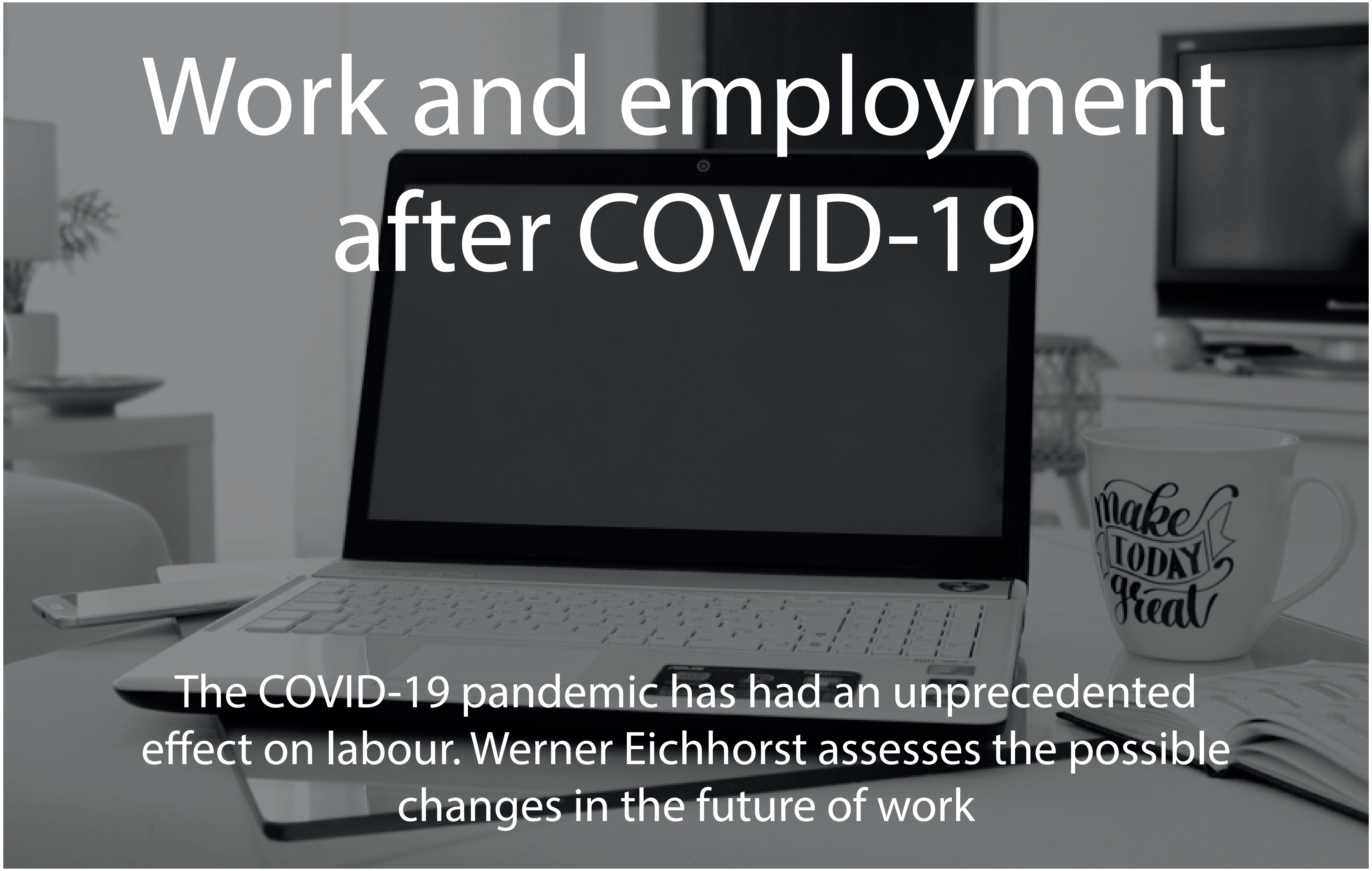
Work and employment after COVID-19



The COVID-19 pandemic has had an unprecedented effect on labour. Werner Eichhorst assesses the possible changes in the future of work

The COVID-19 pandemic is fundamentally altering the functioning of labour markets and individual work environments in an unprecedented and unexpected way, yet some trends of the post COVID-19 world of work might still be familiar to us.

The virus has brought about a temporary disruption of 'business as usual' in many respects, with the phase of acute slowdown during the economic shutdown also triggering speculation about more substantial, structural changes to the world of work.

While some of the early reflections were driven by the exceptional situation and sentiments of spontaneous solidarity, which suggested a fundamentally different world after the crisis, the more medium- and long-term developments will likely look different – not just from the situation in 2019, but also from the speculations during the crisis situation.

To understand these developments, we need to assess to what extent COVID-19 entails an acceleration of the changes that were already occurring before the crisis, and to what extent we can expect a break with some past paths of economic and societal development.

There is reason to assume that not all will stay as it has been during the acute phase of the crisis, nor will we see a return to the pre-COVID-2019 situation. Rather, what we can expect is a mixture of transitory and more permanent changes.

First, in terms of the bigger picture, we are already now starting to observe changes in employment, in particular a sudden and in some cases unprecedented decline in the number of jobs and hours worked in sectors and occupations directly affected by the lockdown and the temporary disruption of global value chains.

But this is not the end of it. We can expect further changes in labour markets in response to economic uncertainty, despite very strong governmental interventions targeted at firm liquidity and job stabilization, and in particular due to changing consumer and firm behaviour.

In some sectors, we observe a massive decline in business and consumer demand, quite in contrast to the spectacular long-term growth in the past. Among the hardest hit sectors is tourism, both long distance and regional, which includes hotels, restaurants, travel agencies, airlines and the like, as well as the leisure sector, events and entertainment, but also conferences and business fairs.

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Some return to a 'new normal' can be expected for local restaurants and more regional tourism, perhaps also for larger events and fairs at a later stage. However, the recent experiences with digital communication and collaboration technologies in professional environments might imply a more long-term decline of business travel, in particular over long distances, as well as a structural decline in private flights, particularly transcontinental, as this will likely become more expensive and cumbersome.

For these sectors, which have benefited from increasing demand over a long period of time, this comes as an unexpected, structural shock. Less travel also calls for innovative ways to arrange in-person meetings, which may become fewer and smaller, but with a different quality. This may lead to a new appreciation of non-digital interaction and services that are complementary to digital channels of communication.

With respect to leisure travel, regional travel destinations might benefit, as can already be seen in current summer vacation plans after the phasing-out of lockdown measures in many countries.

Digital technologies are also likely to influence commerce, with local retail getting more involved in delivery services in order not to lose out against pure e-commerce. Since physical distancing may continue to be required to some extent in the foreseeable future, digital technologies will also become integrated more systematically in health care and education.

In terms of speed of adoption and intensity of use, digital technology will be on the rise above pre-crisis paths. For example, video-based consultations with general practitioners, or electronic prescriptions, as well as e-learning or blended learning formats at schools, universities and in the adult learning sector will become standard features in the post COVID-19 'new normal'.

Although there has been much debate about a potential reshoring of manufacturing jobs in response to the apparent vulnerability of global value chains due to the pandemic (and persistent trade conflicts), we are not likely to see a significant growth of manufacturing jobs in the OECD countries. The potential revival of manufacturing will rather be characterized by a higher level of automation.

A changing sectoral composition, but also changing job requirements within sectors, means that some skills will become obsolete, potentially faster than without the crisis. People employed in the heavily affected sectors will be most vulnerable to joblessness, especially those with less stable contracts, such as on-call or freelance workers.

Thus, apart from income support, skill updating and skill upgrading with the help of new digital formats must become top priorities not just for policymakers, but also for firms and individuals. Given the often fragmented systems of continued education with unequal access to relevant and suitable learning formats, making them more accessible and universal will be one of the main challenges at different levels of policy design and implementation beyond the acute crisis intervention.

The COVID-19 pandemic does not only affect the external labour market and bring about restructuring of employment, it also affects the way we work in the context of firms. Telework was one major instrument that firms and workers were able to use, and in fact were forced to use, in order to ensure business continuity in jobs that technically allow working from a distance, ie. in jobs that do not require partial or full physical presence to attend machines or customers.

The share of teleworkers increased significantly, to one-fourth or even one-third of the workforce in most developed countries during the acute phase of the pandemic, which brought the actual use of telework more in line with the potential extent of telework based on job characteristics.

In some cases this meant more intensive use of telework by those who already had some experience with it, while in other cases work was shifted to private homes without prior experience or negotiations. In the latter case, employers, superiors and workers were forced to gain experience with work from home and management via digital tools.

In fact, the pandemic forced reluctant employers (and employees alike) to adopt a more permissive and pragmatic attitude to telework. This triggered learning processes on both sides, in terms of resolving technical issues and handling the practical side of setting up a workable environment and time schedule with limited disruptions by daily chores or childcare and homeschooling obligations during kindergarten and school closures.

This was a particularly stressful situation for many parents. But with some hindsight, we will see more clearly that telecommuting can really work even when it had to be introduced without much preparation, but that it depends on certain rules.

For the future, this means that the explicit or implicit expectation of being present full-time at the workplace will be eroding further for those working in jobs that allow for locational flexibility. All this will have a more long-lasting effect on the way we work in knowledge-based jobs (or tasks) that can basically be done anywhere.

A full shift to telecommuting, however, does not seem to be the preferred alternative by firms and workers except for specific constellations. For the majority of workers and firms, this does not seem to be attractive and effective due to a lack of informal and personal interaction and visibility and the diverse personal environments that might make it hard to work effectively from home.

In fact, a return to the office might be attractive to workers that had a stressful experience during the lockdown phase as they were lacking a professional work environment. Moreover, the commuting time should not just be perceived as a burden, but also as an opportunity to 'sort and digest' work-related issues or unwind when returning from work.

Combining the advantages of telework with the positive aspects of work at the office by way of part-time commuting and part-time telecommuting will likely lead to a multitude of flexible arrangements, allowing for part-time absence and part-time presence based on agreements between firms and workers or within teams. These can take many different forms, also depending on individual preferences and private circumstances.

In a manner of speaking, voluntary choice will matter more as presence at the office will be required to a lesser extent, or less regularly, and not from everyone at the same time.

This also entails reconsidering and reorganizing jobs in order to identify tasks that can be performed via telecommuting when supported with appropriate investment in digital technologies. At the same time, this will have consequences for office settings on firms' premises as work schedules characterized by physical absence and presence will evolve further.

In the medium and long run, we can expect fewer available office workplaces, a move away from large-scale office spaces towards flexible and reduced capacities at offices, with more emphasis on physical distance, but still allowing for meetings and unplanned, spontaneous interaction.

Management styles are changing as well. Both workers and superiors are learning quickly how best to deal with new ways to communicate using digital technologies. After the return from dominant telecommuting, this may well translate into new ways to have productive face-to-face meetings. During the acute phase it has become clear that trust and consistent personal communication, also addressing the private situation at home, are more important than directly visible work processes and micro-management.

These principles are also highly useful when it comes to a partial return to the office. From the perspective of individuals, irrespective of hierarchical position, it is essential to have, on the one hand, a clear understanding of tasks and time to work with colleagues and engage in informal and unplanned communication.

On the other hand, it is equally important for productive work at home and at the office to be able to concentrate on specific tasks and have arrangements for times during which one does not need to be available.

In this respect, work at home will become more like work at the office and vice versa, leading to some convergence of the two, with options to choose where and when to work. This is certainly more productive and satisfying than strict temporal and locational constraints. If there is a good thing for the world of work to come out of the crisis, it is the creativity it has unleashed to reconcile flexibility and productivity. ■

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