

COVID-19 and Inequality – Arguments and Findings

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Working from home in the Corona-virus crisis: Towards a transformation of work environments?

Abstract

The coronavirus crisis has brought rapid and sweeping changes to the daily work life of many employees. To comply with social distancing rules, many private and public organizations let all or part of their staff work from home. This study analyzes this new work environment on the basis of unprecedented data: a survey conducted at nine points in time among roughly 700 telecommuting employees. The results demonstrate that employees working from home show an increase in perceived productivity and commitment. The vast majority wish to continue to work flexibly on a remote basis, at least to some extent. However, we also observe a trend towards excessive workloads resulting in exhaustion. This increases the urge for policymakers and employee representations to take action. The study concludes with recommendations on how to improve the general conditions concerning telework.

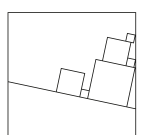


Policy Papers of the Cluster
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Cluster of Excellence
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Introduction

The survey: A study of employees working from home

We interviewed a total of 699 people currently working from home. The survey comprises nine data points and was conducted between March and May 2020, when society and the economy were subjected to rules enforcing contact restrictions and social distancing. In terms of age and gender, the respondents represent the average German working population (see Figure 1).

The survey forms part of a nation-wide survey program initiated by the Konstanz-based Cluster of Excellence "The Politics of Inequality." For further information on the survey program, please see: inequality.uni.kn/research/covid-19-and-inequality-surveys-program/

Almost overnight, the COVID-19 pandemic has radically changed work for millions of employees in Germany. In March 2020, a large majority of office- and service-sector workers was ordered to work from home to comply with the national rules and regulations for social distancing and hygiene. According to the latest figures provided by the German Institute for Economic Research (DIW Berlin), about 35 percent of employees worked from home in May 2020.¹ This represents a considerable growth compared to a 2016 study, according to which only 12.5 percent of German staff telecommuted on a regular basis.²

Employees and employers alike need to deal with the benefits and downsides of telecommuting. Is working from home a sustainable arrangement, suitable for a broad majority of employees in the future? Or will workers return to their company workplaces and resume their old work routines once social distancing measures end? How can and should frameworks and guidelines for telecommuting be designed? And what can employer associations and employee representations do to support the transition to remote work arrangements?

In this paper, we draw upon unique data to answer these questions and contribute to the current political and economic debate on telecommuting.

Figure 1:

Survey of telecommuting employees

| Time (T)0 | Times (T)1-8 | Time (T)9 |
|---|--|--|
| Survey of n = 699 employees working from home | followup daily survey, data was collected on eight successive days | Final survey of (T)0-8 respondents |
| 54 percent men, 46 percent women | | n = 543 |
| Ø age 45 years | | 7 percent working in-office full-time 37 percent working remotely full-time |
| 30 March 2020 | 01 – 08 April 2020 | 15 May 2020 |

¹ DIW (2020): Vor dem Covid-19-Virus sind nicht alle Erwerbstätigen gleich. *DIW aktuell*, 41. https://www.diw.de/de/diw_01.c.789505.de/publikationen/diw_aktuell/2020_0041/vor_dem_covid-19-virus_sind_nicht_alle_erwerbstaetigen_gleich.html

² DIW (2016): Home Office: Möglichkeiten werden bei weitem nicht ausgeschöpft. *DIW Wochenbericht*, 5. https://www.diw.de/documents/publikationen/73/diw_01.c.526038.de/16-5-1.pdf

³ See Eichhorst, W. & Tobsch, V. (2014): Flexible Arbeitswelten. Bericht an die Expertenkommission "Arbeits- und Lebensperspektiven in Deutschland". Bertelsmann Stiftung. https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Publikationen/GrauePublikationen/GP_Flexible_Arbeitswelten.pdf

⁴ See Bundesministerium für Arbeit und Soziales (Ed.) (2017): Weißbuch Arbeiten 4.0; Eichhorst & Tobsch (2014); Neufeind, M., O'Reilly, J., Ranft, F. (2018): Work in the Digital Age: challenges of the fourth industrial revolution. London: Rowman & Littlefield.

COVID-19 accelerates the trend towards flexible work arrangements

The COVID-19 pandemic accelerates the transformation of the workplace. In recent years, policymakers and business leaders already engaged in intense debates on more flexible solutions and the blurring of boundaries between work and private life – the “dissolution of traditional boundaries regarding work location, time, and organization.”³ There is a trend towards non-traditional forms of employment (e.g. part-time, marginal, and self-employment) and flexible work hours and arrangements. This trend and the role of new technologies in the “fourth industrial revolution” remain highly controversial, as their combination involves not only great opportunities but also complex risks.⁴

Flexible work arrangements give workers greater autonomy, allow for considering individual work needs, and put an end to the traditional “culture of in-office work.”⁵ This may have beneficial effects on employee satisfaction, performance, and work-life balance. At the same time, more flexibility may also mean more work-related stress and polarization among staff. The debate on “essential jobs” in the crisis highlighted the vast gaps in the extent to which different industries, employment sectors, and employee groups are prepared for flexible work arrangements. Needs vary considerably as well. In addition, employees often feel stressed by non-standard working hours and unlimited availability; as a result, psychological diagnoses such as burn-out syndrome have increased disproportionately in recent years.⁶

Pandemic-related telecommuting arrangements are like a social experiment. They significantly heighten the relevance of opportunity and risk assessments, much-discussed policy instruments, and conflicts of interest between employers and staff. Debates focus on issues such as autonomy and control over working times, balancing flexibility with labor rights, “modern” management and leadership approaches, and the role of social partnerships. Finally, the “right to work from home” was made a point on the political agenda. Hubertus Heil, German Federal Minister of Labor, initiated a statutory right to work from home, which is expected to go into force starting in fall 2020.⁷

What should decision-makers in politics, employee associations, and companies prioritize? How can employment be transformed in a way to fully exploit the potential of flexibility while reducing its risks? To answer these questions, we first present empirical data on the current situation of telecommuting employees and on the existing regulatory framework. Based on these findings, we then derive conclusions for employers, employee representations, and policymakers.

Real-life situation of employees working from home: Combining office- and home-based work is the preferred model

Our data demonstrate that flexible work arrangements and the blurring of boundaries between work and non-work have increased significantly because of the pandemic. 60 percent of respondents currently working from home stated that they worked in-office almost all of the time prior to the coronavirus crisis. Pre-corona hours per week in a home-based office were 1.66 days on average.

The results of the survey show that the great majority of staff do not prefer to return to full-time in-office work: 56 percent of respondents would rather work from home at least some of the time. Many respondents see a well-balanced combination of telecommuting and in-office work as their preferred arrangement (see Figure 2). While 25 percent report they would like to work exclusively from home, the large majority state that, given the choice, they would opt for telecommuting on 2-3 days a week (mean value of all respondents: 2.88 days). 50 percent of respondents support a statutory right to work from home (see info box “A right to work from home?” on page 8).

⁵ Bundesministerium für Arbeit und Soziales (2017).

⁶ Rieder K., Kraus S, & Vogl G. (2019): Mobile Arbeit: Arbeitsbedingungen und Erleben. In: Badura B. et al. (Hrsg): Fehlzeitenreport 2019. Berlin: Springer, 205–216.

⁷ See article: Recht auf Homeoffice? “Ein Ladenhüter”. 26.4.2020. <https://www.tagesschau.de/inland/corona-homeoffice-heil-103.html>

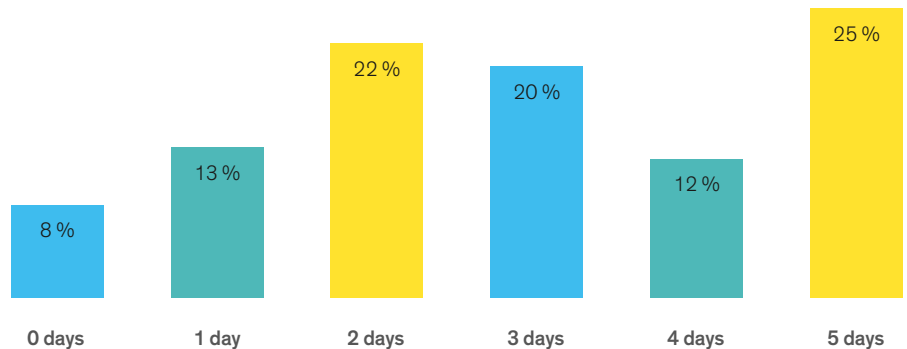
The results demonstrate that telecommuting and its benefits, such as a flexible work schedule and higher efficiency (extended periods of concentration, no commuting, etc.), cannot entirely replace the company office as social hub for meeting colleagues and gaining/exchanging information.

Figure 2:

Preferred number of days working from home

Question:

If given the choice, how many days of the week would you prefer to work from home?



Many benefits, few downsides: How employees experience the effects of telework

Why do respondents voice such a strong preference for the continuation of telecommuting? One potential explanation is that most respondents perceive themselves as being motivated and highly productive when telecommuting: 78 percent say they are both committed⁸ and productive⁹ when working from home (see Figure 3 – Page 5). This result remains consistent over all data points (DP1–DP9 in March/April and mid-May 2020) and is an increase of 15 percentage points compared to a similar study from 2015 when almost all participants worked in the traditional office environment.¹⁰ In addition, a steady number of more than 45 percent report their performance was better and more efficient at home than at their company office. The large majority of respondents, more than 70 percent, highly appreciate the opportunity to integrate work and private life when working from home, irrespectively of having to care for minor children.

Although efficiency, productivity, and the compatibility of work and private life are perceived as improved, the downsides are higher levels of emotional exhaustion¹¹ and social isolation¹² (see Figure 3 – Page 5). The feeling of emotional exhaustion slightly increased during the period of data collection; however, at 16 percent it is still on a comparatively low level. With slight fluctuations over time, an average of 20 percent of respondents felt lonely and isolated working from home. Additional private isolation deriving from contact restrictions is to be considered here.

⁸ Employee engagement was measured according to Rich, B. L., LePine, J. A. & Crawford, E. R. (2010): Job engagement: Antecedents and effects on job performance. *Academy of Management Journal*, 53(3), 617–635.

⁹ Employee performance was measured according to Fritz, C. & Sonnentag, S. (2006): Recovery, well-being, and performance-related outcomes: The role of workload and vacation experiences. *Journal of Applied Psychology*, 91(4), 936–945.

¹⁰ Hauser, F., Schubert, A., Aicher, M. (2015): Unternehmenskultur, Arbeitsqualität und Mitarbeiterengagement in den Unternehmen in Deutschland. BMAS, Abschlussbericht Forschungsprojekt 18/05.

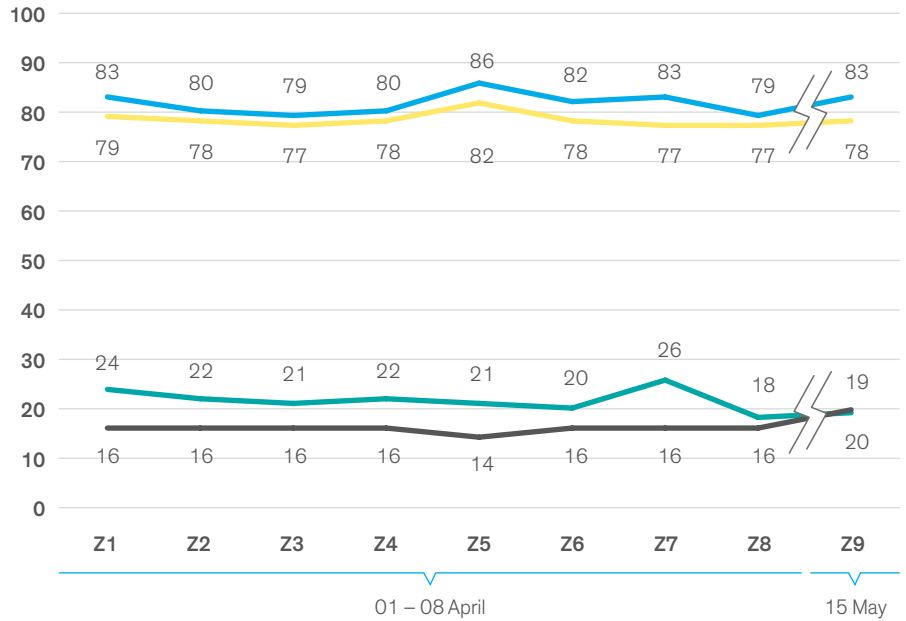
¹¹ Emotional exhaustion was measured according to the Maslach Burnout Inventory, German version by Cillien, P., Fischbach, A., Mörsdorf, A., Scherp, E. & Schaufeli, W. B. (2006): Maslach Burnout Inventory–General Survey Deutsche Version 1.0 (MBI-GS-D V1.0.).

¹² Social isolation was measured according to Wright, S. L., Burt, C. D. & Strongman, K. T. (2006): Loneliness in the workplace: Construct definition and scale development. *New Zealand Journal of Psychology*, 35(2), 59–68.

Figure 3:

Assessment of telecommuting at different time points. Percentages indicate the share of respondents who (somewhat) agreed with these questions on a scale of 1 to 5.

- Work performance
- Commitment
- Loneliness
- Emotional exhaustion



Interestingly, on the last data point (DP9, mid-May 2020), 56 percent of respondents stated that they worked in excess of their contracted hours. From an employer’s viewpoint, this increased commitment seems favorable upon first sight. In the long run, however, close attention has to be paid to the danger of staff suffering from excessive workload and stress. Furthermore, questions concerning labor law need to be addressed, such as how the company handles overtime, and how to comply with the European Court of Justice’s May 2019 ruling in favor of a strict duty for employers to track worked hours.

Need for more support: Designing a framework for a transition to telework

There are still many issues to settle before a suitable framework for telecommuting can be established that takes into account both business and political aspects. The support of several players is crucial to implement arrangements that will work in the future: employers, employee representations, and policymakers (see Figure 4). Only 45 percent of respondents report being supported by their employers to continue telecommuting after the coronavirus crisis. 57 percent of respondents would like to see more support from senior management in particular. In addition, many respondents call for an improved IT infrastructure: 55 percent state their company’s IT department needs to improve support, and almost 60 percent claim they lack appropriate equipment in terms of hardware such as laptops, monitors, or phones.

Aside from employers, employee representations also need to act. 54 percent of respondents report that their works or staff council already championed the right to work from home prior to the crisis, but only 40 percent actually had a collective bargaining agreement to that effect with their employer.

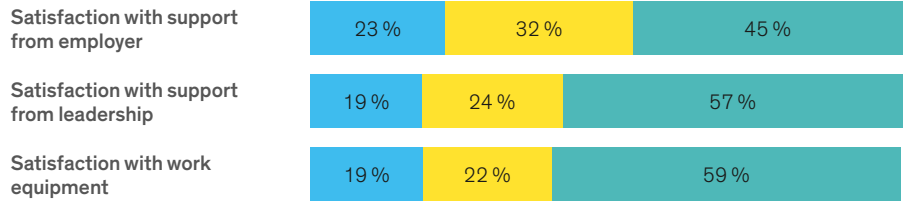
Figure 4:

Expectations of employers, employee representations, and political actors

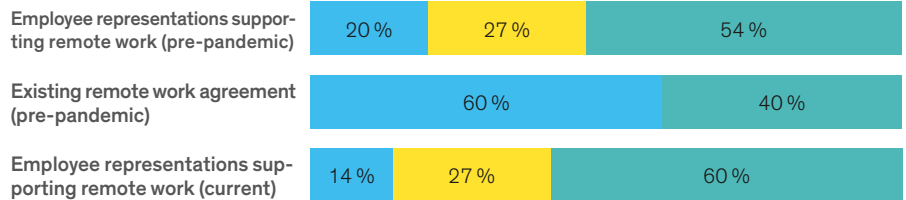
- disagree (somewhat)
- undecided
- agree (somewhat)

(totals in excess of 100 percent due to rounding errors)

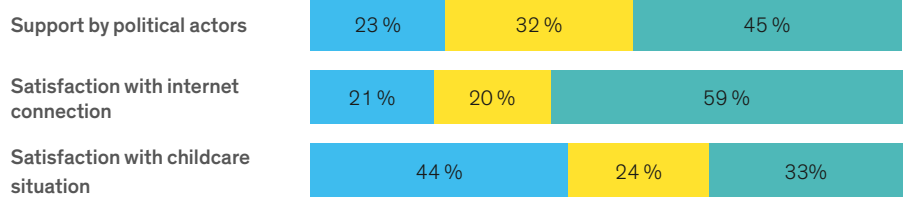
Employers



Employee representations



Policymakers



At the same time, we do observe that works councils became more active during the crisis: 60 percent of respondents state that they have been receiving more support from their works council since the beginning of the coronavirus crisis. We expect the continuation of telecommuting to go hand in hand with negotiations on clear-cut health and safety conditions. Especially when it comes to longer working hours, as mentioned previously, works councils need to get involved and push for a balance between motivating work arrangements and excessive workloads and stress for employees working from home.

More than 45 percent of respondents call on policymakers to create a general regulatory framework for telecommuting after the pandemic has passed, expressing a wish for more political support. Besides the potential statutory right to work from home, this also includes public IT infrastructure: 59 percent of those surveyed advocate for broadband in Germany to be improved so they can participate in video conferences and many other job-related interactions, all of which require a strong and stable internet connection.

Family policy is likewise closely related to these new forms of flexible work. In this domain, it seems most important to target support directly at families and single parents. Although our data shows that the current teleworking situation offers employees the opportunity to integrate work and private life, one third of respondents state that working from home as a long-term plan will only be possible with improved childcare. As might be expected, this figure is significantly higher with respondents in partnerships (48 percent) and single parents (45 percent) caring for children.

Recommendations for the future of work

The coronavirus crisis accelerates the transformation of work in Germany. Many employees have come to enjoy and appreciate working from home. Prior to the COVID-19 pandemic, telecommuting may have been the exception, but in the future employees would like to spend at least a few days a week working from home. However, they do not want to give up in-office work entirely. In terms of commitment and productivity, employees' self-assessments suggest that working from home may increase job satisfaction and lead to similar performance levels as company-based work. On the other hand, emotional exhaustion, excessive workloads, and social isolation are potential negative factors that have to be considered when the boundaries separating work and private life start to blur. To build a framework for the continuation of telecommuting on a larger scale, we identify the following main fields of action:

Employers

1. Telecommuting arrangements suited to the individual may become key for employers to attract skilled staff after the crisis, particularly since a recovery of the economy will further exacerbate existing shortages in skilled labor.
2. Employees working from home will need appropriate technological infrastructure to work efficiently.
3. Senior managers need to get tailored training to make telecommuting effective and to reconcile flexible work arrangements, company cohesion, and team identification.
4. Strong virtual leadership skills will be core to successfully balancing individual employees' needs with favorable outcomes for the organization, as well as remote performance with in-office performance.¹³

Employee representations

5. Works and staff councils need to put much more effort into advocating clear-cut agreements for mobile work arrangements, and existing agreements need to be made comprehensive and inclusive.
6. Such agreements must focus on the downsides of telecommuting: emotional exhaustion, social isolation, and excessive workloads.¹⁴
7. Staff and managers alike need additional training, specific courses, and access to information on how to work from home in a healthy and productive way.
8. Concepts, guidelines, and methods need to be drawn up for the boundaries separating work and private life to remain intact, for work during non-standard office hours to remain limited, and for employees to get sufficient downtime.
9. Single policies pursued by individual departments or managers may create the impression of unequal treatment.¹⁵ Therefore, central policies must be adopted to ensure access to telecommuting opportunities throughout the organization.

¹³ Extant studies show that working in the virtual can reduce organizational identification. See also Bartel, C. A., Wrzesniewski, A., & Wiesenfeld, B. M. (2012): Knowing where you stand: Physical isolation, perceived respect, and organizational identification among virtual employees. *Organization Science*, 23(3), 743–757.

¹⁴ See also Tavares, A. I. (2017): Telework and health effects review. *International Journal of Healthcare*, 3(2), 30–36.

¹⁵ Lee, D., & Kim, S. Y. (2018): A quasi-experimental examination of telework eligibility and participation in the US federal government. *Review of Public Personnel Administration*, 38(4), 451–471.

A right to work from home?

The respondents showed an indifferent reaction when asked whether they would support a statutory right to work from home. In addition, our results demonstrate that many companies – at least in the current exceptional circumstances – can offer their employees flexible work arrangements even without statutory regulation. One general fact to keep in mind when considering the results of this study and the related recommendations is that telecommuting is a privilege enjoyed mostly by employees working in office and knowledge-based occupations. As a consequence, the study does not address the needs of many people in so-called “essential” jobs, such as staff in the retail sector, in nursing, or in manufacturing, for whom telecommuting is impossible. A general and statutory right to work from home may thus be viewed as unfair by these important groups of workers.

Nevertheless, the study shows that the trend towards a blurring of spatial and temporal boundaries between work and private life is gaining momentum because of the COVID-19 pandemic's immediate consequences. But it also shows that employers, employee representations, and policymakers still need to find clear answers to address this trend and the ongoing transformation of existing labor and social standards.

10. Company agreements should merely define a broad framework for telecommuting, giving managers and employees enough room for individual solutions, to counteract excessive bureaucratic regulation.

Policymakers

11. Germany's digital infrastructure needs considerable improvement and a sustainable concept to give all employees the conditions required for working in flexible and energy-efficient conditions.¹⁶
12. A statutory right to work from home has to be assessed with great care (see info box: A right to work from home?).

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¹⁶ Only 21 percent of respondents are satisfied with the current situation; scenario studies show that remote work can reduce energy costs and emissions by up to 70 percent. See Kitou, E., & Horvath, A. (2008); External air pollution costs of telework. *The International Journal of Life Cycle Assessment*, 13(2), 155–165.

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Imprint

The Politics of Inequality Perceptions, Participation and Policies

is an interdisciplinary Cluster of Excellence at the University of Konstanz within the framework of the Excellence Strategy of the federal and state governments. The gap separating the poor from the rich, the worldwide rise of populism, the division of burdens in the fight against climate change, unfairly distributed access to education – many current debates are as much about inequality as they are about other issues. These topics pose highly complex questions, yet scientifically grounded answers are still few and far between. This is where we come in to investigate “The Politics of Inequality”: the political causes and consequences of inequality.

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