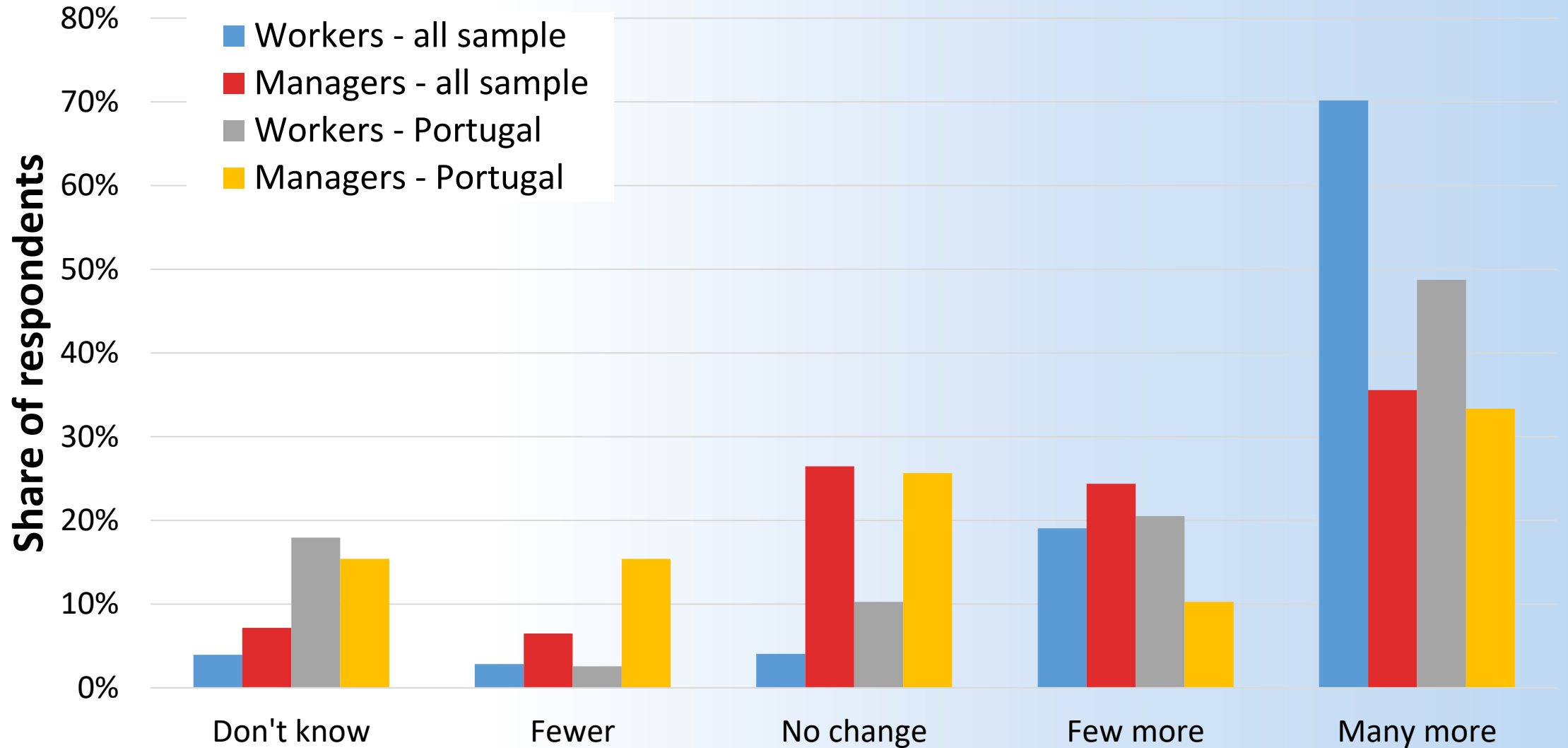
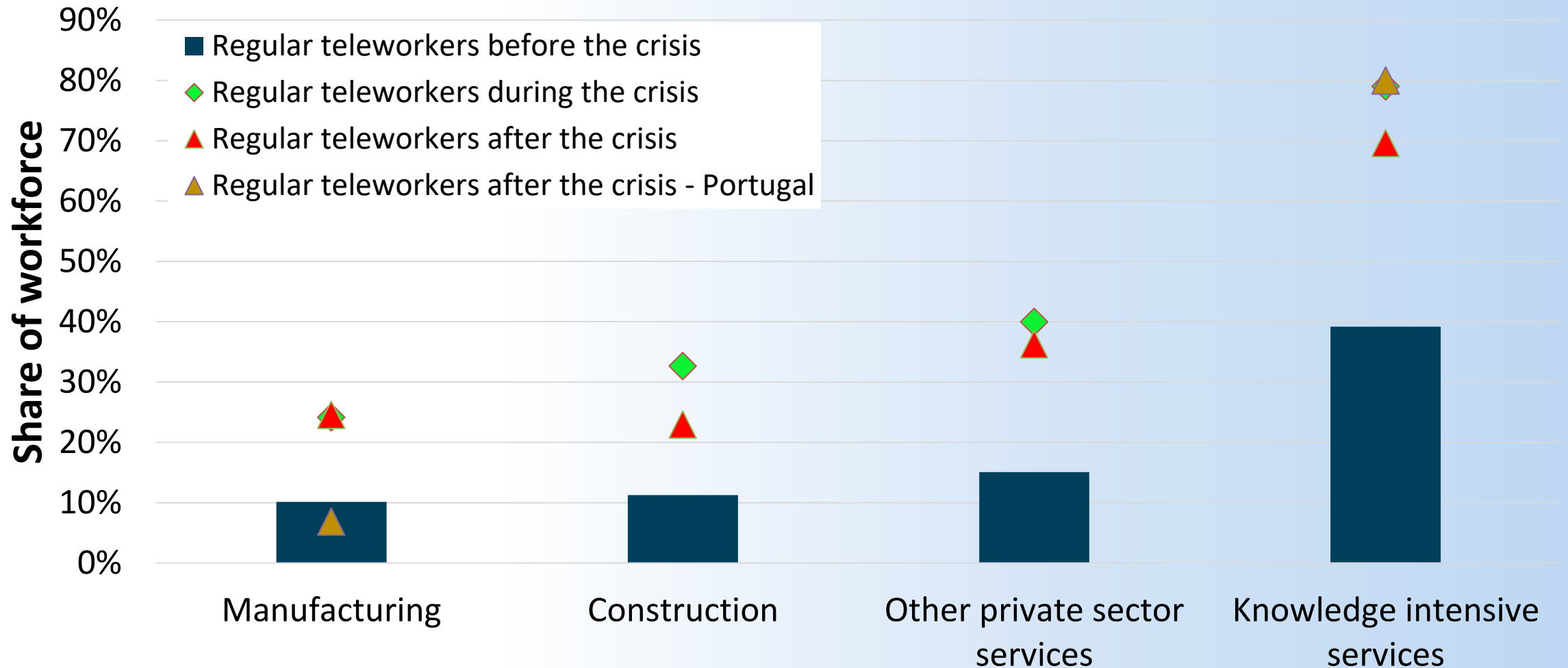# 3. EXPECTATIONS FOR THE FUTURE

MANAGERS AND WORKERS

About 90% of **workers** want more **telework in the future**
About 60% of **managers** expect more telework

Telework adoption will be more widespread after the pandemic according to **managers**

Legend:
- Regular teleworkers before the crisis
- Regular teleworkers during the crisis
- Regular teleworkers after the crisis
- Regular teleworkers after the crisis - Portugal

Y-axis: Share of workforce (0% to 90%)

Categories: Manufacturing, Construction, Other private sector services, Knowledge intensive services

Zooming in on ideal telework at the sectoral level according to **managers**
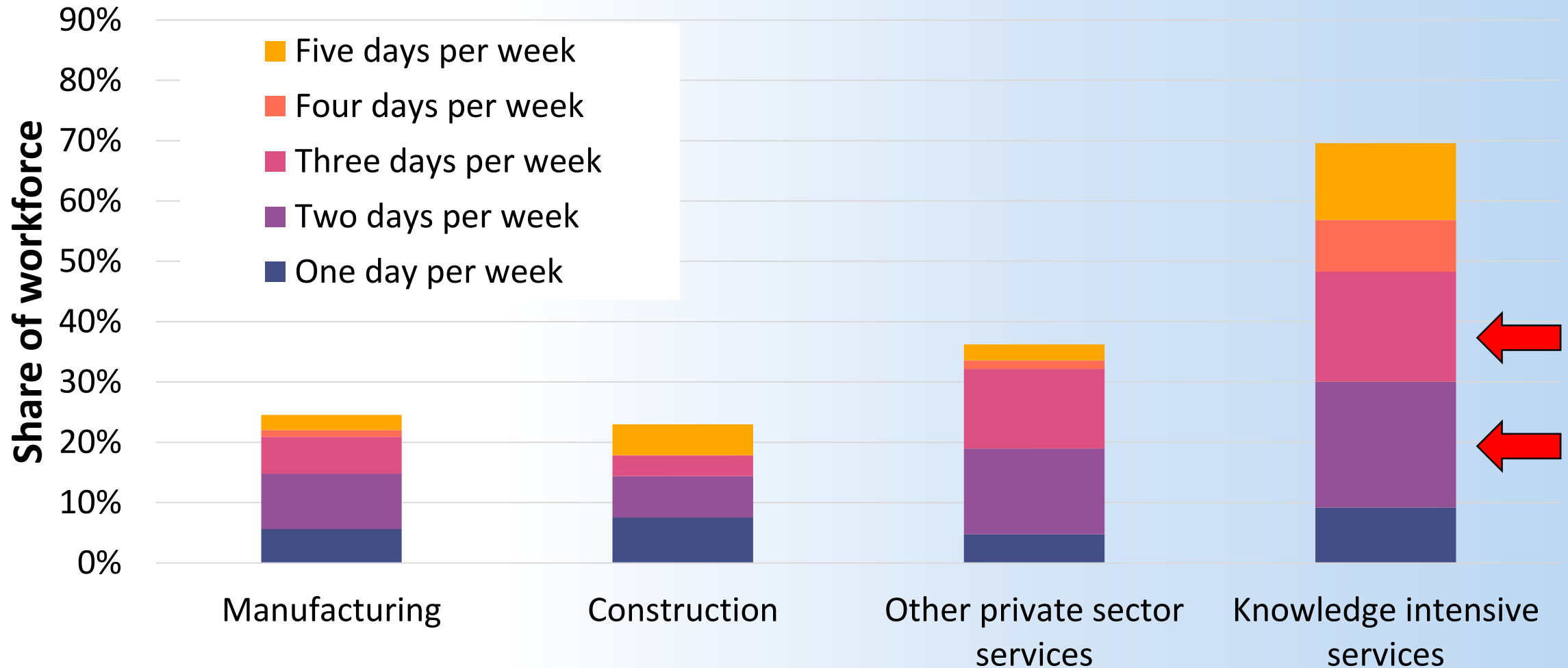
Workers and Managers agree on the "**sweet spot**" of telework

Advantages of telework according to **managers**
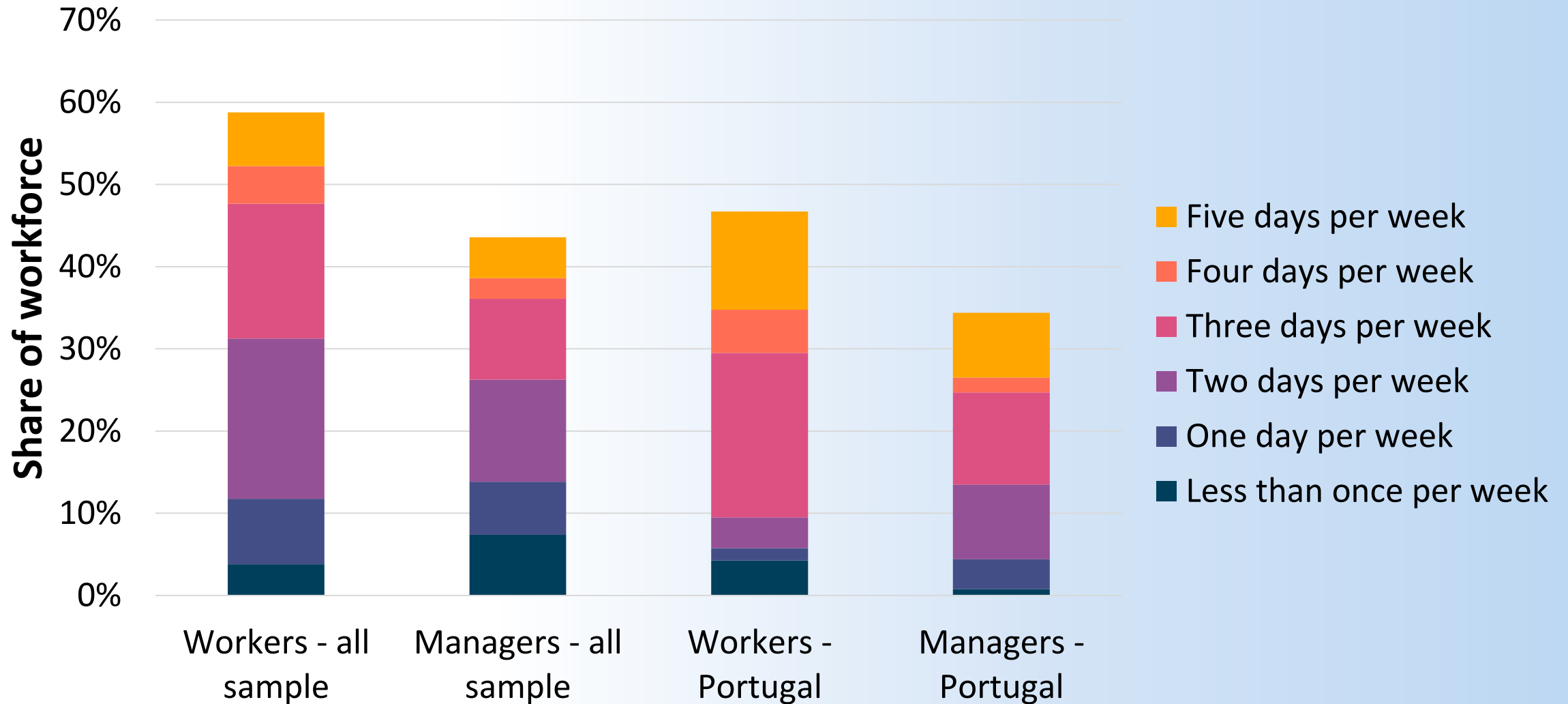
... but also **disadvantages**

Share of managers

90%
80%
70%
60%
50%
40%
30%

Less creative and innovative working environment

Training is more difficult

Employees identify less with the firm

Working as a team is more difficult
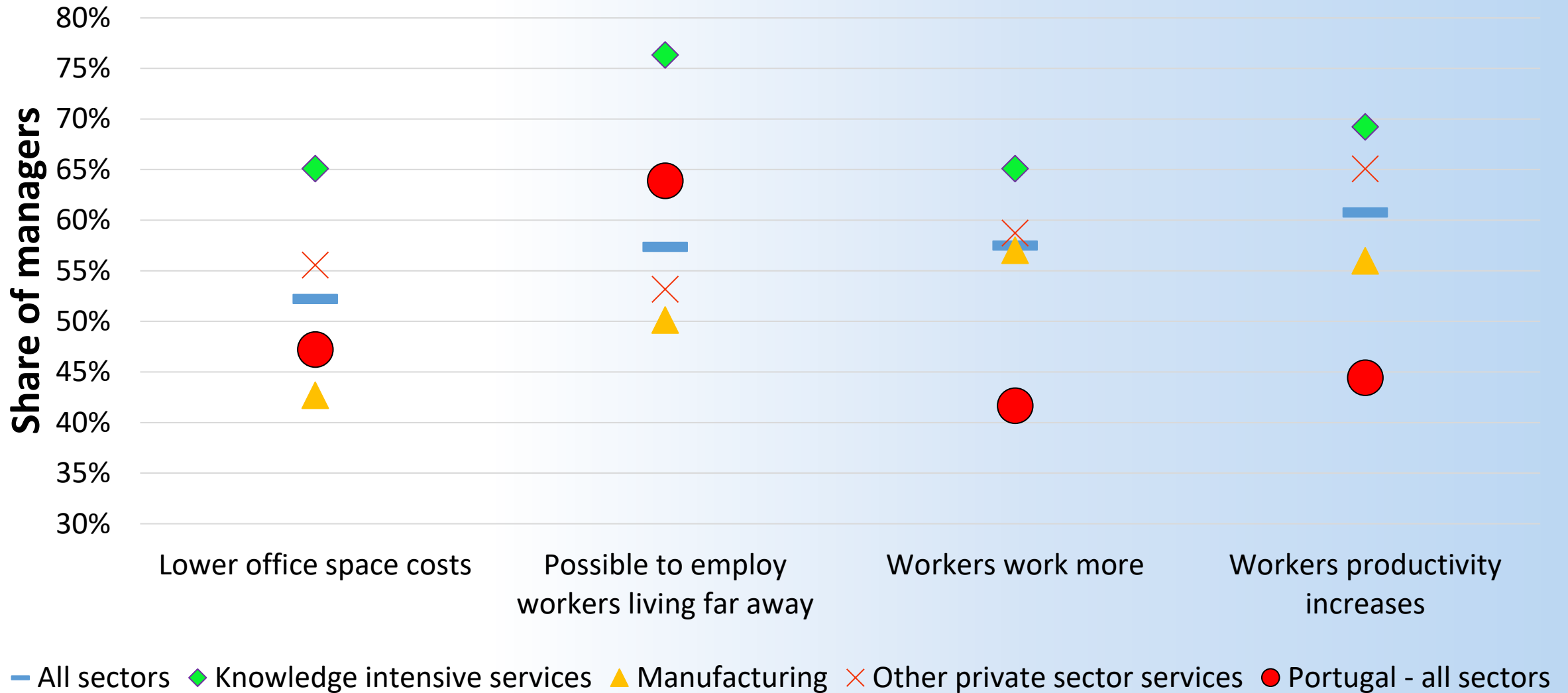
— All sectors ◆ Knowledge intensive services ▲ Manufacturing ✕ Other private sector services ● Portugal - all sectors

Workers find important **advantages as well as disadvantages**
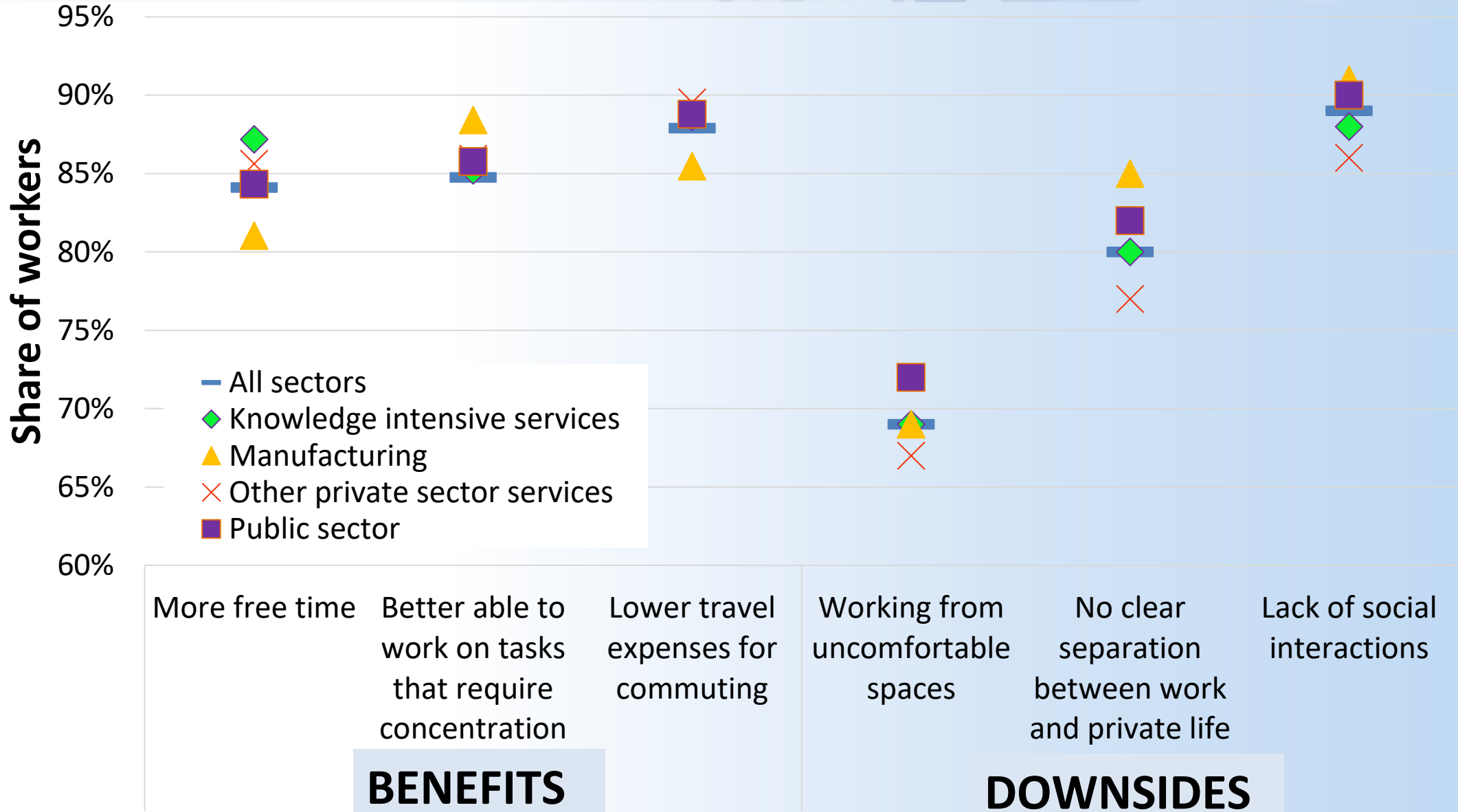
Share of workers

Legend:
- — All sectors
- ◆ Knowledge intensive services
- ▲ Manufacturing
- ✕ Other private sector services
- ■ Public sector

Categories:
- More free time
- Better able to work on tasks that require concentration
- Lower travel expenses for commuting
- Working from uncomfortable spaces
- No clear separation between work and private life
- Lack of social interactions

BENEFITS

DOWNSIDES

What **HR and management** measures should be taken to maximise benefits and minimize drawbacks?

Q: *What types of organizational changes and HR management practices would you find useful to introduce to better accommodate teleworking?*

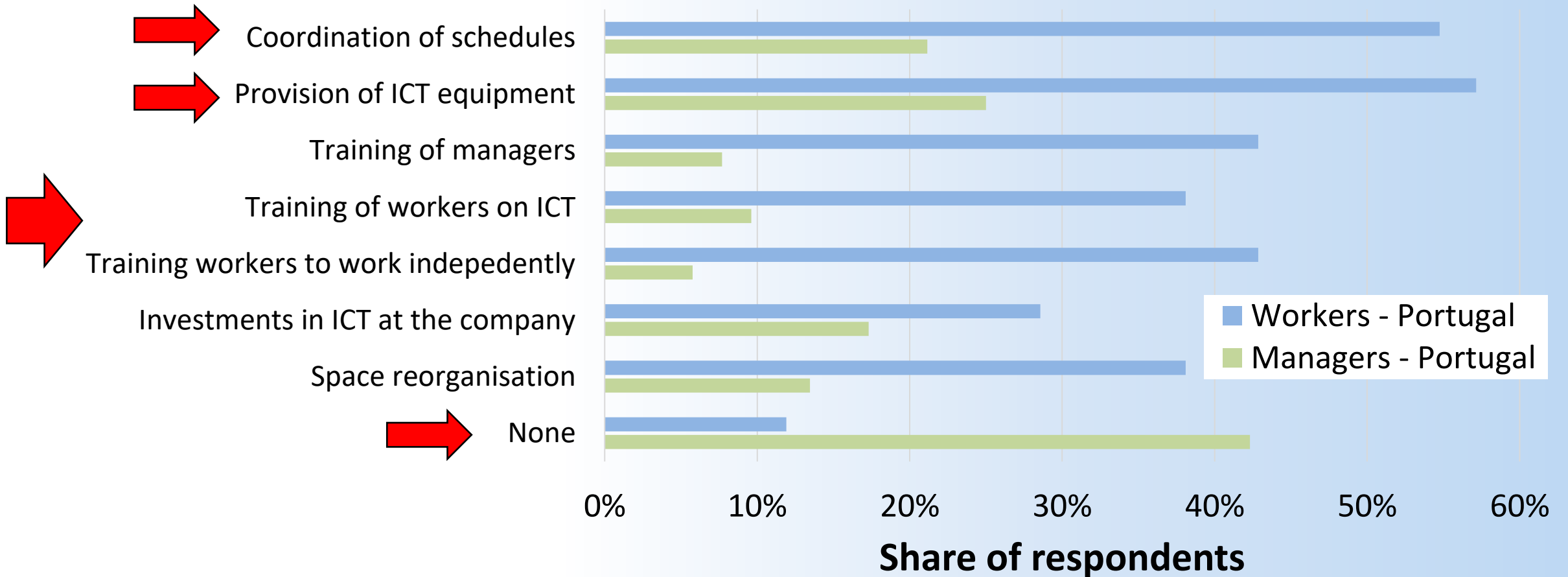# What **HR and management** measures should be taken to maximise benefits and minimize drawbacks?

Q: *What types of organizational changes and HR management practices would you find useful to introduce to better accommodate teleworking?*
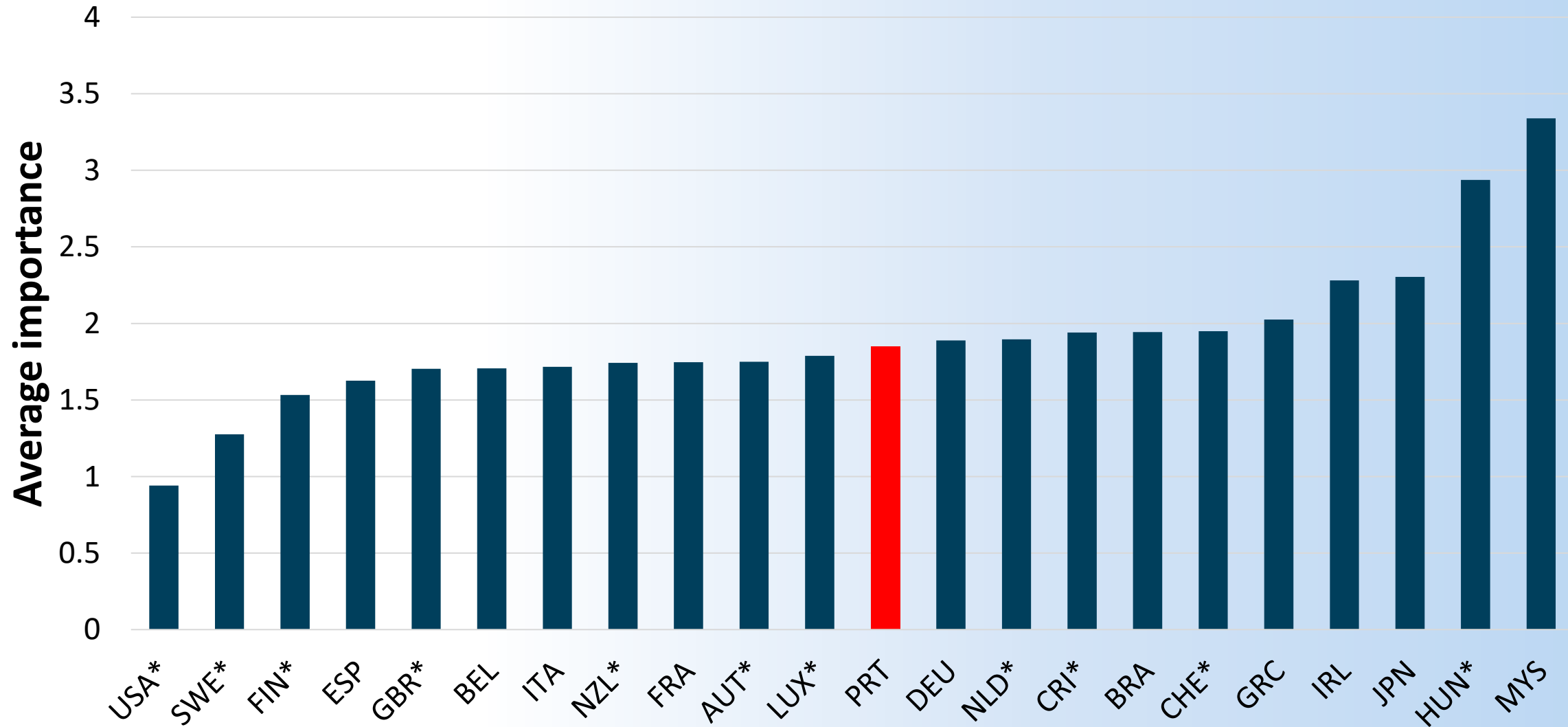

Categories (top to bottom):
- Coordination of schedules
- Provision of ICT equipment
- Training of managers
- Training of workers on ICT
- Training workers to work indepedently
- Investments in ICT at the company
- Space reorganisation
- None

Legend:
- Workers - Portugal
- Managers - Portugal

X-axis: 0%, 10%, 20%, 30%, 40%, 50%, 60%

Share of respondents
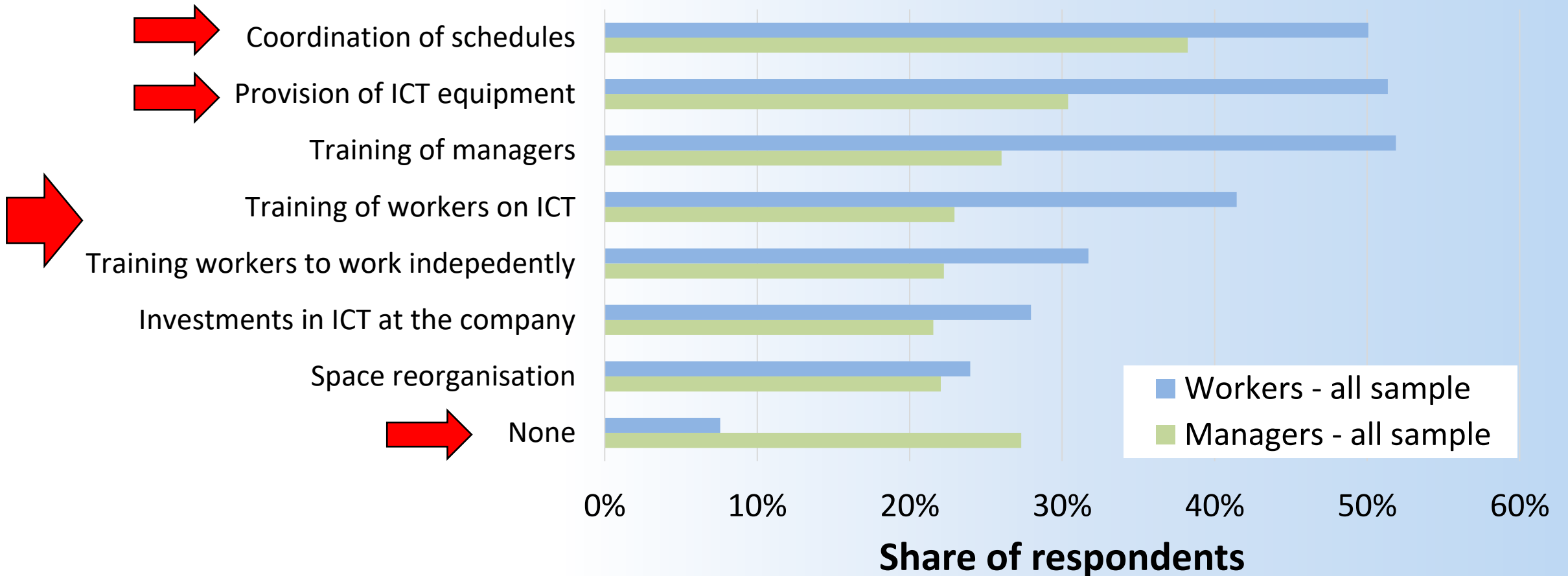
ICT infrastructure preventing more telework, to varying degrees by country

Average importance

USA* SWE* FIN* ESP GBR* BEL ITA NZL* FRA AUT* LUX* PRT DEU NLD* CRI* BRA CHE* GRC IRL JPN HUN* MYS

* Countries with less than 50 respondents

SUMMARY & POLICIES

Summary of survey results

1. COVID-19 catalysed permanently more widespread telework

- Widespread telework was a *new but positive experience* for most managers and workers during COVID-19. In contrast, the Portuguese sample shows a relatively less positive assessment of the period
- Most managers and workers *expect and wish telework to stay,* even if the Portuguese sample is less optimistic
- Most managers and workers consider *intermediate levels of telework as ideal*

2. Telework raises firm performance

- Managers expect telework to *improve worker efficiency* (again, less consensus on this among Portuguese managers), *job matching* and enable *cost reductions*

3. Telework improves worker satisfaction

- Workers appreciate telework for the *comfort of working from home and* saving on the *commute*

4. Telework has potential (long-term) downsides that should be addressed

- Managers worry about *knowledge flows, team work* and *loyalty* to the firm
- Workers worry about lack of *isolation*, *blurring between working and private life* and inappropriate *home office space*
- There is perceived need for *coordination, investments*, and *training* (less so in Portugal)

Policies to raise the gains from telework
Example policies to "enable, empower and protect"

Enable	**Infrastructure:** ICT, childcare **Culture:** Corporate culture, digital public services
Empower	**Skills:** Online training, lifelong learning **Organisation:** Management training
Protect	**Rights:** Right to disconnect **Regulation:** Health insurance, safety regulation

Thank you

ADDITIONAL SLIDES

Sample of companies from Portugal