

Working From Home After the Pandemic

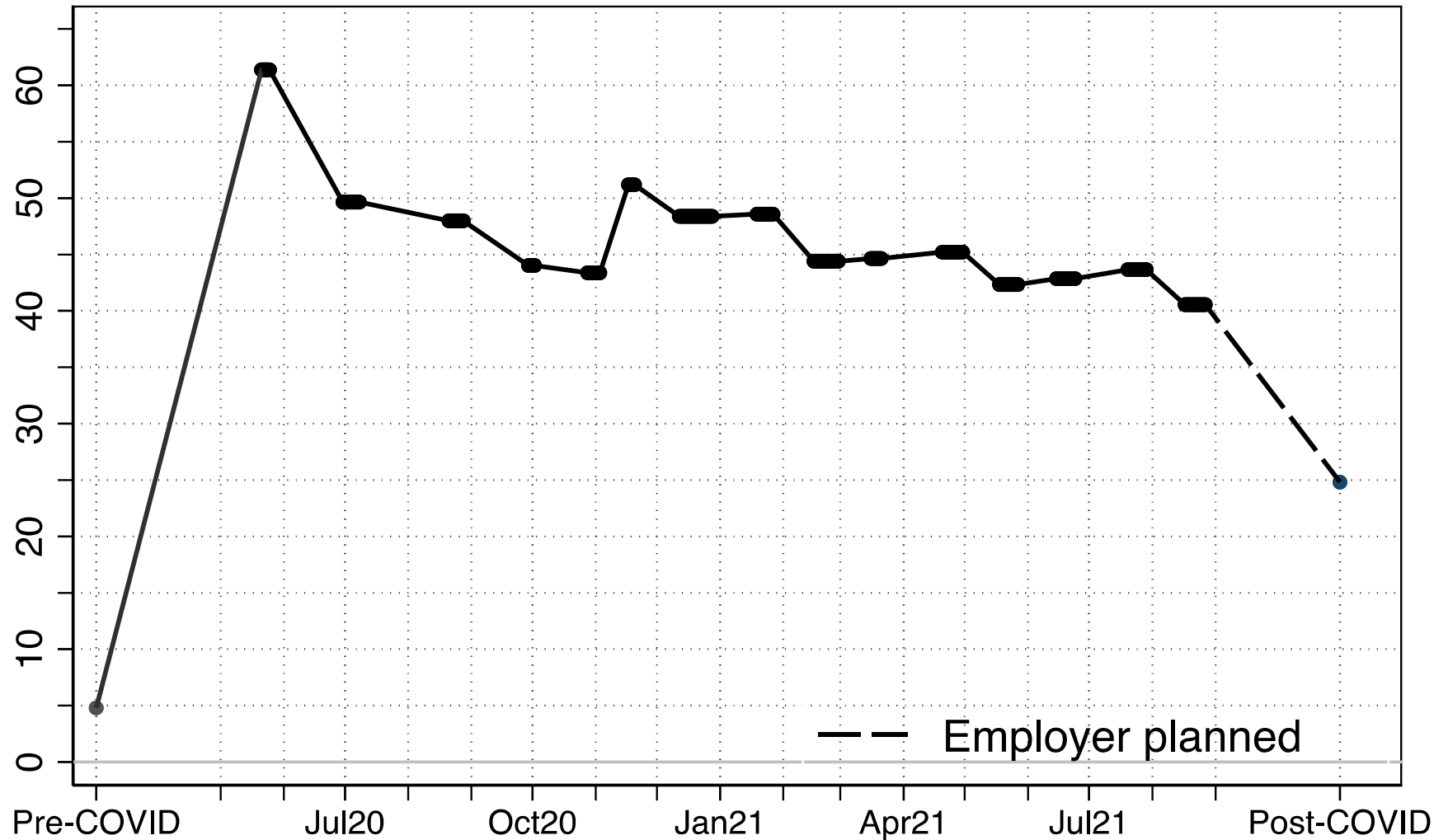
Nick Bloom (Stanford)

Daiwa Anglo-Japanese Foundation, September 2021



Days WFH go from 5% (pre-COVID) to 50% (now) to $\approx 25\%$ (post-COVID)

Percentage of paid full days worked from home



Notes: Data are from the survey waves carried out by QuestionPro and IncQuery with 2,500 to 5000 responses per month. 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.

Source: “Why working from home will stick”, Jose Barrero, Nick Bloom and Steve Davis (2021, NBER WP)

*Pre-COVID estimate taken from the 2017-2018 American Time Use Survey

**Post-COVID estimate based on the latest survey wave

Hybrid (e.g. 3-2) Combines the Benefits of Office and Home

Working In the Office

- 1. Good for creativity**
- 2. Good for culture**

Working From Home

- 1. Quiet**
- 2. Saves on Commute**

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MARKETS

Citigroup Plans for Hybrid Workforce Post-Pandemic

Most staffers will be expected to be in the office only three days a week when the world emerges from the coronavirus pandemic

By [David Benoit](#)

March 23, 2021 1:11 pm ET



'We will be thoughtful about when we ask colleagues to be in the office together,' Chief Executive Jane Fraser wrote to Citigroup employees.

PHOTO: EMILY ASSIRAN FOR THE WALL STREET JOURNAL

Business

HSBC CEO Plans for Permanent Hybrid Work, Much Less Jet-Setting

By [Denise Wee](#) and [Francine Lacqua](#)

September 2, 2021, 2:00 PM PDT

- ▶ Lender sees 50% reduction in travel budget post-pandemic
- ▶ Bank is slashing real estate footprint across its offices



WATCH: Full interview with HSBC CEO Noel Quinn on Bloomberg's "Front Row."

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▶ 2:38

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HSBC Holdings Plc isn't about to throw away its pandemic-era ways of working.

The bank, which is in the midst of a historic pivot and cost cutting program, predicts it will be operating in a profoundly different way after the virus outbreak ebbs, with as many as 70% of its staff backing a hybrid working model and with its business travel budget cut in half.

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The Keyword

A hybrid approach to work



Sundar Pichai

CEO of Google and
Alphabet

Published May 05, 2021

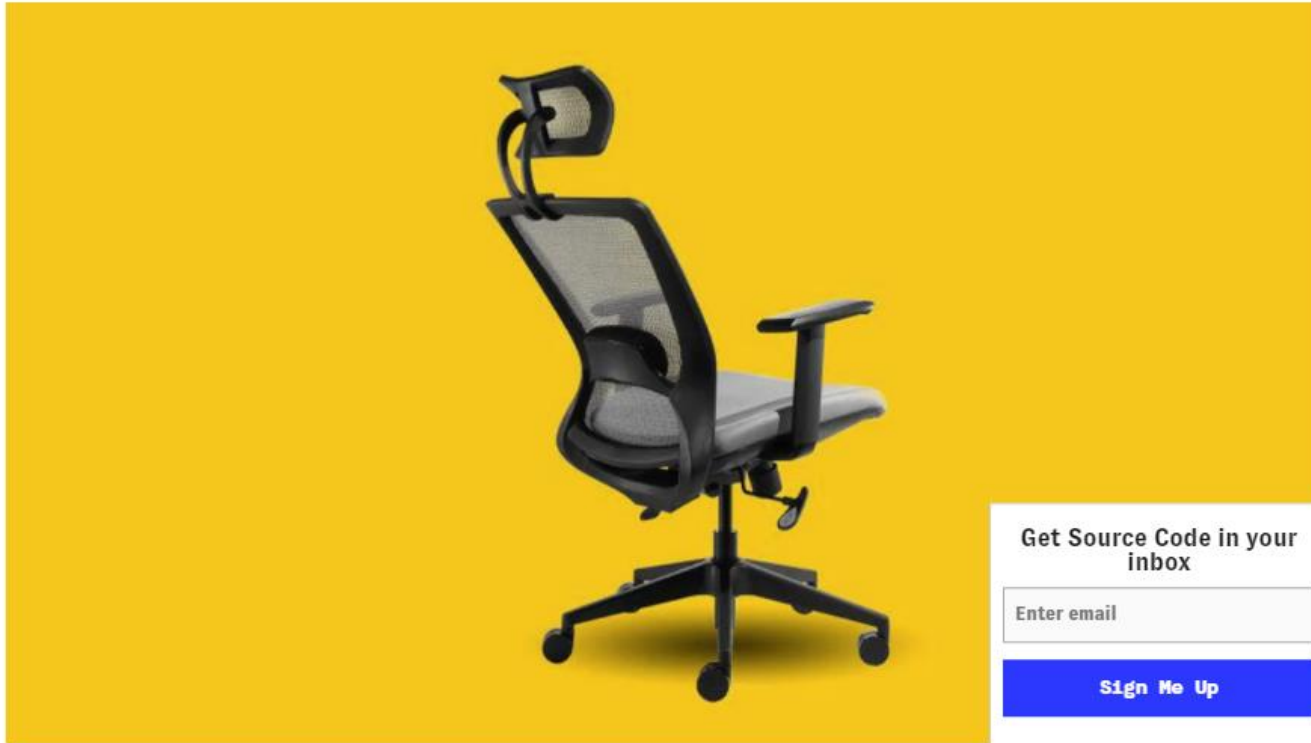
A more flexible work week:

- We'll move to a hybrid work week where most Googlers spend approximately three days in the office and two days wherever they work best. Since in-office time will be focused on collaboration, your product areas and functions will help decide which days teams will come together in the office. There will also be roles that may need to be on site more than three days a week due to the nature of the work.

RETURN TO WORK

Amazon opts for three-day hybrid work plan

Amazon expects corporate employees to return to offices in September.



Seeking frequent occupants. | Image: Jackycha / Protocol

By Hirsh Chitkara | June 10, 2021



Amazon [updated its return-to-office guidelines](#) on Thursday, opting for a "baseline" of three days in-office. The specific in-office days will be determined by individual leadership teams within the company. Employees can show up in person for work four or five days a week, should they desire it.

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One reason: firms not offering some WFH risk losing 40% of employees (particularly employees important for DEI)

If my employer announced that all employees must return to the worksite 5+ days a week on Aug. 1, 2021, I would



Notes: Data from two surveys in June and July 2021 carried out by IncQuery with 5000 responses each. 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.

Source: www.wfhresearch.com

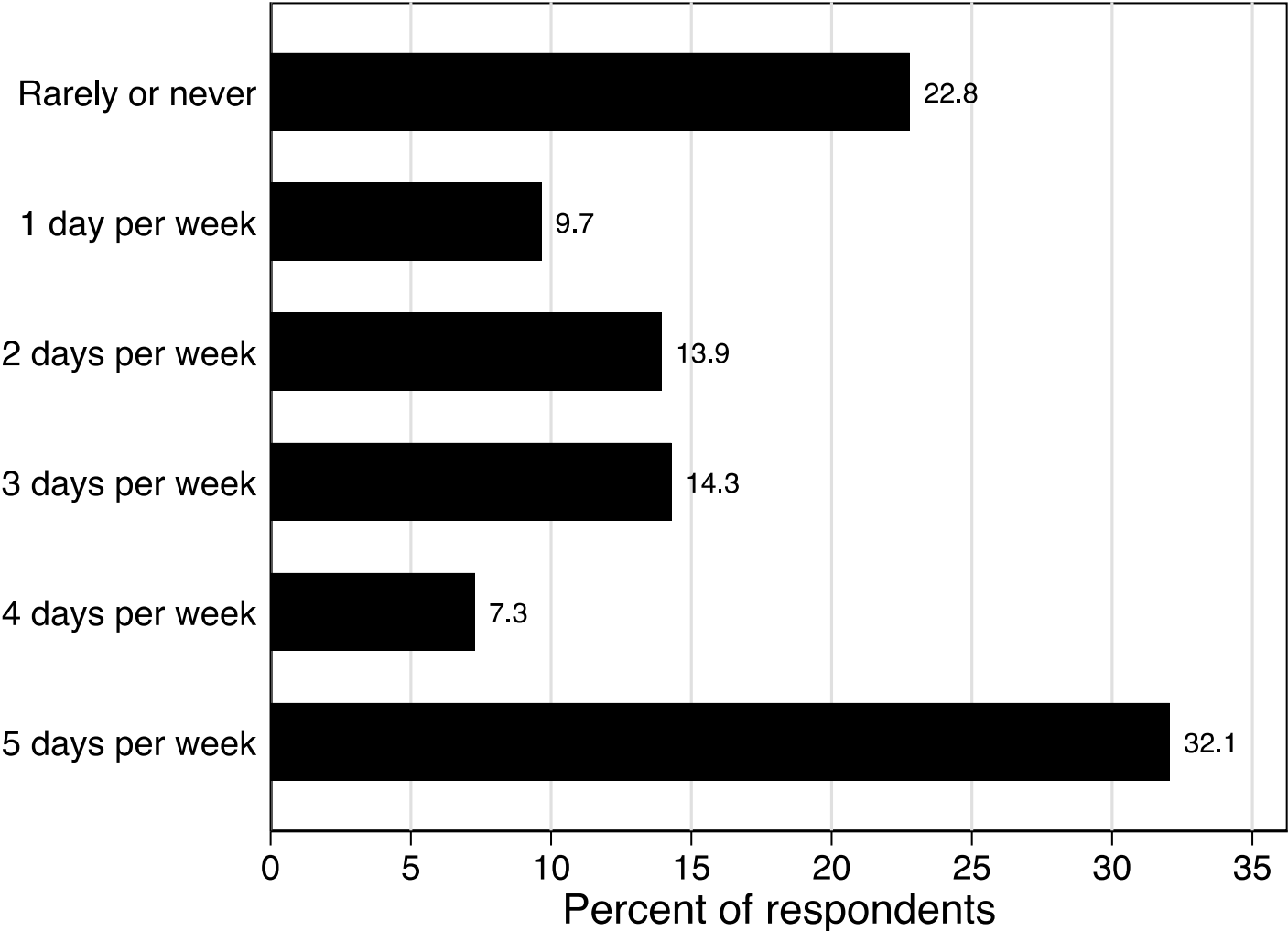
Choice - should employees choose:

A) which days to work from home?

B) how many days to work from home?

There is huge variation in what employees want, so let them choose?

Response to: *“In 2022+ (after COVID) how often would you like to have paid work-days at home?”*



Notes: Data from the SWAA monthly survey of 2,500+ individuals aged 20 to 64 in the US labor force. Carried out by QuestionPro and IncQuery from May 2020 to July 2021. Only the 67% of respondents reporting the ability to work from home 1+ days per week included

Source: “Why working from home will stick”, Jose Barrero, Nick Bloom and Steve Davis (2021)

I have become concerned with the risks of full employee choice

The New York Times

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How to Navigate the Postpandemic Office

Choice has a downside

By Nicholas Bloom

Mr. Bloom is a professor of economics at Stanford University.

In [monthly surveys](#) about remote work that my research team has conducted since May, we've found that 30 percent of U.S. employees never want to return to working in the office, while 25 percent never want to spend another day working from home. Given such different views, it seems natural to let the workers choose. One manager told me: "I treat my team like adults. They get to decide when and where they work as long as they get their jobs done."

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Managing People

Don't Let Employees Pick Their WFH Days

by Nicholas Bloom

May 25, 2021



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Working from home

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Our research shows working from home works, in moderation

Nicholas Bloom

Creativity in the office, efficiency at home - the hybrid model increasingly favoured by managers will change our cities



Sun 21 Mar 2021 09:37 EDT

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Employers may avoid lawsuits by laying down rules about when we need to be in the office

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Empty offices are likely to become busy once again — just not every day © The LIFE Picture Collection/Getty Images

Pilita Clark FEBRUARY 13 2021

299

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Once the Covid crisis eases, the working week will be pleasantly transformed for millions of employees into an agreeable mix of a few days in the office and a few at home.

Or so I thought until last week, when I spoke to [Nicholas Bloom](#), an award-winning British economist at Stanford University whose eye-grabbing research on working from home began years before the pandemic.

His latest [co-authored study](#), based on months of surveys of 22,500 Americans up until December, suggests homeworking is indeed here to stay.

Workers and companies alike have found it is better than expected. Both have sunk money into the equipment needed for it (\$600 for the average worker). The “shirking from home” stigma has faded. No one wants to go back to grim five-day office commutes.

The Choice Issue – my three concerns:

1) Mixed mode – I hear lots of complaints

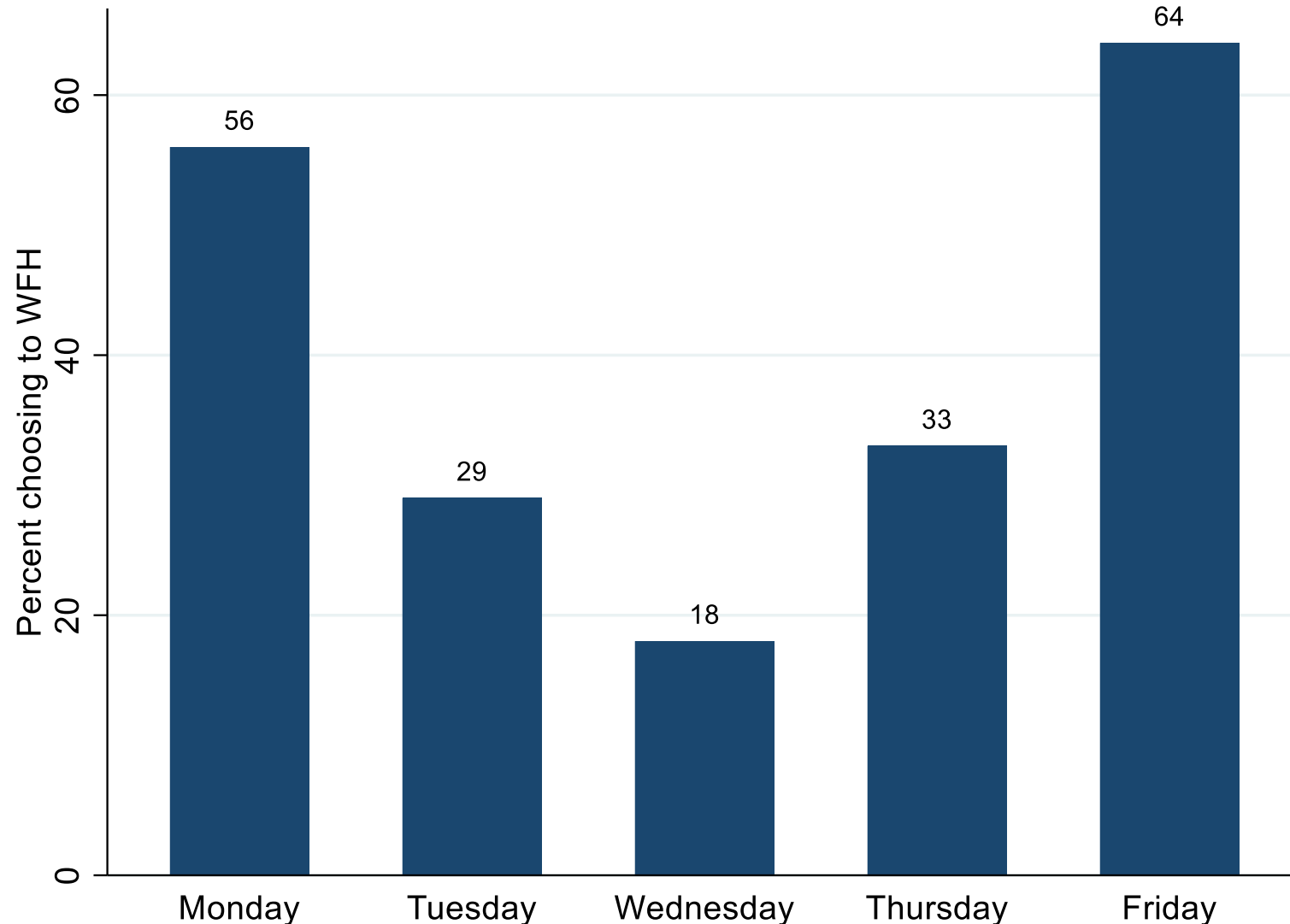


Great (but only in stock photos?)



The Choice Issue – my three concerns:

2) Inefficient use of office space - Wednesday crush, Friday tumbleweed

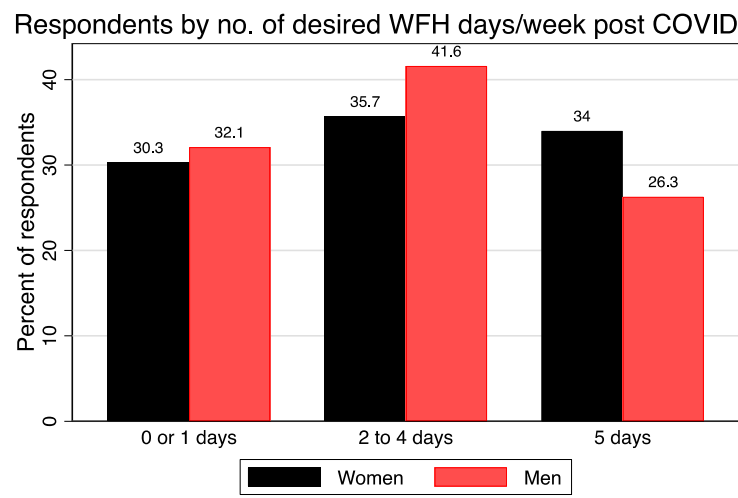


Question: “If you got to work from home for **two days** per week which two days would you choose?”

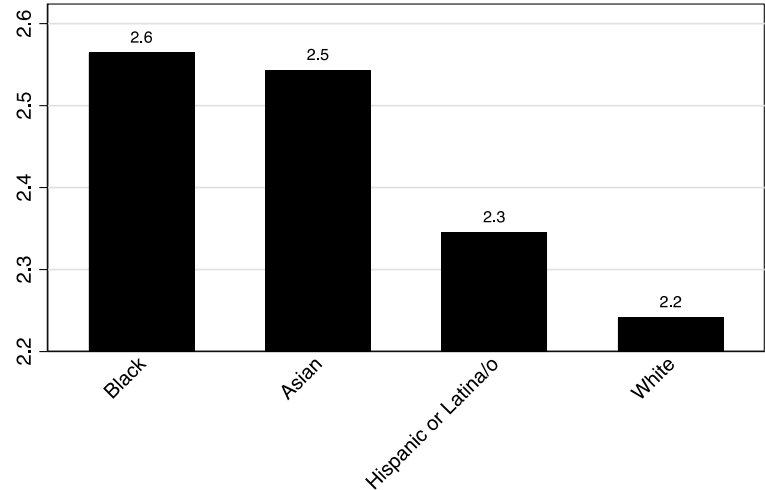
The Choice Issue – my three concerns:

3) Impact on Diversity – to see this note two facts

(A) Who wants to WFH is not random



Number of desired WFH days per week post COVID



(B) WFH can damage promotions

DOES WORKING FROM HOME WORK? EVIDENCE FROM A CHINESE EXPERIMENT*

NICHOLAS BLOOM
JAMES LIANG
JOHN ROBERTS
ZHICHUN JENNY YING

A rising share of employees now regularly engage in working from home (WFH), but there are concerns this can lead to “shirking from home.” We report the results of a WFH experiment at Ctrip, a 16,000-employee, NASDAQ-listed Chinese travel agency. Call center employees who volunteered to WFH were randomly assigned either to work from home or in the office for nine months. Home working led to a 13% performance increase, of which 9% was from working more minutes per shift (fewer breaks and sick days) and 4% from more calls per minute (attributed to a quieter and more convenient working environment). Home workers also reported improved work satisfaction, and their attrition rate halved, but their promotion rate conditional on performance fell. Due to the success of the experiment, Ctrip rolled out the option to WFH to the whole firm and allowed the experimental employees to reselect between the home and office. Interestingly, over half of them switched, which led to the gains from WFH almost doubling to 22%. This highlights the benefits of learning and selection effects when adopting modern management practices like WFH. *JEL Codes: D24, L23, L84, M11, M54, O31.*

I. INTRODUCTION

Working from home (WFH; also called telecommuting or telework) is becoming an increasingly common practice. In the United States, the proportion of employees who primarily work

*We thank Jennifer Cao, Mimi Qi, and Maria Sun from Ctrip for data, advice, and logistical support. We thank Chris Palaui, David Butler, Jared Fletcher, and Michelle Rowan for their time discussing home working and the call center industries. We thank our formal discussants, Mushfiq Mobarak, Rachel Heath, Sabrina Pahlison, Shing-Yi Wang, our editors (Larry Katz and Andrei Shleifer) and our four anonymous referees, and numerous seminar audiences for many helpful comments. We thank the National Science Foundation and Toulouse Network for Information Technology (which is supported by Microsoft) for co-funding for this project. No funding was received from Ctrip. James Liang is the co-founder of Ctrip. During the experiment we report here he was nonexecutive chairman of Ctrip. Since the end of the experiment he has returned to Ctrip as CEO. No other coauthor has any financial relationship with Ctrip. Neither the results nor the article were prescreened by anyone. The experiment received Stanford University IRB approval. The IRB did not require changes in our experimental design.

“WORKING” REMOTELY?
SELECTION, TREATMENT, AND THE MARKET FOR REMOTE WORK

Natalia Emanuel · Emma Harrington¹

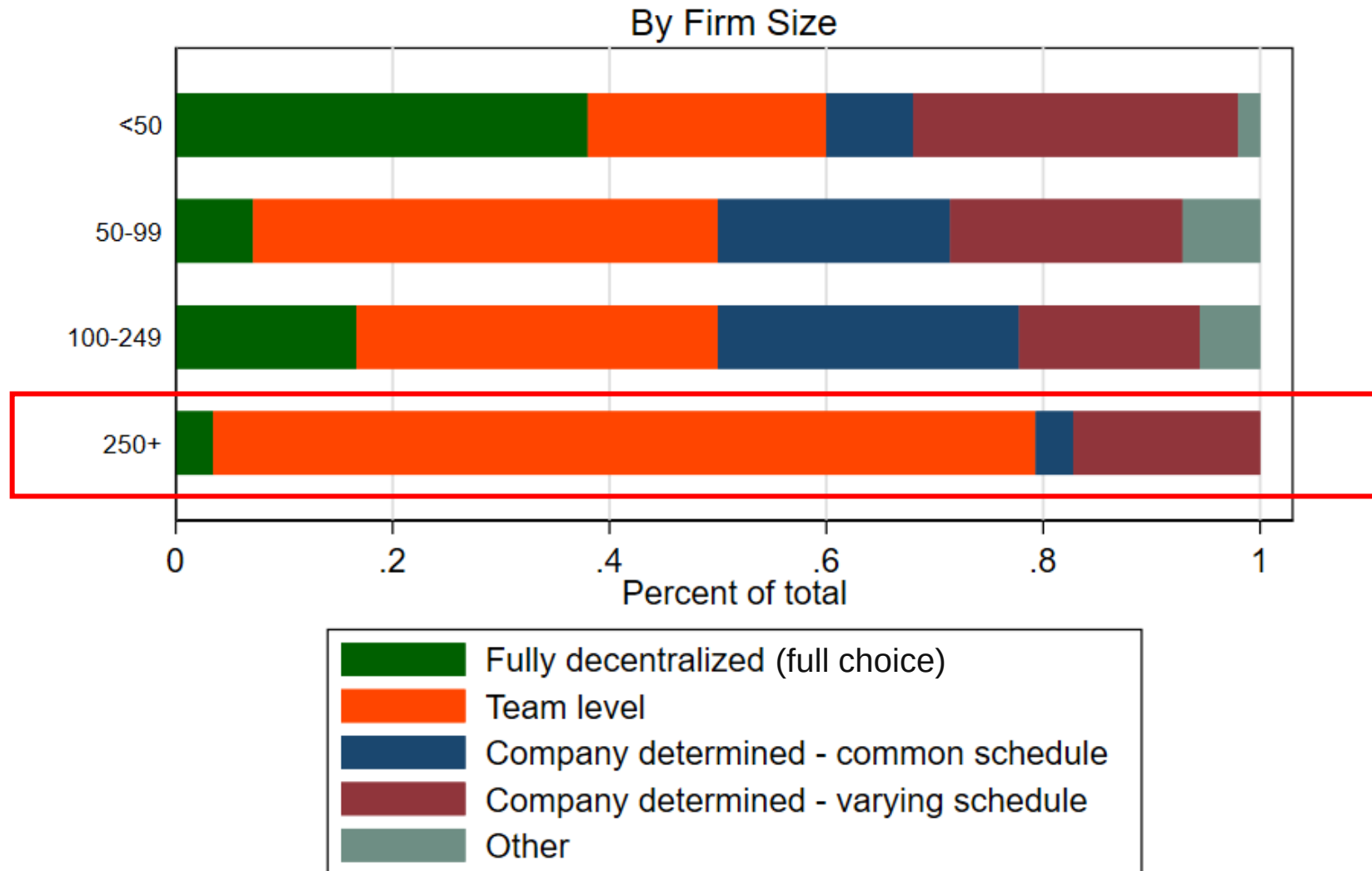
June 22, 2021

Abstract: Why are firms reluctant to hire remote workers? One possibility is adverse selection: remote jobs may attract workers looking to hide their ability while office jobs attract those looking to demonstrate it. We test this theory in the call-centers of a Fortune 500 retailer. Introducing a remote-work program in 2018 attracted less productive workers. Likewise, during COVID-19’s shutdown, workers who had originally chosen remote jobs were 14.9% less productive than those who had originally chosen on-site jobs. Thus, hiring remote workers was costly even though working remotely increased workers’ productivity by 7.4% during the remote-work program and COVID-19’s shutdown.

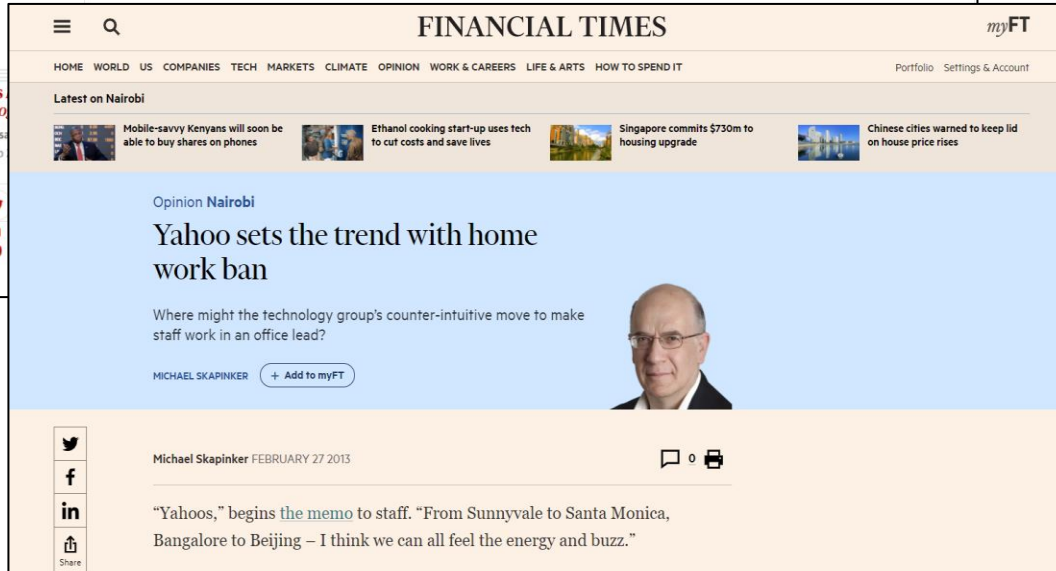
¹Contact: Princeton University, 20 Washington Rd., Princeton, NJ 08544, emma.k.harrington@gmail.com. We thank Nathan Hendon, Claudia Goldin, Lawrence Katz, Edward Glaeser, Louis Kaplow, Amanda Pallais, Elie Tamer, Jeff Liebman, and participants of the Public Finance and Labor Economics Workshop at Harvard for helpful comments. We are grateful to our colleagues, Lisa Abraham and Jenna Anders, as well as Alex Albright, Dev Patel, Ashesh Rambachan, Ljiljana Rostowska, and Hannah Shaffer. This project would not have been possible without the curiosity and commitment to research of our colleagues at the firms who shared data: Lauren and Trevor. We are grateful for financial support from the National Science Foundation (Natalia) and the Lab for Economic Applications and Policy. The findings and conclusions expressed are solely those of the authors and do not reflect the opinions or policy of the organizations that supported this work.

In survey data we see most large firms planning team-based hybrid

Qu: “Who decides which days and how many days employees work remotely?”



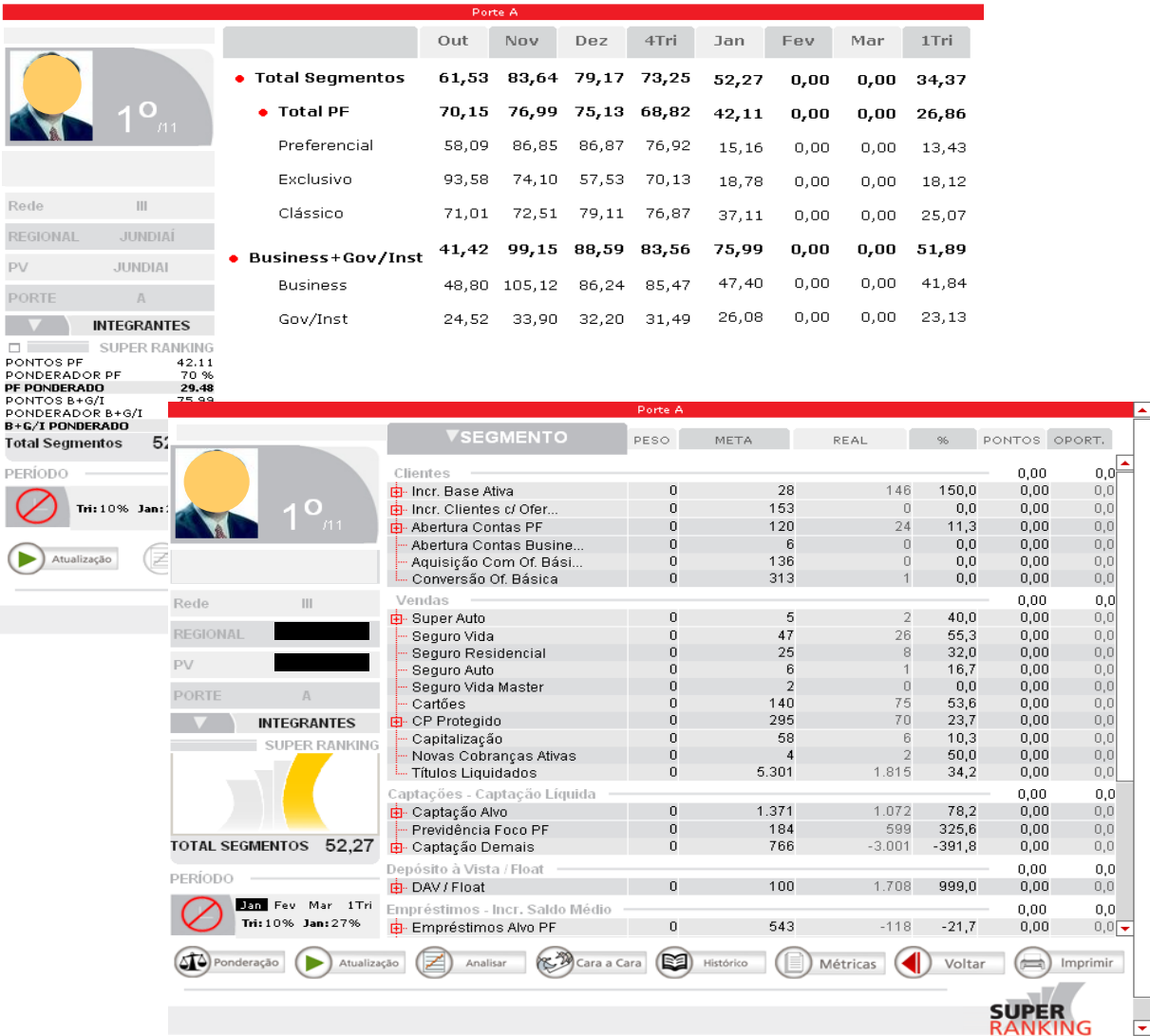
HR & Performance Management is critical for WFH: the Yahoo story



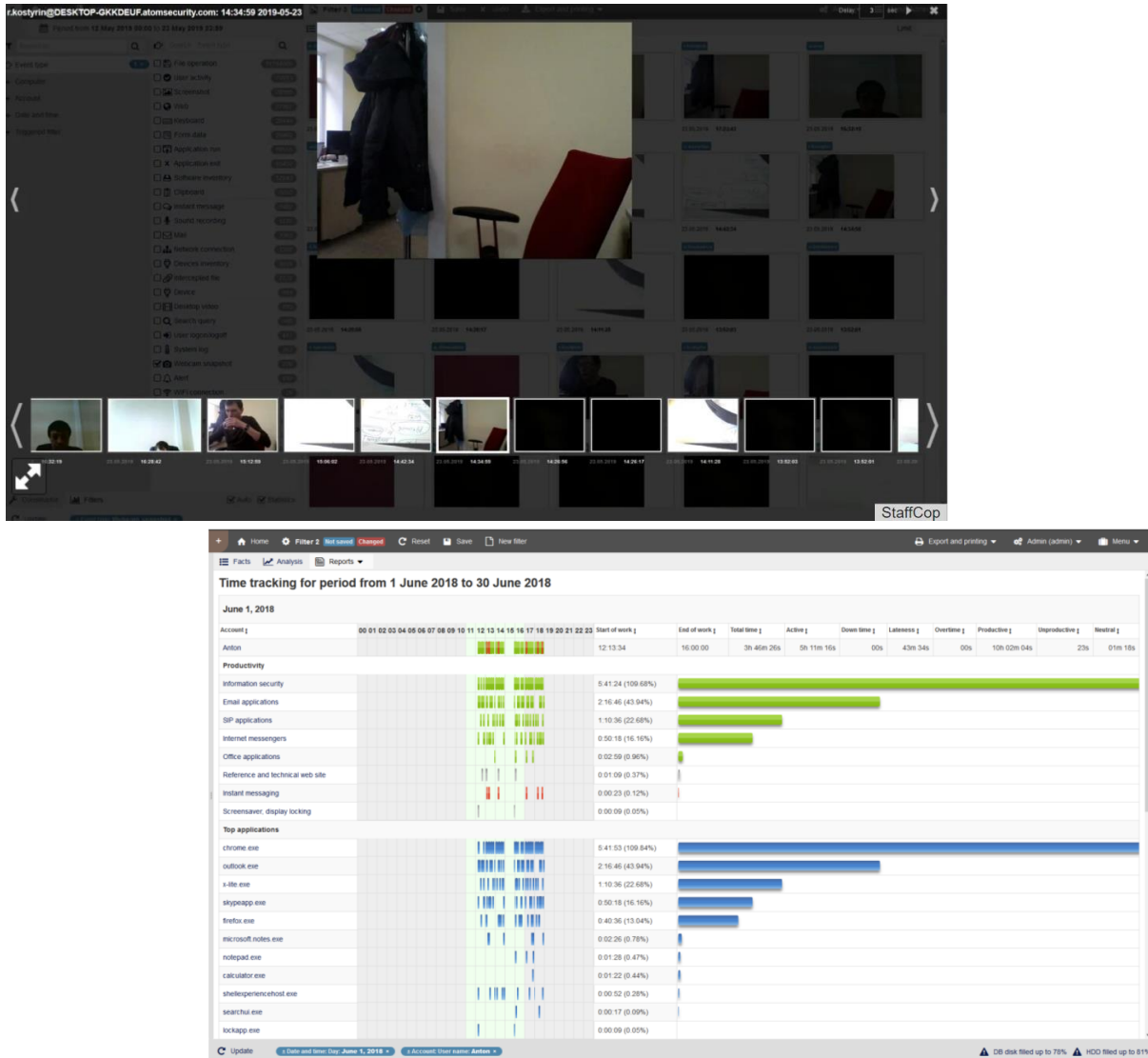
HR & Performance Management is critical for WFH: the Yahoo story

Employees can be managed in two ways:

Outputs:

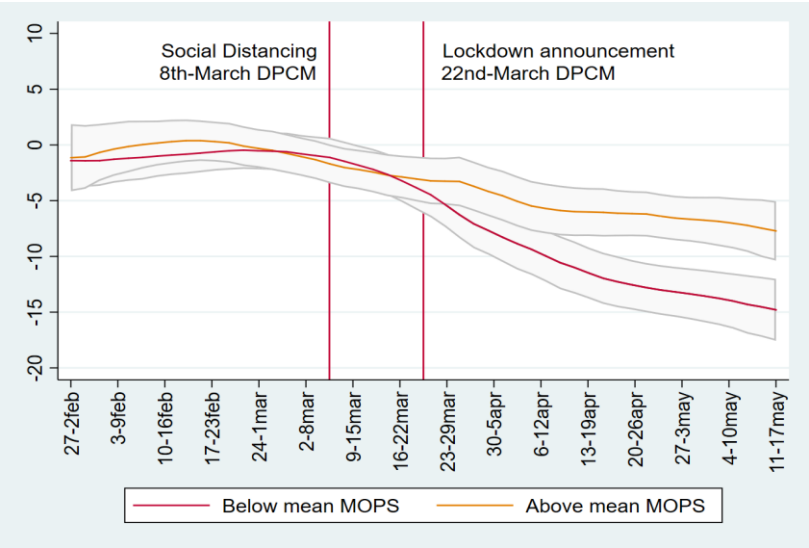
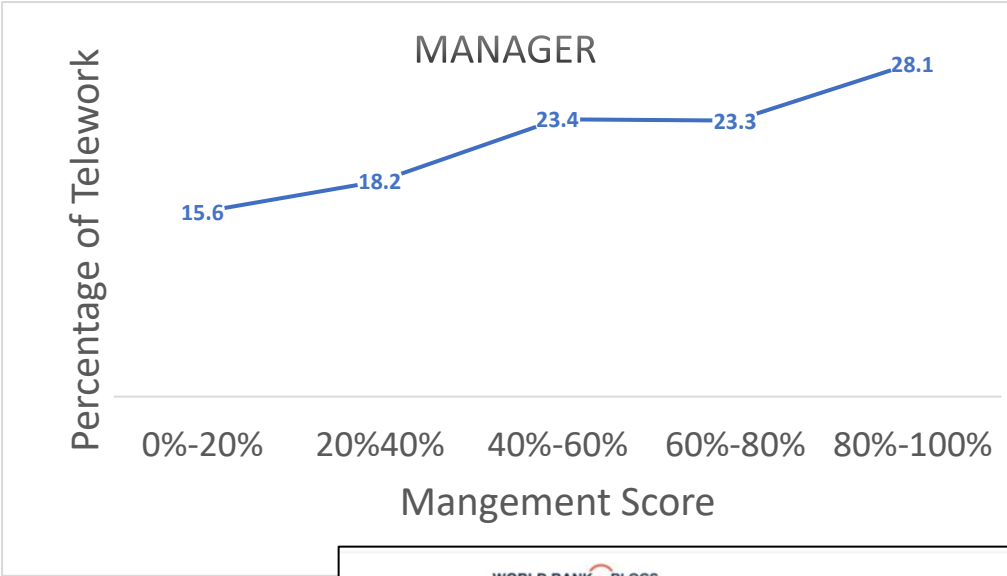
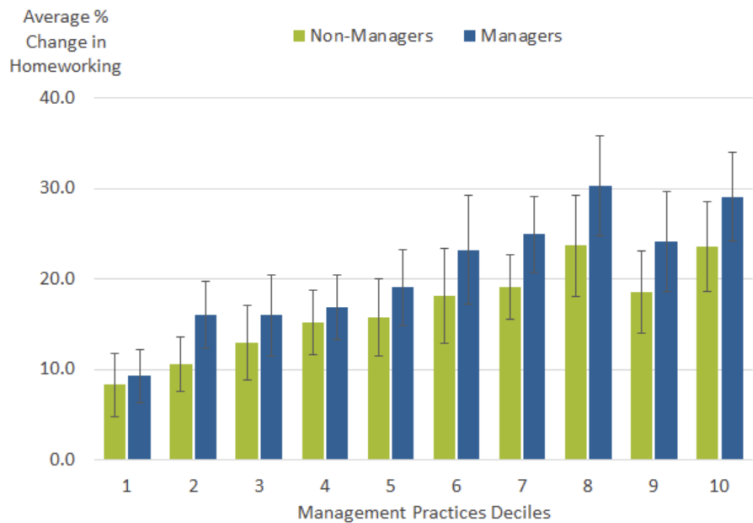


Inputs:



Well-managed firms WFH more during COVID (and performed better)

Change in homeworking rates from 2019 to 2020 by decile of management score, Great Britain



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Coping with COVID-19: Does management make firms more resilient?

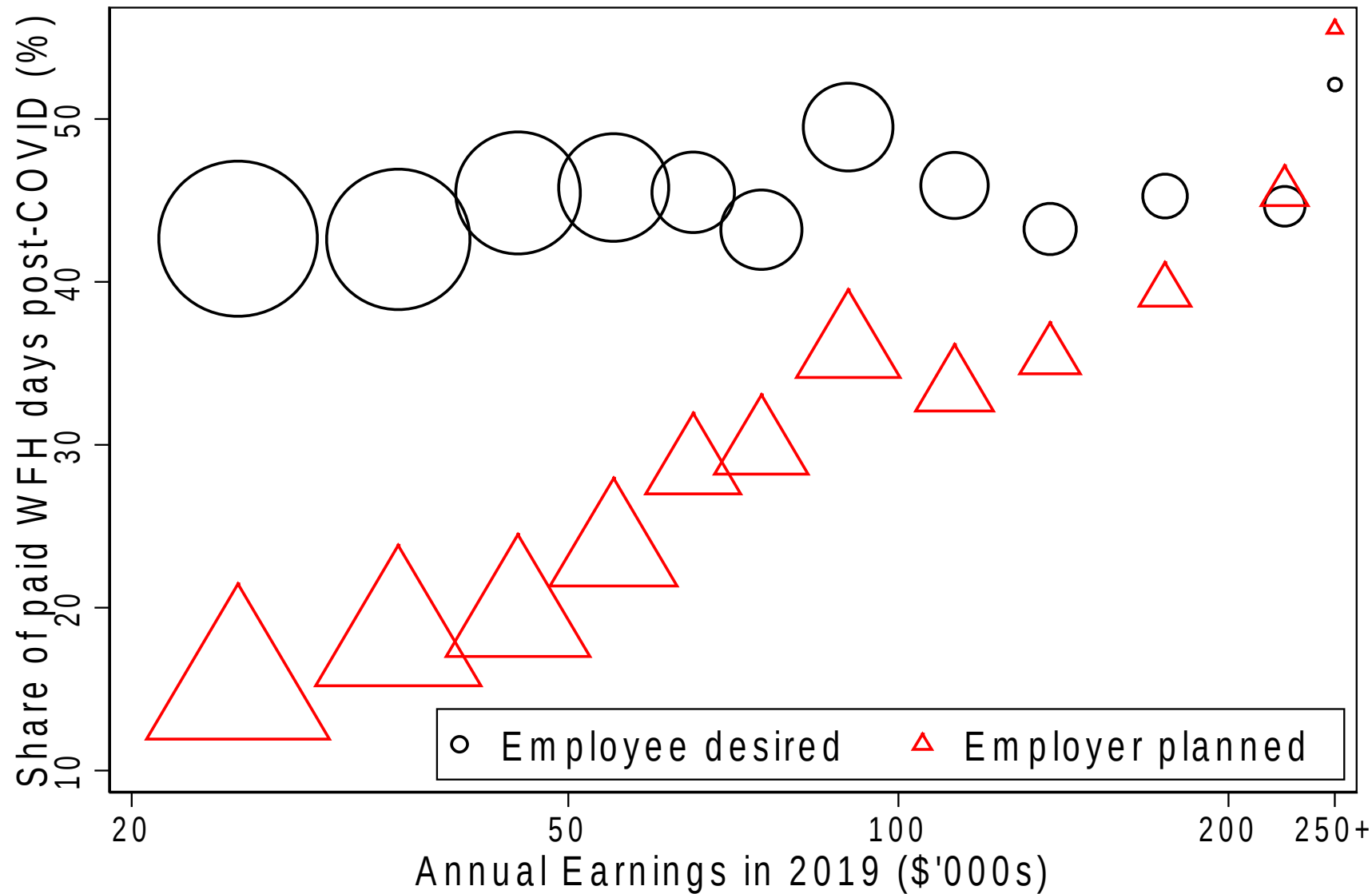
ARTI GROVER & VALERIE KARPLUS | FEBRUARY 02, 2021

This page in: English

Group of workers wearing face masks while working indoors in a warehouse during the COVID-19 pandemic. ©Halfpoint/Shutterstock

Sources: (1) "Management practices, homeworking and productivity during the COVID-19 pandemic", Office of National Statistics, May 2021. (2) : 2020 JP MOPS (Hitotsubashi Univ & ESRI) Manufacturing, December 2020; (3) : "Management practices and resilience to shocks: evidence to COVID-19", Fabiano Schivardi, Megha Patnaik, Andrea Linarello and Andrea Lamorgese; (4) World Bank Blog based on World Management Survey Data (Arti Grover and Valerie Karplus)

Inequality – lower paid employees want the hybrid-WFH perk as much a higher paid employees, but rarely get to enjoy it



Notes: Data are from the survey waves carried out by QuestionPro and IncQuery with 5000 responses per month. 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.

Source: “Why working from home will stick”, Jose Barrero, Nick Bloom and Steve Davis (2021, NBER WP)

Note: Marker size is proportional to the number of respondents per income level.

To summarize, my thoughts on some key management decisions:

- 1. Form: Hybrid (e.g. 3/2 or 2/3), +1 day for new hires (in 1st year)**
- 2. Choice: Decide at team/affinity level on which days, try to achieve equity in numbers of days**
- 3. HR Performance management is critical: Invest in good systems**
- 4. Inequality: greater flexibility for non-WFH, maybe compensate**
- 5. Change: continue to evaluate policies and collect data**

Further information:

www.wfhresearch.com



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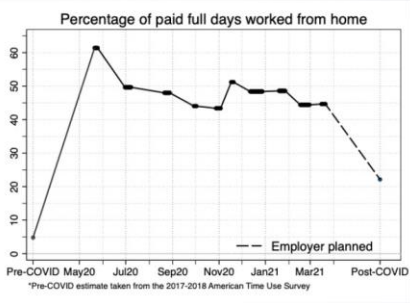
DATA

METHODOLOGY

WORKING FROM HOME
BEFORE, DURING, AND
AFTER COVID

DOWNLOAD

Percentage of paid full days worked from home



Period	Percentage of paid full days worked from home
Pre-COVID	0
May20	80
Jul20	60
Sep20	55
Nov20	50
Jan21	60
Mar21	55
Post-COVID	25

--- Employer planned

*Pre-COVID estimate taken from the 2017-2018 American Time Use Survey

<https://nbloom.people.stanford.edu/>

Nicholas Bloom



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