Why Working From Home Will Stick

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Surveys reveal that 20 percent of full workdays will be supplied from home after the pandemic ends, compared with just 5 percent before.

COVID-19 triggered a mass social experiment in working from home (WFH). Americans, for example, supplied roughly half of paid work hours from home between April and December 2020, as compared to 5 percent before the pandemic. Will this phenomenon continue after the pandemic ends?

To answer this question and to gauge other post-pandemic effects, the authors employed multiple waves of data from an original cross-sectional survey design that they have fielded about once a month since May 2020, and which includes 27,500 responses from working-age Americans. Their findings include the following:

- Employers plan for workers to supply 20.5 percent of full workdays from home after the pandemic ends. Roughly speaking, WFH is feasible for half of employees, and the typical plan for that half involves two workdays per week at home. Business leaders often mention concerns around workplace culture, motivation, and innovation as important reasons to bring workers onsite three or more days per week, while acknowledging net WFH benefits for one or two days per week.

- Most workers welcome the option to work remotely one or more days per week, according to our data, with respondents willing to accept pay cuts of 8 percent, on average, for the option to work from home two or three days per week after the pandemic. WFH desires are pervasive across groups defined by age, education, gender, earnings, and family circumstances. The actual incidence of WFH rises steeply with education and earnings.

- The extent of WFH in the post-pandemic economy is four times its pre-pandemic level, but only two-fifths of its average level during the pandemic. This implies a partial reversal of the massive COVID-induced surge in WFH. The reversal mostly involves adjustments on the intensive margin, whereby many persons WFH five days per week during the pandemic will shift to two or three days per week after it ends.

These shifts in work patterns will have important consequences. For example, high-income workers, especially, will enjoy large benefits from greater remote work. Also, spending in major city centers will fall by 5-10 percent or more relative to pre-pandemic levels. Finally, the authors’ data on employer plans and the relative productivity of WFH imply a 6 percent productivity boost in the post-pandemic economy due to re-optimized working arrangements. Less than one-fifth of this productivity gain will show up in conventional productivity measures, because they do not capture gains from less commuting.

Figure 1 · Extent of Working from Home During, Before and After COVID

Source: Responses to the questions: “Currently (this week) what is your work status?” and “After COVID, in 2022 and later, how often is your employer planning for you to work full days at home?”

Notes: Data from 22,500 survey responses collected in May, July, August, September, October, November, and December 2020 by Inc-Query and QuestionPro. Each wave collected 2,500 responses, except the August and December waves, 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.