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The productivity pitfalls of working from home in the age of COVID-19

Nicholas Bloom is widely known for his research showing the benefits of working from home. But in the current coronavirus crisis, the economist fears productivity will plummet.

BY ADAM GORLICK

The global work-from-home movement intended to maintain output and efficiency during the COVID-19 pandemic could actually generate a worldwide productivity slump and threaten economic growth for many years, says Stanford economist Nicholas Bloom.

“We are home working alongside our kids, in unsuitable spaces, with no choice and no in-office days,” says Bloom, a senior fellow at the Stanford Institute for Economic Policy Research (SIEPR). “This will create a productivity disaster for firms.”

Nicholas Bloom.
(Image credit: L.A. Cicero)

For those even a bit familiar with some of Bloom’s more popular scholarship, the economist’s dire prediction might come as a surprise. In 2015, the *Quarterly Journal of Economics* (<https://nbloom.people.stanford.edu/sites/g/files/sbiybj4746/f/wfh.pdf>) published a paper he co-authored extolling the benefits of working from home. The study drew attention and interest from journalists, business leaders and employees looking to avoid long commutes, skirt office politics and develop a better work-life balance.

That research was based on a randomized control trial on 1,000 employees of Ctrip, a Chinese travel company. The experiment revealed that working from home during a nine-month period led to a 13 percent increase in performance – almost an extra day of output per week – plus a 50 percent drop in employee-quit rates. The experiment was so successful that Ctrip rolled out working from home to the whole firm.

But what's happening today with the coronavirus crisis is completely different thanks to four factors: children, space, privacy and choice.

"Everyone assumes I would be gushing over the global rollout of working from home," Bloom says. "Unfortunately not."

Perhaps the most challenging aspect of working at home for parents with younger children is managing their kids. The closure of schools and transition to "distance learning" for students has forced many working parents to take on the additional job of full-time teacher. One requirement for a successful work-from-home program for any business is the requirement that children are in school or daycare, Bloom says.

As a married father of four trying to maintain his research productivity and preparing to teach an online class to Stanford students, Bloom can speak with authority on this point.

"Working from home with your children is a productivity disaster," Bloom says. "My 4-year-old regularly bursts into the room hoping to find me in a playful mood shouting "doodoo!" – her nickname for me – in the middle of conference calls."

Bloom's analysis of Ctrip also took into account that employees were only allowed to work from home if they had a home office. The room could not be a bedroom, and nobody was allowed into the room during the workday except for the employee.

"Many people I have been interviewing are now working in their bedrooms or shared common rooms, with noise from their partners, family or roommates," Bloom says.

The Ctrip experiment also explicitly asked employees to work from home four days a week and come into the office every fifth day.

In-person collaboration is necessary for creativity and innovation, Bloom says. His research (<https://siepr.stanford.edu/news/productivity-ideas-hard-to-find>) has shown that face-to-face meetings are essential for developing new ideas and keeping staff motivated and focused.

"I fear this collapse in office face time will lead to a slump in innovation," he says. "The new ideas we are losing today could show up as fewer new products in 2021 and beyond, lowering long-run growth."

The element of personal choice is a final factor contributing to the success of Ctrip's work-from-home policy that is absent in the current situation. Of the 1,000 Ctrip employees offered the choice to work from home, only 500 volunteered. The others wanted to remain in the office.

After nine months of allowing those employees to do their jobs at home, Ctrip asked the original volunteers whether they wanted to keep working remotely or return to the office. Half of them requested to return to the office, despite their average commute being 40 minutes each way.

Why was that?

"The answer is social company," Bloom says. "They reported feeling isolated, lonely and depressed at home. So, I fear an extended period of working from home will not only kill office productivity but is building a mental health crisis."

Despite the drawbacks, Bloom suggests a few things that can help stem the productivity decline he fears: Regular check-ins between managers and their teams; maintaining schedules that strive to separate work life from family life, and collaborating with colleagues on video calls rather than phone calls.

"Phone calls make collaboration harder," he says. "You don't know if anyone is really paying attention. In one conference call I was on, I thought the background noise I was hearing was actually a vacuum cleaner. When I asked 'is somebody vacuuming,' the sound mysteriously stopped. While a video call could seem intrusive, it is essential for ensuring the attendees are paying as much attention as they would in a physical meeting."

And although he's concerned productivity will take a nosedive, Bloom says there are a few things to be optimistic about following the initial crush of the pandemic.

If businesses can successfully adopt information technology and have their employees work remotely in conditions similar to those established by Ctrip, commuting woes can certainly diminish.

"The average working American spends 100 minutes a day commuting, so the potential impact on all our lives is massive," he says.

We also might see what Bloom describes as "a bonfire of unnecessary regulations."

“A friend of mine was telling me how her startup was pivoting to online healthcare,” he says. “Until recently, this was impossible due to regulations over cross-state doctor-patient care, privacy regulations and requirements for in-person first visits to the doctors. But a lot of that has now gone out the window because some things just need to get done.”

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