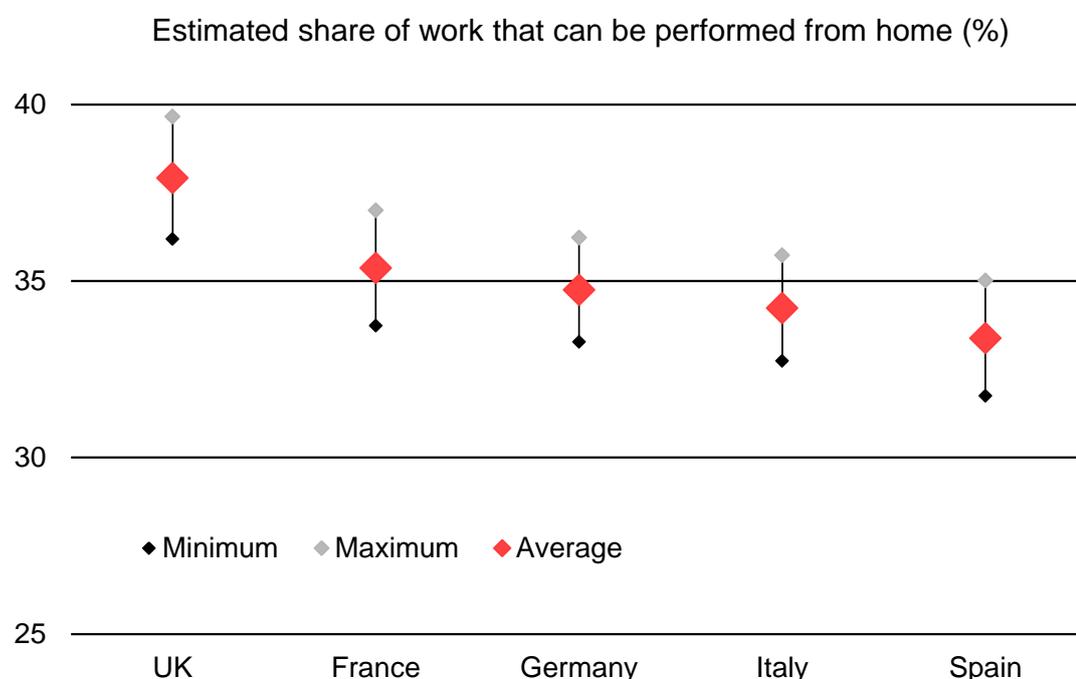


Working remotely: How feasible?



Source: Eurostat, UniCredit Research

- Amid social distancing to contain the spread of COVID-19, for many firms remote working is the only way to keep their businesses going during the lockdown, thus mitigating the impact of the unprecedented recession that is in the making. Our *Chart of the Week* shows the estimated share of work that can be performed from home for five major European economies. It reflects the underlying features of jobs, regardless of whether the job was executed from home before the current health crisis broke out. For example, most jobs in finance, education and professional services can – at least in part – be executed remotely, but work in hotels, restaurants or in-store retail sales must largely be performed in-person.
- The ranges provided in the chart are based on estimates of the feasibility of working from home for thousands of occupations in the US by University of Chicago economists Jonathan Dingel and Brent Neiman.¹ We make the reasonable assumption that the share of work that can be done remotely for any given occupation is the same for these European countries as it is for the US.² To estimate the whole-economy share of work that can be done from home, we applied the occupation-level estimates to the occupational-composition for each of the European economies displayed in the chart.³ The UK economy, which is skewed towards high-value-added services, stands out for having the most flexible job composition – almost 40% of work can be done from home. At the other end of the spectrum is Spain, where at most 35% of work can be performed remotely. Retail, transportation, tourism and restaurants roughly account for 24% of Spanish GDP, as opposed to an average of 19% for the eurozone as a whole. In between the Spanish and the UK economies are France, Germany and Italy – albeit the differences are rather small as we are considering high-income economies with fairly similar occupational structures. As a term of comparison, also in the US around 35% of work is suitable for flexible arrangements.

¹See Jonathan Dingel and Brent Neiman, “How Many Jobs Can be Done at Home?”, Becker-Friedman Institute, April 2020.

²Of course, although we are dealing with high-income economies, there might still be cross-country differences due to digital infrastructures, social norms or contractual hurdles. One clarification is also important. When it comes to retail sales, for example, the authors consider that some in-store activities can be replaced by jobs performed on online platforms, and therefore from home too, meaning that the feasibility rate for these jobs is not zero.

³In the study, the authors calculate two different feasibility rates, one based on the Occupational Information Network survey and the other on their own estimates. The maximum and minimum coefficients in the chart come from these two different sets of estimates

- These estimates likely represent an upper bound for the percentage of output that could be produced from home, for a couple of reasons. First, feasibility does not imply unchanged productivity – in reality, occupations are made up of a number of tasks and some of them (even key ones) cannot easily be carried out from home. Second, the transition to remote work requires an important change of mindset across Europe, and this might not happen immediately, even if there is eagerness to do so and the digital infrastructure is in place to support such a shift (the five economies depicted in the chart have broadband coverage of above 95%). According to Eurostat, in 2017, just 5% of employees aged 15-64 took advantage of flexible working arrangements on a regular basis. On a positive note, the current crisis is forcing several firms to upgrade IT systems to allow employees to work from home and this might benefit productivity in the medium term.

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