

## **An Idea Still in Infancy: Why the Work-From-Home Revolution is Not Coming Just Yet**

\*Mrugank Bhusari

“Office centricity is over”, proclaimed Tobi Lutke, CEO of Shopify, as he joined a stream of major companies in announcing a considerable extension of the company’s Work-From-Home (WFH) policy. Five months into a forced experiment with WFH, this strategy is being touted as a long-awaited global revolution in work policy that will dramatically transform firms’ operating costs, labour productivity and the social life of workers. However, such assessments seem rather ambitious and pre-mature. In reality, WFH is unlikely to have a radical impact in the foreseeable future. Under current economic conditions, it will certainly not be the mass movement imagined. The idea is very much yet in its infancy and policy derived from data collected in this period of global upheaval and anxiety is bound to be misguided.

### **Practicality: Who can work from home?**

The gifts of this ‘revolution’ are inequitably distributed across occupations, industries, and economies, as WFH under current conditions is not a viable option for a major portion of the workforce. WFH favours those occupations and industries that can be conducted online, meaning large segments of the workforce engaged in industries that necessitate in-person participation are deprived of WFH. In fact, even in the US, an advanced economy, only 29% Americans could WFH in 2018, according to the USA Bureau of Labour Statistics.

The efficiency of WFH depends on the availability of corresponding infrastructures, devices, and technologies. These include personal computers, high speed internet and extensive reliable electricity connections, and applications to facilitate secure

communication and collaboration. The lack of these is a limiting factor particularly in developing and emerging economies, where large portions of the population have limited access to the internet.

Moreover, at the firm level, such a shift entails significant transition costs. The technological costs are themselves considerable; investment in both hardware and software will be crucial for ensuring secure transfers of confidential information and data, as well as for effective management. But more importantly, employees will have to be retrained to adapt to performing tasks using different technologies, especially if they are unfamiliar with those technologies. These transition costs can be prohibitive, particularly for small firms in the short- and medium-terms.

The subjects of this revolution are subsequently few, with WFH directly impacting primarily the lives of young high-earning workers acquainted with modern technologies residing in advanced economies. It should hence not come as a surprise that the bulk of high-profile companies to announce long-term WFH policies are tech companies.

### **The Pressures of Profit**

The potential of WFH for companies that can viably implement it is tremendous and the excitement surrounding it is understandable. Companies could accelerate labour productivity by scrapping unnecessary meetings, reducing distractions, issuing fewer sick days and gaining time typically lost to transit. Discarding the requirement of physical presence would allow firms to attract and hire talent from around the world. In fact, as workers face stiffer competition for their job due to the expanded supply of talent, is it plausible to expect them to put greater effort into their jobs, and perhaps be more productive and efficient. Most importantly, firms can reduce office space and thus save a sizable chunk of operating costs.

The incentives are thus immense, aligned towards adopting WFH. However, concerns remain regarding possibilities for spontaneous innovation, creativity, and team dynamics in the absence of in-person interactions which are crucial for team performance. In the pre-pandemic period, this uncertainty compelled companies to wait and seek empirical experience with the strategy prior to introducing a major WFH policy.

Constrained by little previous empirical experience with WFH, companies are now relying on data collected in the last five months to formulate work policies. Unsurprisingly, the results so far have varied considerably across firms and industries. While some firms have found it so successful that they have already announced long-term changes to work policy, others have found it so dismal that they are insisting on office attendance even as health risks remain high.

These variations are explained by the extraordinary circumstances under which WFH is being conducted and examined. Experiments and data-finding missions prior to adopting a major policy change should recreate the policy in an environment that resembles reality as accurately as possible. However current conditions are anything but normal. Currently, employees are working at home without a choice, in spaces unsuited for the task, with no in-office days, in an era of heightened general anxiety, alongside their children, without househelps and babysitters. Simultaneously it is plausible to expect that in a period characterised by unemployment rates unobserved in recent history, workers are putting in extra effort and extra hours to maintain their employment. Worker incentives are thus heavily distorted and work conditions at home are clearly not conducive for productive output, subsequently manipulating the final results of this WFH experiment. Companies should hence resist treating this pandemic data too seriously.

### **Partially-Fulfilled Promises for People**

There is far greater excitement of WFH for its anticipated impact on the employees themselves, and their social as well as work lives. WFH will reapportion transit time

towards time spent with friends and family and create opportunities for socialising within the community. It can allow individuals to pursue other goods in life which require in-person participation elsewhere without sacrificing their work duties. It even has potential to assist in tackling some societal ills that have seeped into the workplace such as harassment and discrimination. However, here too, empirical evidence suggests that the excitement has been somewhat hasty.

The vitality of the office as a social space cannot be ignored. In an office-setting, we spend time interacting with multiple persons and develop spontaneous relationships with colleagues. It is precisely the distractions, the gossip, and the tea breaks in the office that make it a valuable social space. Social isolation resulting from WFH is hence a serious concern, especially considering its link to productivity and mental health. Empirically, as people are leading deliberately socially distanced lives, data regarding social lives collected during the pandemic is unreliable due to the difficulty in disaggregating the impact of WFH. But previous research has indicated employees who were working from home reported feeling lonely, depressed and isolated, and that after long periods of WFH, several employees preferred to return to the office when given the opportunity. In the absence of office space, a WFH regime will have to imagine alternative social spaces and institutions to replace office centrality.

Moreover, office centrality cannot be replaced by home centrality for some people. Homes can be centres of abuse, and leaving home for work can provide temporary relief to victims of abuse. More time spent at home increases exposure to the risk of abuse. For some others, especially those living in urban areas within emerging economies, homes may be simply too densely packed to be conducive to productive work. Families in these living conditions often develop intricate arrangements of entry and exit to ensure that the home never gets too crowded in the day. In such households, workers may prefer distant office spaces to a cramped home space for work.

On the other hand, offices themselves can be unwelcoming spaces for some, particularly those facing racial, sexual, gendered, or other kinds of harassment. By avoiding in-person contact between individuals, WFH has the potential to combat such harassment. But disappointingly, recent experiences have shown such workplace ills follow their victims home and simply manifest themselves in novel ways. Consider the case of women. Even after WFH, women have been subject to sexual harassment in the form of inappropriate messages and dress codes during video calls, insistence on video calls well after office hours, sexist jokes, and virtual stalking. Much of the promise of WFH for people thus remains to be fulfilled.

### **An Idea Yet In Its Infancy**

WFH is far more complex than merely shifting one's work home. We know little about the true nature of its implications for profit-seeking firms and its employees. Lockdowns worldwide have supplied a torrent of new data and experiences, but owing to the extraordinary circumstances of this era, they should not be taken too seriously. In its current conception, WFH is hence unlikely to engender the transformational revolution we are asked to imagine.

However, this is not to say there is no cause for excitement. The pandemic-induced experience with WFH has generated a much needed buzz about WFH and has ushered in a sense of urgency to the debate. People and firms have both become acquainted with the idea of WFH and have been compelled to recognise the nuances entrenched in it. This can only result in deeper scrutiny and careful design of WFH policies in the future.

The status quo of long commutes and expensive office space is not preferable to any stakeholder. But companies should resist adopting long-term WFH strategies just yet. The idea is yet in its infancy. But just like an infant, with careful nurturing, this idea too will grow, it will eventually make mistakes, but it will learn and adapt to changing circumstances. WFH is a good idea whose time will come, but that time is not here yet.

.....

\*Mr. Mrugank Bhusari is an undergraduate at Tufts University, USA studying International Relations and Quantitative Economics. He has also studied Philosophy, Politics and Economics (PPE) as a Visiting Student at Pembroke College, University of Oxford. He is currently working as a Research Intern at BIPSS. His research interests include global governance, development economics, experimental economics, conflict and migration.