

Impact of Work from Home on Employee Productivity

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Abstract: *This paper investigates how working from home affects employees' work effort. Employees, who have the possibility to work from home, have a high autonomy in scheduling their work and therefore are assumed to have a higher intrinsic motivation. Thus, we expect working from home to positively influence work effort of employees. For the empirical analysis we use the German Socio-Economic Panel (SOEP). To account for self-selection into working locations we use an instrumental variable (IV) estimation strategy. Our empirical results show that working from home has a significantly positive influence on work effort. Moreover, we find that also the frequency of working from home is crucial. The more often employees work from home, the higher is the work effort they provide. Working from home is not as prevalent for part-time employees as for full-time employees. Only seventeen percent of the employees, who work from home, have a part-time work contract, whereas twenty-four percent of the employees, who work in the office, also work part-time. This distinction is highly statistically significant. Hence, that there are differences between working from home and working in the office in terms of part-time experience is not astonishing. Employees, who stay in the office, have on average longer experience in part-time work.*

Keywords: work-from-home; remote working; telework; systematic literature review; COVID-19; productivity; employee performance

I. INTRODUCTION

Mankind has faced the scourge of epidemics and pandemics on numerous occasions in history. The scale of the devastation took on enormous proportions, such as during the Black death of 1350, the Spanish Flu of 1918, and the SARS outbreak of 2003 (Liu & Froese, 2020; Patterson & Pyle, 1991). The present outbreak of COVID-19 involves a novel virus that evades detection in a large fraction of people due to its asymptomatic nature. Further, in the initial stages, the virus uncontrollably spread owing to the extensive movement of people across the globe. Most affected countries imposed partial or total lockdown of their economies towards time-boxing the Corona Virus Disease (COVID-19) (Lau et al., 2020; Remuzzi & Remuzzi, 2020; Tønnessen et al., 2021). Despite its identifiable nature, its mechanisms of action remained largely unknown. Thus, we invoked the typology of crises (Gundel, 2005) to classify COVID-19 as an intractable crisis. The present study is set in the context of the nationwide lockdown imposed by the Indian government from March 26, 2020, during the early stages of the outbreak of COVID-19 in the country. According to Gupta et al. (2020), the Indian economy functioned at only 49–57% of its full activity which led to heightened anxiety among employers regarding the future organizational functioning and among employees regarding their employment security and productivity. Women were more negatively affected by WFH than men, but this gender difference was not due to the presence of children in the home. We conjecture that it might be due to other demands placed on women in the domestic setting while working from home



Indian Millennials Split on WFH During Pandemic

Share of urban Indian millennial survey respondents who agreed with the following statements



5,842 employed respondents (~75% under 39 y/o) surveyed Oct/Nov 2020
Source: Mint/YouGov



statista

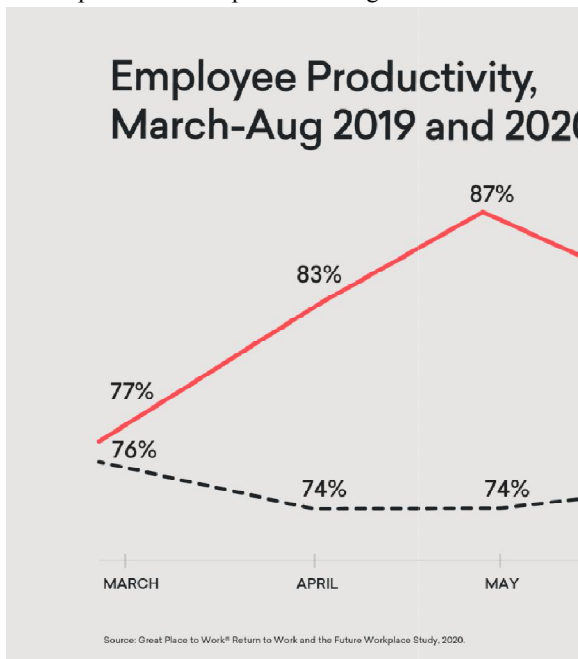
The nature of the crisis was such that it generated emotions of despair, helplessness, and physiological and psychological issues among people (Malik & Sanders, 2021). On a positive note, the current global outbreak was different from the outbreaks of the previous decades and centuries as it was the first to emerge in the backdrop of unprecedented advancements in information and communication technology (Okuda & Karazhanova, 2020). Leveraging the technological revolution, industries could function to varying degrees by using facilities such as remote access and online communication. When employees across the globe were affected with regard to changes in work modalities, it was a good opportunity to investigate the nature and extent of the impact of the crisis on employees. Thus, we draw upon the literature on work from home (WFH) and examine its various impacts on employees for the present study. Employees with children at home had a greater decline in productivity than those without, but even those without suffered significant productivity losses.

Work from home and its effects

The mode of working from any space other than the office has been available in organizations for the past few decades albeit not practiced to a large extent. This mode is often referred to in the literature as work from home, telework, work in third spaces, or smart work hubs (Malik, 2018; Malik et al., 2016a, 2016b). Teleworking is essentially working away from the normal place of work (i.e., office) and working from home or a satellite office or hotel. More recently, smart work hubs have been created as alternate workspace locations or a third space that provides teleworkers geographical and temporal flexibility (Malik et al., 2016a, 2016b). Further, this work modality accommodates employee flexibility in the design of compensation and benefits such as flexible scheduling and differential pay package (Malik, 2018). Employees can also exercise personal agency to achieve favorable work–life balance outcomes (Ali et al., 2017; Malik et al., 2017). While it is interesting to note the above remote work modalities, since employees were asked to WFH during the COVID-19 crisis, we will focus on WFH for the present study.



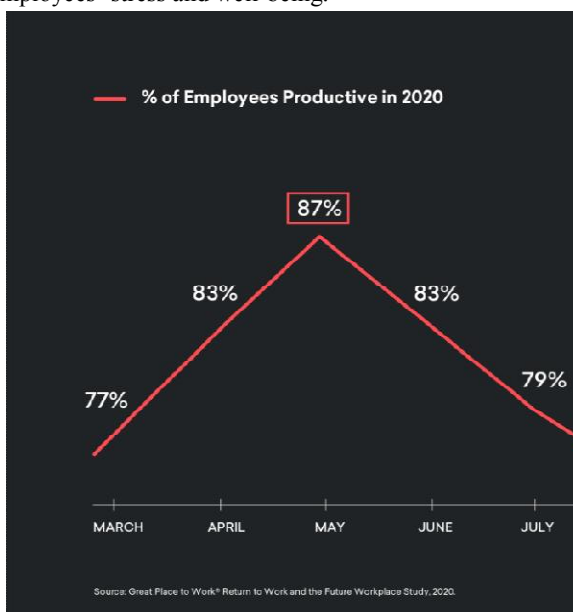
Work from home is known to create various positive and negative impacts on employees. On the positive side, employees enjoy flexibility with regard to time and space. Employees save time spent on commuting to and from the office and have the flexibility to work at their preferred time (Varma et al., 2022). Employee's level of autonomy is increased due to lack of supervision; hence, the employee can enjoy more flexibility in the choice of working hours and work patterns (Shamir & Solomon, 1985). They can also attend to their personal needs and demands and work as per their convenience, thereby, managing their personal and professional lives. On the flip side, the literature on WFH is replete with its negative impact on social relations such as feelings of isolation, reduced amount of feedback from the supervisor and co-workers, impaired socialization, and lack of belongingness (Golden et al., 2008; Mulki & Jaramillo, 2011; Shamir & Solomon, 1985). Further, Varma et al. (2022) highlight how the level of leader-member exchange (LMX) determines the quality of the employee-leader relationship and trust between them while working from home. Employees who had a high-quality LMX relationship enjoyed more discretion and made fewer adjustments to their personal commitments for work reasons. However, they had a greater sense of obligation and were under constant pressure to reciprocate managerial trust.



We will now focus on employees' feelings of isolation while working from home. Isolation is a psychological construct that describes employees' perception of the lack of opportunities for social and emotional interaction with other organizational members (Mulki & Jaramillo, 2011). Workplace interactions help employees assimilate into the organizational culture and enable coordination and cooperation, whereas, in virtual work environments, employees often perceive themselves as a sole entity rather than as part of an organizational framework. Isolation could be perceived professionally and/or socially by the employee (Cooper & Kurland, 2002). Feelings of professional isolation create a fear that being out of sight will limit opportunities for career advancement, whereas social isolation is felt when employees miss the informal interaction they garner by being around others at the workplace. Interpersonal networking, spontaneous discussions, and face-to-face communication facilitate information sharing and build trust. These key mechanisms are thwarted during isolation (Cooper & Kurland, 2002; Gajendran & Harrison, 2007). Feelings of isolation, thus, diminish employees' self-efficacy and confidence in their abilities (Golden et al., 2008; Mulki & Jaramillo, 2011).



The present study context is very different from WFH as examined in the past literature as there is no historical precedence where employees were required by their organizations to WFH on such a large scale. The impact of reduced social relations on employees will be amplified during the lockdown since employees cannot fulfill their need for relatedness in work and work-related social domains. Further, there is a lack of physical boundary between work and home while working from home. There is psychological disengagement from one role to another without concomitant changes in the physical environment that employees working from home have to deal with, thereby, triggering internal emotional conflict (Ashforth et al., 2000; Shamir & Salomon, 1985). Thus, we believe that the impacts of WFH will hold greater significance on employees during COVID-19 times. Confinement, loss of usual routine, and reduced interpersonal contact will engender feelings of work-related isolation (Brooks et al., 2020; Varma et al., 2022). These effects will be exacerbated by the blurring of work-life boundaries. Such perceptions coupled with anxiety about career progression, doubts of employment security, risk of infection, and fear of death or of losing loved ones, will influence employees' stress and well-being.



When the survey was carried out in October and November, 55 percent of respondents reported working from home entirely, while 20 percent worked from the office and another 25 percent were on a rotating system, taking turns with colleagues.

The negative aspect of WFH that most respondents were agreeing on was increased office workloads, with 81 percent saying they felt them. In fact, working more because WFH makes it harder to distinguish between leisure and working hours has been a common complaint during the coronavirus pandemic. Fewer than half of respondents – 48 percent – felt disturbed by family members being present, making it one of the least common complaints about work from home in the survey.

Key findings from the research include:

The pandemic increased exhaustion at work – in some countries more than others.

- Causes of workplace stress differ for first line and remote workers.
- Six months in there are more communications and fewer boundaries.
- No commute may be hurting, not helping, remote worker productivity.
- Studies show meditation can fight burnout and stress during the workday.



1. The pandemic increased stress at work – in some countries more than others

Microsoft's research showed that everyone is experiencing burnout differently. Burnout can be attributed to many factors, and the chart below explores how longer workdays impact feelings of burnout. For instance, the study found that 29 percent of workers in India are experiencing increased burnout at work, owing to its increase in workday span by 1 hour. While workers in Australia saw the highest increase in workday span in Microsoft Teams at 45 percent, with a medium increase in burnout, the graph below shows that India had the longest workday span of surveyed markets. This was also significantly different from workers in Germany that saw very little change to workday span or feelings of burnout.

2. Causes of workplace stress differ for first line and remote workers

The report revealed that the top stressors shared by workers in India was the worry about contracting COVID-19 at work and feeling isolated or disconnected from co-workers, at 42 and 35 percent respectively. The study also found that 19 percent of workers have not been provided the tech or protective equipment they need to effectively socially distance by their company, contributing to increased stress levels. Workers also cited differing factors contributing to work stress. The lack of separation between work and life was a prime stressor among 34 percent of workers, with unmanageable workload and/or work hours coming closely behind at 28 percent. Nearly 23 percent of workers cited too many meetings and not enough focus time as factors contributing to stress at work.

3. Six months in there are more communications and fewer boundaries

Having identified lack of separation between work and life, along with unmanageable work hours, as top workplace stressors in India, Microsoft turned to usage patterns in Teams for more insight. Data showed that globally, even six months past the first work-from-home orders, people are in significantly more meetings, taking more ad hoc calls and managing more incoming chats than they did before the pandemic. As people adjusted to remote working, after hours chats, or chats between 5pm and midnight, have also increased.

4. No commute may be hurting, not helping, productivity for remote workers in Asia

For years, Microsoft's research group has been studying how commute has helped maintain work-life boundaries—and worker's productivity and wellbeing. A 2017 study helps us understand the productivity benefits of commute time. As part of the study, a digital assistant used chat conversations featuring task- and emotion-based questions to help participants prepare and detach from work through the day. The study found that 6 in 10 people (61 percent) globally felt they were more productive when the digital assistant helped them ramp up to and down from work. On average, productivity increased between 12 and 15 percent. The new virtual commute experience in Teams will help workers have a productive start in the morning and mindfully disconnect in the evening. Users can expect to customize their experiences from a set of suggested tasks such as meditation with the Headspace app, reflecting on the day or helping workers close out on outstanding tasks.

5. Studies show meditation can fight burnout and stress during the workday

Of those surveyed in India, 92 percent also said meditation could help decrease their work-related stress. External research backs this up—consistent meditation with Headspace can decrease stress and burnout and improve your ability to react to negative feedback.

II. CONCLUSION

The research highlights significant shifts in workplace dynamics due to the pandemic. Increased exhaustion, varying causes of stress between frontline and remote workers, and evolving communication patterns underscore the challenges faced by employees. Notably, the absence of a commute may detract from productivity for remote workers, while meditation emerges as a valuable tool to combat burnout and stress. Addressing these findings is essential for



organizations aiming to foster a healthier and more productive work environment moving forward. This result is in line with the argumentation that employees with leading positions can decide to work a couple of days per month from home due to their higher bargaining power. Employees in top positions have high bargaining power and can better negotiate about preferable working conditions like the right to work from home.

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