

## ECONOMIC FINDING

# Why Working From Home Will Stick

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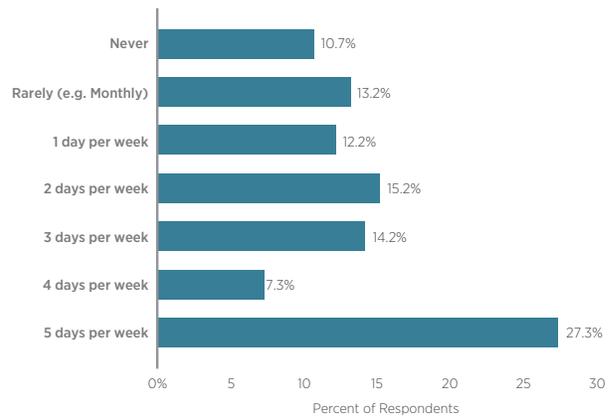
Nearly one-quarter (22%) of full workdays will be supplied from home in the United States after the pandemic, compared with just 5% before, and productivity will improve.

One of the looming pandemic-related questions for the US economy is to what degree workers will remain working from home when the pandemic ends. By some estimates, roughly half of all work occurred at home, either in whole or in part, through October 2020. Crucial to this question is not only whether workers can work from home, but whether they should. Put another way, does worker productivity suffer when it occurs at home?

The authors surveyed 15,000 working-age Americans between May and October 2020 in waves, and the authors' analysis of those responses reveals the following five reasons why working from home will likely stick:

- 1. Reduced stigma.** Most respondents report perceptions about working from home have improved among people they know.
- 2. Employer learning.** The pandemic forced workers and firms to experiment with working from home en masse, enabling them to learn how well it actually works.
- 3. New investment.** The average worker invested over 13 hours and about \$660 dollars in equipment and infrastructure to facilitate working from home, amounting to 1.2% of GDP. In addition, firms made sizable investments in back-end information technologies and equipment to support working from home.
- 4. Lingering fear.** About 70% of respondents expressed a reluctance to return to some pre-pandemic activities, even when a vaccine is widely available, for example, riding subways and crowded elevators, or dining indoors at restaurants.
- 5. New technologies.** The rate of innovation around technologies that facilitate working from home has likely accelerated.

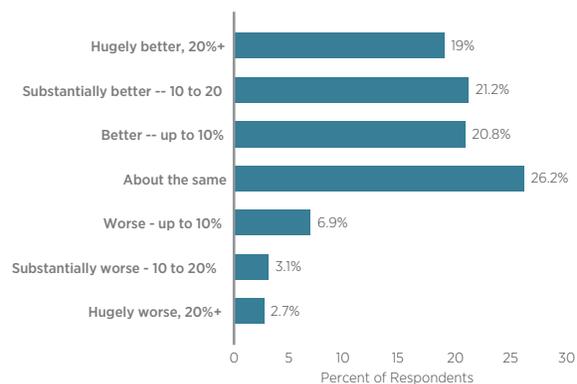
**Figure 1** • Question: In 2022+ (After COVID-19) How Often Would You Like to Have Paid Work Days at Home?



Notes: Data are from 15,000 survey responses collected in May, July, August, September, and October 2020 by Inc-Query and QuestionPro. Each wave collected 2,500 responses, except the August wave which collected 5,000.

Sample: Respondents who report being able to WFH or did at some point during COVID.

**Figure 2** • The WFH Experience Has Exceeded Expectations  
Question: Relative to Expectations, How Has WFH Turned Out?



Notes: Data are from 15,000 survey responses collected in May, July, August, September, and October 2020 by Inc-Query and QuestionPro. Each wave collected 2,500 responses, except the August wave which collected 5,000. We re-weight raw responses to match the share of working age respondents in the 2010-2019 CPS in each {industry x state x earnings} cell.

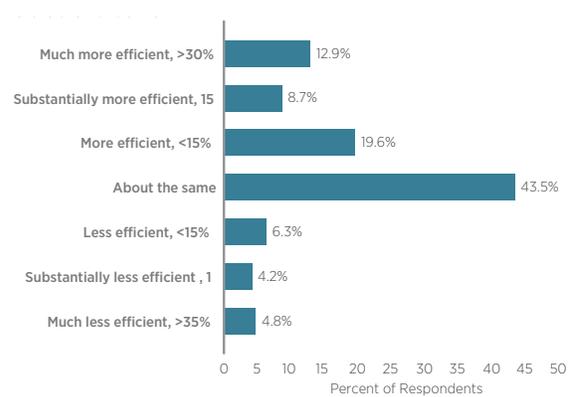
Network effects are likely to amplify the impact of these five mechanisms. For example, coordination among several firms will facilitate doing business while their employees are working from home. When several firms are operating partially from home, it lowers the cost for other firms and workers to do the same, creating a positive feedback loop.

For dense cities like New York and San Francisco, a pronounced shift to working from home will likely have a negative effect. The authors estimate that worker expenditures on meals, entertainment, and shopping in central business districts will fall by 5% to 10% of taxable sales.

Finally, many workers reported higher productivity while working from home during the pandemic than previously. Taking the survey responses at face value, accounting for employer plans about who gets to work from home, and aggregating, the authors estimate that worker productivity will be 2.4% higher post-pandemic due to working from home.

**Figure 3** - Efficiency of WFH vs. Working on Business Premises

Question: How Does Your Efficiency Working from Home During the COVID-19 Pandemic Compare to Your Efficiency Working on Business Premises Before the Pandemic?



Notes: Data are from 15,000 survey responses collected in May, July, August, September, and October 2020 by Inc-Query and QuestionPro. Each wave collected 2,500 responses, except the August wave which collected 5,000. We re-weight raw responses to match the industry-state-earnings shares of working-age persons in the CPS from 2010 to 2019.