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APPLIED ECONOMIC &  
SOCIAL RESEARCH

# COPING WITH COVID-19: RETHINKING AUSTRALIA

*Taking the Pulse of the Nation 2020*

3. Working From Home: Is it Here to Stay?







# WORKING FROM HOME: IS IT HERE TO STAY?

Mark Wooden and Guay Lim

*The COVID-19 pandemic has seen a dramatic transformation in how people work, with many required to work from home. While the incidence of working from home will decline as the economy recovers and restrictions on businesses are eased, this ‘experiment’ with working from home may have fundamentally changed work practices in some businesses forever. At a minimum, it has created a taste for remote working among many Australian workers.*



# Working from Home: Is It Here to Stay?

### Pre-pandemic, working from home was the exception

A commonly held view before the pandemic was that work was being increasingly undertaken in the homes of workers rather than in conventional workplaces. The reasons for this view was tied to changing technology that makes it easier to communicate and access the internet from home.

The reality, however, was very different. Data from Release 19 of the Household, Income and Labour Dynamics in Australia (HILDA) Survey, for example, indicate that while one in four Australian workers in 2019 worked at least some hours at home, only 5.3 percent worked mostly from home, and most of these were self-employed. Similarly, data from the 2016 Population Census on how people travel to work finds just 4.7 percent of employed persons reporting working at home on the day of the Census. Furthermore, there is no evidence of growth over time, with the proportion working mostly at home in 2019 equal to the average over all 19 years covered by the HILDA Survey.

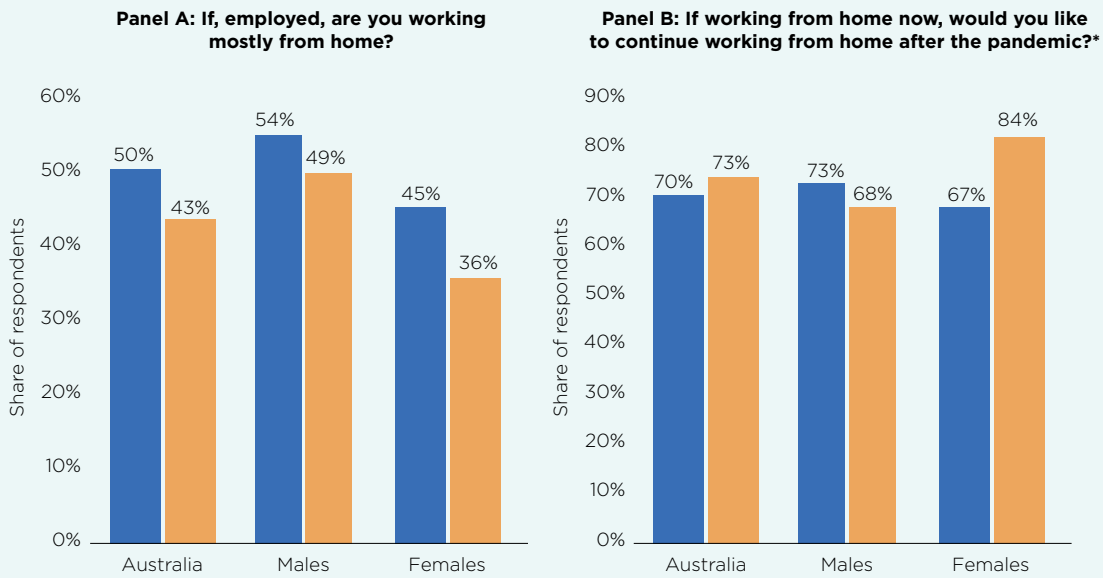
### But then came COVID-19 and working from home became the norm for many

The nature of work, including where we work, has been seriously disrupted by the pandemic, with working from home adopted as one of the key response strategies. This, together with the loss of many jobs in sectors where working from home is not possible, has seen the proportion of employed persons working from home surge to levels previously unseen.

Working from home was explored in two waves in the *Taking the Pulse of the Nation* survey – in wave 19 (September 14-19), and two months later in wave 23 (16-20 November). Figure 3.1, Panel A, shows the high proportion of the employed reporting working mostly from home – 50 percent of all employed persons in September. As business restrictions are eased, many workers can be expected to return to their usual workplace, and hence we should expect the share working from home to fall. This is already reflected in data collected in November. Nevertheless, the percentage working from home in November is, at 43 percent, still far more than pre-pandemic levels.

Figure 3.1 Working From Home: Actual and Preferred

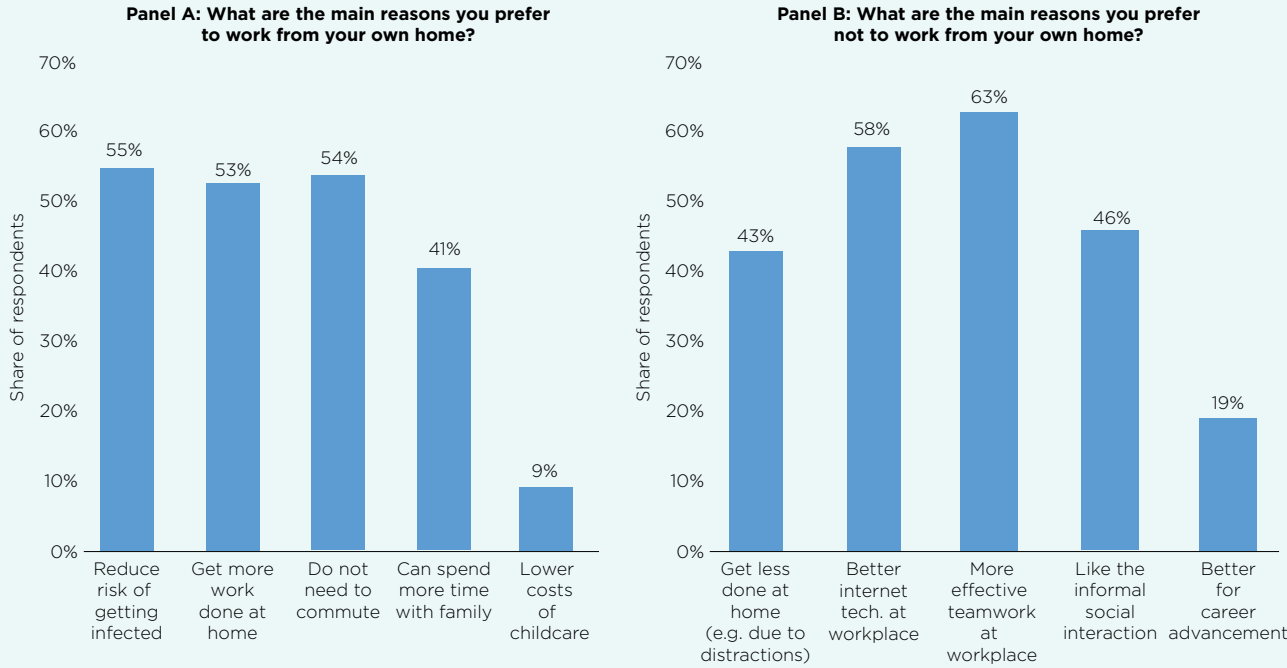
Wave 19 (September)  
Wave 23 (November)



Source. *Taking the Pulse of the Nation* survey (Melbourne Institute).

Notes for Figure 3.1 Conditional proportions based on wave 19 (657 responses from employed persons and 313 responses from currently working from home) and wave 23 (647 employed, and 274 working from home). \*About 10 percent of this group responded 'Don't know' (or refused to answer).

Figure 3.2 Reasons for Preferring/Not Preferring to Work From Home



Source. *Taking the Pulse of the Nation* survey (Melbourne Institute).

Notes for Figure 3.2 Conditional proportions based on wave 23 (274 responses of which 205 were for working at home and 47 were not in favour). Respondents were also invited to nominate 'other' reasons, but only 3 percent selected this option.

Perhaps even more striking than the large number of persons reporting working mostly from home is the large proportion of this group who report that they would prefer to continue to work from home. As shown in the Figure 3.1, panel B, 70 percent of those who identify as working from home indicated they would prefer to continue to work from home in September. By November, even though the share working from home has fallen, preferences to remain at home have not changed; indeed, among women workers the percentage has increased: from 67 percent in September to 84 percent in November.

*...many Australians would like to continue working mostly from home once the pandemic is over*

What drives an interest to continue working from home? Figure 3.2 shows the stated reasons for preferring and not preferring to continue working from home. It was expected that reducing the risk of COVID-19 infection would be the commonly cited reason for a preference to continue working from home. This proved correct, with 55 percent of this group nominating this reason. Almost as commonly cited, however, were the reduced commuting time (54 percent) and getting more work done at home (53 percent). The inference we draw is that many Australians would like to continue working mostly from home once the pandemic is over.

On the other side, the top two reasons for not continuing to work from home were more effective teamwork and better internet technology at the workplace. Clearly, working from home does not suit everyone.

### What if working from home becomes the new normal?

Is the observed rise in working from home a temporary adaptation to social distancing or will this be a permanent feature of the new normal? This remains to be seen, but our data suggest that if the decision were left to workers then working from home for many would become permanent. Employer preferences, however, will play a critical role. Will employers view the benefits to them from remote working to outweigh the costs? This is a calculation that will vary widely across individual businesses and industries, but nevertheless we speculate that, because of the pandemic, this is a calculation that many businesses will now be making.

But should working from home become part of the new normal, it will have fundamental effects on the nature of cities, infrastructure needs, and policies concerned with connecting where people live to where people work. CBDs will be less important as places of business activity, commuter travel will decline, the demands on communication technology will only increase, and the role of the workplace in creating and fostering social networks will become less important. It may also affect housing choices. Could the increased preference for stand-alone homes with dedicated office space possibly offset policies designed to increase high- and medium-density living?

Furthermore, there is the distinct prospect that some Australian workers may become worse off if proximity / physical distance is no longer relevant. In this case, labour cost considerations may lead to more work being moved offshore, thus leading to job losses and / or downward pressure on wages here.

In short, any marked increase in the incidence of working from home will be a big change, the implications of which have yet to be worked out.



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Researchers at the Melbourne Institute have been informing and shaping economic and social policy in Australia since its establishment in 1962. The Melbourne Institute's list of longstanding accomplishments includes the creation of such things as: the Henderson Poverty line, the blueprint for Medicare, the Household, Income and Labour Dynamics in Australia (HILDA) Survey, the Australian Economic Review, and the Consumer Sentiment Index. Melbourne Institute researchers have engaged in analyses on critical issues such as poverty, economic growth and inflation, housing and family structure, healthcare and wellbeing, employment and skill development, and tax and transfer policies.

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The *Taking the Pulse of the Nation* survey was created for the purpose of being able to track the economic and social wellbeing of Australians and to provide measures of attitudes and willingness to take on risk given the coronavirus pandemic. These data have been used to provide timely insights that track behaviour and inform policy.

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