

Working Remotely?

Selection, Treatment, and the Market for Remote Work

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Puzzle

Remote work was rare in seemingly remotable jobs like call-center work & programming before Covid-19

Even though...

- **Strong demand** for WFH from workers (Mas & Pallais, 2017; He et al., 2021; Maestas et al., 2023; Lewandowski et al., 2024)
- **Positive immediate productivity effects** in an RCT in a Chinese travel agency (Bloom et al., 2015)

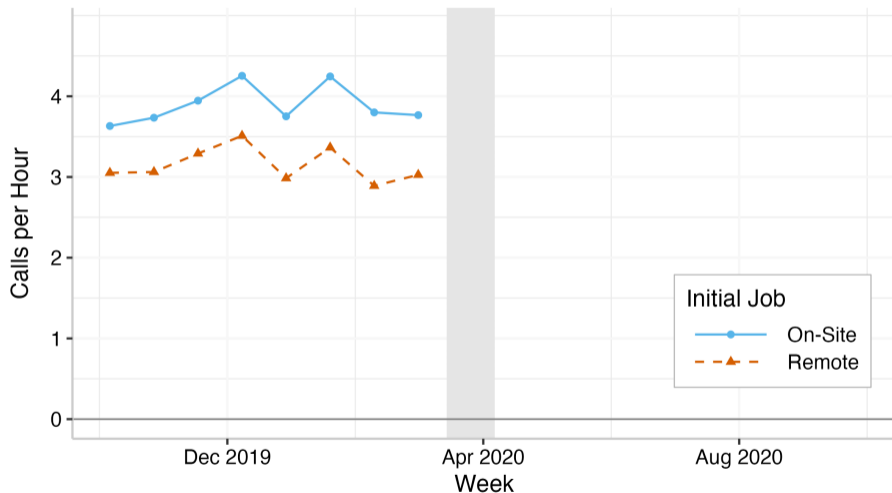
So were firms making mistakes? Or were other pieces to the puzzling rarity of remote work?

Key features of context

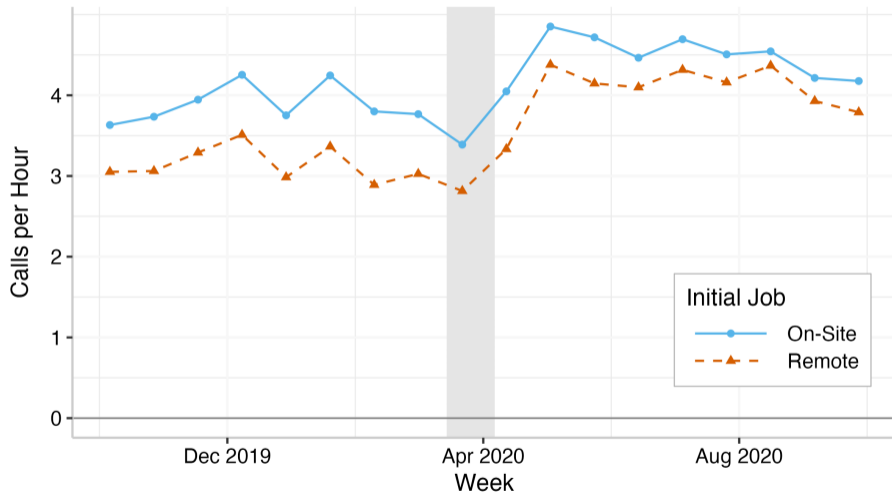
Data on call-centers at a Fortune 500 firm

- Firm hired both remote & on-site workers before Covid-19.
- Randomly routed calls between them

Remote Work and Calls Per Hour



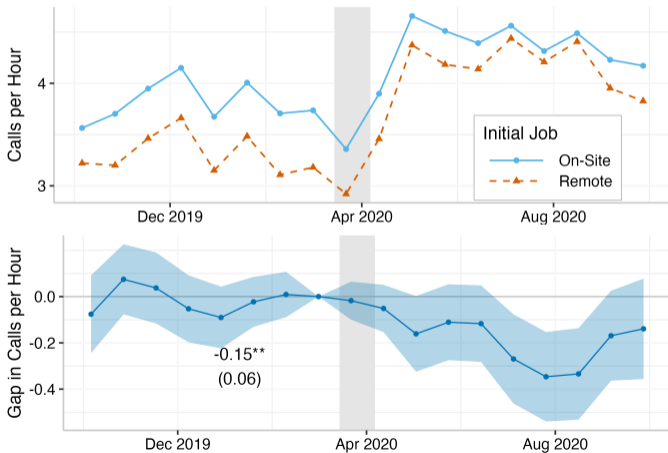
Remote Work and Calls Per Hour



Difference-in-Differences Design

[Details →](#)[Table →](#)[Pre-Covid Design →](#)

$$\text{Calls/Hour}_{i,t} = \beta \text{Initially On-Site}_i \times \text{Post}_t + \mu_i + \mu_t + X'_{i,t}\kappa + \epsilon_{i,t}$$



Effects on Call Quality & Worker Development

Deterioration in call quality especially for less experienced workers

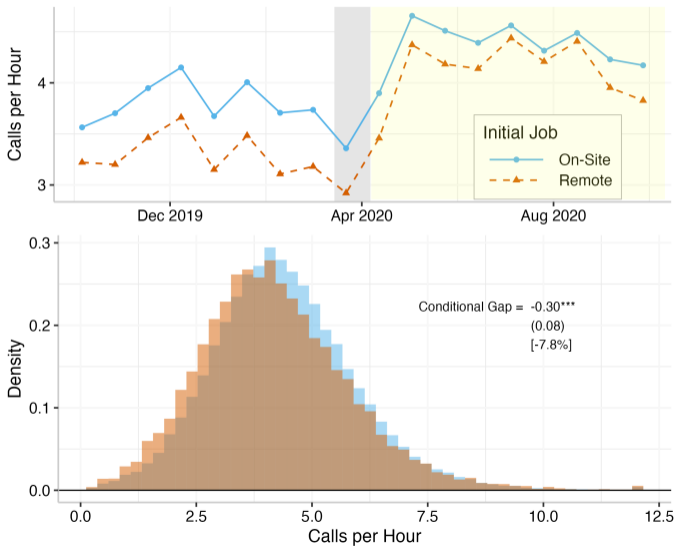
Remote work slows career progression

- Less one-on-one time with managers & in training sessions
- Half the promotion rates as on-site workers
- Gaps narrow when offices shut down

Selection into Remote Jobs

Fade-out in Selection →

Table →



The Firm's Pro/Con List

Pros of WFH

Cons of WFH

- Reduces productivity by 4%
 - Attracts workers who are 8% less productive
- Total reduction of 12%

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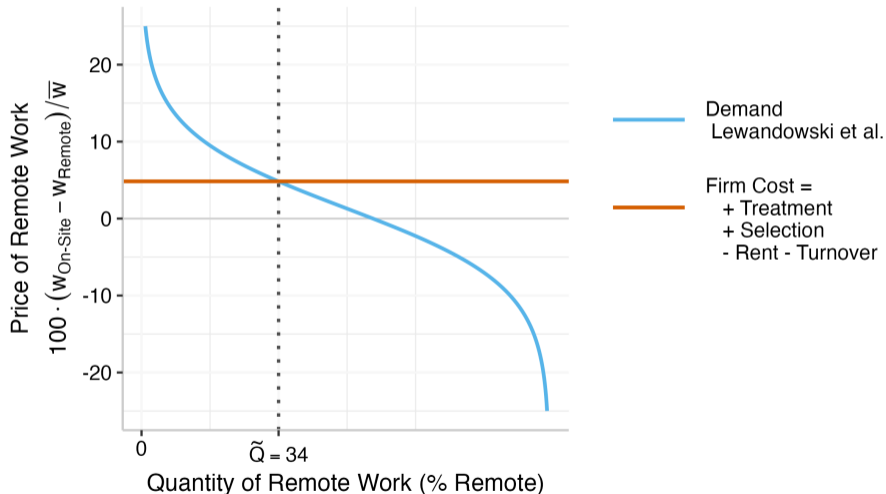
Pros of WFH

- Reduces office rents, worth 6% of labor costs
- Reduces attrition, worth 0.8% of labor costs

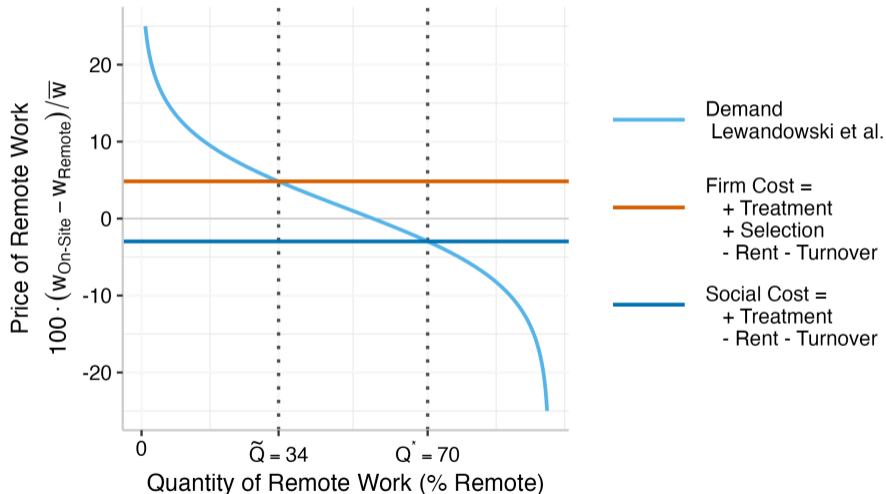
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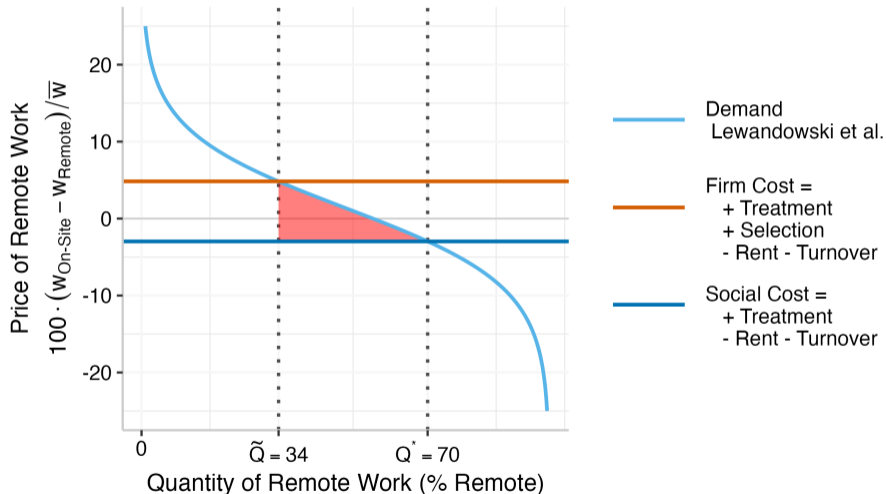
Market Provision of Remote Work



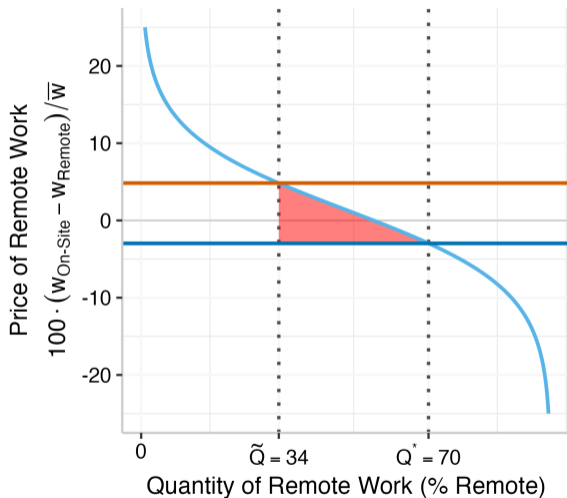
Market Provision of Remote Work



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Summary: Remote work's rarity was more due to **adverse selection** than a **negative productivity effect**