

Pass the Remote: Why We Can't All Work from Home

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Summary

- In recent years there has been a trend towards greater incidence of homeworking. This has been driven by enhanced technological possibilities, but also by supply and demand factors as employers try to save on office costs and workers seek to reduce travelling time and have a different work-life balance.
- There is some evidence that homeworking can boost productivity, but not all workers are suited to home work and some may find the isolation problematic.
- Headline totals of full-time home workers are misleading. The bulk of those classified in this way are working *from* home rather than *at* home. Most are self-employed. Only a minority correspond to the popular image of workers in 'home offices' in front of a computer screen.
- Regular home workers are a relatively privileged group, many in professional and managerial roles. They are older than the average member of the workforce and better paid. They are disproportionately white and male and tend to own their own homes.
- The current lockdown means more will be working at home, but it seems unlikely that more than 15 per cent of healthy workers confined to home will be able to work productively for their employer or for their own business.
- Those who cannot work productively include many younger workers who are normally employed in bars, restaurants, hotels and retail outlets, but also include self-employed skilled workers who normally go out to serve clients and customers from a home base.
- The requirement for a substantial period of home isolation is a far more serious matter for these groups, both in terms of current incomes and future prospects, than it is for the journalists, politicians, academics and think-tankers who dominate public discourse.

Introduction

The Prime Minister instructed us to work at home to minimise the impact of COVID-19, and subsequently London Mayor Sadiq Khan has demanded that employers enable their staff to work at home 'unless it's absolutely necessary'.

Boris Johnson is a politician and an ex-journalist, Mr Khan a politician and an ex-lawyer. Like many middle-class, degree-educated people with this kind of background, they understand working at home as a natural and regular part of their life. But how typical is this experience?

The TUC, which argues that 'homeworking is a win-win-win' promising higher productivity, a better work-life balance and environmental benefits, has long claimed that employers are dragging their heels and should make homeworking more widely available.¹ They estimate that four million more people want to work at home at least some of the time but aren't given a chance. So will enforced working at home be good for us?

¹ <https://www.tuc.org.uk/news/homeworking-more-quarter-last-decade-tuc-analysis-shows>

The trend towards homeworking

In historical perspective, homeworking appears the natural order of things. Until the Industrial Revolution, the great majority of the working population would have been working in and around the home, whether in agriculture, crafts or simple manufacture.² The growth of large factories, the mechanisation of agriculture, the development of extractive industries and the railways, and eventually the growth of large-scale retailing and office administration meant that by the mid-twentieth century working away from the home had become very much the norm. At least this was true for the male workers who dominated the UK labour market in the early post-war decades.

Over the last twenty-five years, however, there has been a partial return to home work. Some of this work is a residue of much earlier occupations: there is still, for instance, a significant amount of domestic manufacture in clothing and textiles, furniture, food preparation and specialised crafts. But a high proportion is enabled by new IT and communications and includes such activities as telesales, editorial work, web development, social media management, and translation services.

The reasons why this has occurred are fairly clear, and in addition to new technological possibilities include influences on both the demand and supply sides of the labour market. Employers in competitive and ever-changing markets aim to cut overheads, of which expensive staff office space is high on the list. Employees want to save on costly and time-consuming commuting, clothing and food costs (as the present crisis has reminded us, adults normally eat about a quarter of their meals outside the home, much of this being breakfasts and lunches during the working day) and in a more affluent society want to have a better work-life balance. An important factor has been the rising labour market participation of women with children and other caring responsibilities, workers past normal retirement age and people with disabilities, all of whom are likely to prefer to work at home when possible.

We sometimes exaggerate the scale of this trend, however. Headline figures are bandied around: it is claimed, for instance, that slightly under a quarter of us work at home at least occasionally.³ However Labour Force Survey data show that in 2017 the proportion working from home for a majority of the time ('hard core' home workers, if you like), while up significantly on a decade earlier, was just 13.7 per cent of the workforce.

² For example, under the 'putting out' system entire households – men, women and children – would work in textile manufacture using raw materials supplied by merchant capitalists.

³ <https://www.thisismoney.co.uk/money/smallbusiness/article-8078953/Growing-number-Britons-working-home-office.html>

Table 1: Where people work

In your main job, do you work mainly...?

	Numbers	% of workforce
In your own home	1,413,927	4.5
In the same grounds or buildings as your home	325,045	1.0
In different places using home as a base	2,586,053	8.2
Somewhere quite separate from home	27,391,563	86.4

Source: Labour Force Survey Jan-Mar 2017

Moreover, Table 1 shows that the Office for National Statistics definition of home work is not what many people think of when they discuss the trend towards working at home. It includes people working on a farm or stables where they live, or above a pub or a shop. More importantly, it includes people using their residence as their base or office, but usually working outside the home. One of the largest groups in this category is builders and others working in construction. Domestic plumbers, electricians and home cleaners are also significant examples. Another growing group is academic tutors, as parents try to give their offspring an edge in A-level and other school examinations. Most of these workers, as we shall see, are likely to be self-employed and servicing a number of different clients or customers.

Those who work *from* home thus considerably outnumber those working *at* home. Those working mainly in normal houses in a 'home office' set-up are a minority of home workers, in 2017 less than a million and a half.

Is working at home a good thing?

TUC General Secretary Frances O'Grady has written that 'too many employers are clinging to tradition, or don't trust their staff enough to encourage homeworking. They need to catch up'.⁴ This sentiment, shared by many trade unionists, is an interesting reversal of traditional union attitudes to homeworking, which was often seen as exploitative. Home workers were also seen as difficult and costly to organise compared with those in large workplaces, reducing overall union bargaining power.

In the United States in the 1940s, as Edwards and Field-Hendery⁵ note, union pressure led to industrial home work being banned in seven industries, including women's apparel, glove-making and embroidery. Although these measures were later repealed, as late as the early 1990s the Service Employees International Union was calling for a new ban on clerical work on first generation home computers.

Ms O'Grady is not alone in calling for more homeworking. Phil Flaxton, the Chief Executive of Work Wise UK, has written that more employers need to realise 'the tangible benefits of changing outdated working practices' which he claims include increased productivity and staff retention, with less absenteeism and employee burnout. Work Wise UK organises a National Work from Home Day,⁶

⁴ <https://www.tuc.org.uk/news/homeworking-more-quarter-last-decade-tuc-analysis-shows>

⁵ Edwards, L. N. and Field-Hendery, E. (2002) Home-based Work and Women's Labor Force Decisions. *Journal of Labor Economics* 20(1): 170-200.

⁶ <https://www.workwiseuk.org/>

which in 2020 is scheduled for Friday 15 May. I suspect they will have unprecedented success this year.

Are the claims for the beneficial effects of homeworking valid? Are managers simply prejudiced, assuming that workers outside the office are going to turn into shirkers? Or are there genuine problems which inhibit the widespread introduction of homeworking?

Boosterism for business fads is rife, and we should always take claims of 'win-win-win' with a generous pinch of salt. The literature abounds with 'case studies', for example those used in an acas/LSE publication,⁷ which simply report on the introduction of a homeworking scheme and management's belief that it is a success. Such studies are rarely controlled experiments and may reflect the 'Hawthorne effect',⁸ where individuals temporarily improve their productivity because they are being observed.

One of the few sophisticated peer-reviewed studies of the effects of homeworking, with the advantage of proper controls and a balanced view of the upsides and downsides, was conducted by Nicholas Bloom and colleagues from Stanford University.⁹

They studied CTrip, China's largest travel agent, with 13,000 employees. The firm wanted to experiment with homeworking as a means of reducing office costs, which had been rising sharply in Shanghai, the company's base. All employees in a division of the company, having six months experience and suitable home rooms, were offered the option of remote working. Those who wanted to participate were assigned either to take part or to act as a control on the basis of their birthdays, with even-numbered birthdays selected to work at home. Both home- and office-based employees worked on the same computer system with the same equipment. They worked the same shifts in the same teams under the same managers, only differing in where they worked.

The productivity of the home-based group shot up by 13 per cent over the nine-month period of the experiment, while there was no change in the performance of the control group. Analysis indicated that the productivity gain came mainly from a rise in the number of minutes actually worked, as the home workers took fewer breaks and sick days. They also answered more calls per minute. And staff turnover amongst the home-based group fell by almost 50 per cent, while this group also reported higher average work satisfaction.

Very good news. But what came after was interesting. At the end of the experimental period, the management was so pleased with the results that it offered to roll homeworking out to the entire workforce. They also offered both the test group and the control group a change of arrangements. Surprisingly, in view of the measured results, half of the home worker group opted to return to working in the office. They cited the loneliness of working at home. And three-quarters of the control group (who originally wanted to work at home) decided to stay in the office after all.

⁷ Beauregard, A., Basile, K. and Canonico, E. (2013) Home is where the work is: a new study of homeworking in Acas – and beyond. acas/LSE Enterprise.

⁸ The Hawthorne Works near Chicago were the scene of experiments with changing lighting and its effect on worker productivity. The experiments seemed to suggest that there was a positive effect, but later examination suggests that productivity declined again after the novelty wore off. The classic text is: Landsberger, H. A. (1958) *Hawthorne Revisited*. New York: Ithaca.

⁹ Bloom, N., Liang, J., Roberts, J. and Ying, Z. J. (2015) Does Working from Home Work? Evidence from a Chinese Experiment. *Quarterly Journal of Economics* 130(1): 165–218.

Those home workers opting to continue working at home were those who had performed best, while those going back to the office had performed less well. This all suggests that full homeworking is not necessarily a boon to everyone, even if some homeworking appears attractive to those spending most of their time away from home. While those who mainly work at home have largely self-selected and are therefore best suited to this way of working, other people may not find it attractive. This suggests, in the current situation we find ourselves in, that enforced homeworking will not be generally associated with high levels of productivity.

Who are the regular home workers?

To pursue this further, we should note that people regularly working from home are not at all typical of the workforce. For one thing, almost two-thirds of those who mainly work from home are self-employed.¹⁰ They are disproportionately more experienced workers: 40-59 year-olds were more than twice as likely to be home workers as 20-29 year-olds in 2018. And almost three quarters of regular home workers are in high-skilled roles such as professionals, associate professionals, managers and senior officials, earning around 25 per cent on average than non-home workers.¹¹ Significantly, homeowners are considerably more likely to be home workers than those in rented accommodation.

Nearly twice as many men as women work at home, and white people are much more likely to be home workers than BME people. This leads Frances O'Grady to declare that 'clearly there is something in the structure of decision making that leads to white men doing better than other groups when it comes to homeworking'.¹² This may be a facile observation, but it is certainly the case that productive homeworking in the current lockdown is only an option for a select few. Our politicians can perhaps be forgiven for telling us to work at home, but this is not a practical option for the majority of workers.

Look, for example, at the industrial picture in Table 2. This confirms something which is intuitively obvious. In many industries employing large numbers of young people and those from minority ethnic groups – retail, hotels and restaurants, for example – there is no meaningful possibility of working from home.¹³ Many in these groups are amongst the poorest. They may be on insecure or zero-hours contracts, with limited savings, living in overcrowded rented accommodation, particularly in large cities.

¹⁰ Beaugregard et al. p.7.

¹¹ <https://webarchive.nationalarchives.gov.uk/20160105210705/http://www.ons.gov.uk/ons/rel/lmac/characteristics-of-home-workers/2014/sty-home-workers.html>

¹² <https://www.tuc.org.uk/blogs/working-home-rise-why-so-slow>

¹³ Those who do work from home in these industries are almost entirely managers who work there only part of the time.

Table 2: Percentage of workforce regularly working from home, 2018

<i>Industry</i>	<i>% workforce</i>
Agriculture, forestry and fishing	16.6
Construction	12.8
Real estate, renting and business activities	12.3
Electricity, gas and air supply	12.0
Other service activities	7.6
Finance and Insurance	7.0
Manufacturing	6.5
Transport, storage and communication	5.8
Public administration and defence	5.2
Health and social work	3.9
Wholesale and retail	3.6
Education	3.0
Hotels and restaurants	1.6

Source: Labour Force Survey, Q4.

Among those nominally ‘working from home’ in normal conditions are, as we have seen, large numbers of self-employed workers who are based at home but go out to visit clients or customers. They also can do virtually nothing in the current situation.

Some groups who normally work at home only part of the time – such as those in journalism, IT, education and research – may be able to continue to work productively at home on a full-time basis. But in general people who can currently work productively at home are a relatively privileged sub-set of the employed population. Our politicians need to be clear that for the large majority of those confined at home there is little prospect of productive work.

It is difficult to put a firm figure on this, but I doubt whether much more than 15 per cent of those healthy workers currently confined to home are able to contribute meaningfully to their employer’s or their own business. This is not because, to use Sadiq Khan’s expression, employers are refusing to ‘enable’ their staff to work at home. It is simply impossible for a shop assistant from a clothing store, a barista, an actor, a lower league footballer or a club DJ to be a home worker. And it is not possible for most running their own businesses to serve clients and customers solely from home.

The future of homeworking

Some time, we must hope, something like normality will return. What is the likely future of homeworking?

We do not know what changes will take place, but it seems increasingly unlikely that the pre-coronavirus structure of the UK economy will remain unchanged. For a long time the residue of ‘social distancing’ is likely to inhibit live entertainment, travel and social mingling in bars and restaurants. We can expect job losses in all these areas. If this means continuing growth of home-based activities via the internet, there may perhaps be increased opportunities for home-based employment to serve this demand.

On the other hand, some developments may reduce the proportion of work carried out at home. For example, the disruption of world trade and supply chains may mean that firms will ‘re-shore’ some

manufacturing which has been carried out abroad, and we may move to produce more of our own food. Both of these possibilities may be encouraged by the decline in the value of sterling.

A period of lower economic activity and higher unemployment will impact on property prices. This may make office space cheaper and reduce the incentive for employers to make use of home workers. On the other hand these circumstances could lead to a further increase in self-employment as a consequence of reduced job opportunities. As we have seen, much self-employment is home-based, if not all carried out in the home.

Attitudes of workers may shift. In the short run, at least, most workers will want to get out of homes to which they have been confined for so long and voluntary homeworking may be less popular than in the recent past.

Whether these factors will continue beyond the immediate recovery period is unclear. In the longer term the average skill and qualification levels of the population can be expected to grow, and those with greater human capital are more likely to work part of the time at home. The ageing of the workforce, and the proportion caring for dependents, are also trends which tend to make homeworking more attractive. Extending and upgrading broadband is likely to enhance technical possibilities for working remotely for those with a range of skills and aptitudes.

Conclusions

The government has advised us to work at home, but there are clear limits to the extent to which many of us can do so.

This Briefing has outlined the trend towards increased homeworking and suggested why this has occurred – a combination of supply and demand factors together with technologies which make it possible for some types of work to be done remotely. It has shown, however, that the picture of widespread homeworking is exaggerated, and that what counts as homeworking may be different from the popular conception. The typical home worker in published data is likely to be self-employed in construction, hairdressing or cleaning, using home as a business address rather than a workplace. Those spending all day at home in front of a computer are a minority of a minority. Their significance has been exaggerated by journalists writing amusing pieces about wearing pyjamas all day.

It follows that few of the workers currently in domestic lockdown are able to work productively for their employer or themselves. Those in enforced idleness are likely to be particularly vulnerable – self-employed workers who have lost their entire livelihood for the duration, possibly forever, and young people in crowded rented accommodation with employers who are not able to provide meaningful work and whose jobs may not be there to return to when the current crisis is over.

Demands that people self-isolate are a far more serious matter for these groups than for journalists, politicians, academics and think-tankers with relatively high incomes, above-average job security and nice homes, still performing something like their normal work while the economy takes a nosedive.

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