

VoxEU: Potential for remote working across different places

While large cities can suffer from a faster spread of the virus due to higher population density and from greater specialisation in hard-hit sectors, a higher potential for remote working can provide them with a source of resilience to the economic shock of the Covid-19 crisis, writes Cem Özgüzel, Paolo Veneri and Rudiger Ahrend for VoxEU



New York

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Cities are better equipped for remote working

Many countries have implemented strict containment measures such as social distancing and stay-at-home policies to deal with the spread of COVID-19 (Baldwin and Weder di Mauro 2020). Such measures have required many workplaces to shut, with most of the labour force obliged to stay at home. While lockdowns practically forced many people to stop working, others were able to continue working remotely from home, at least partially, sometimes with almost no activity reduction.

While working from home represents an opportunity to reduce the economic costs of lockdowns and social distancing measures, not all occupations are suitable for remote working. Even more

importantly, the possibility for remote working is not the same across locations within countries. As shown by Dingel and Neiman (2020), the first authors to study how remote working can differ across locations in the US, a much larger share of employment is able to shift to remote mode in some places than in others, reducing the economic costs of lockdown more significantly in those regions.

Our study (OECD 2020) assesses the potential of remote working within 27 EU countries, Switzerland, Turkey and the US. Overall, cities – especially capitals – have a higher share of employment that can potentially be done via teleworking than other places within the same countries. This share is, on average, 15 percentage points higher in the region with the highest potential for remote working than in the region with the lowest potential, reaching more than 20 percentage points in certain countries. The concentration of occupations that have a high remote working potential in some regions drives these large within-country differences.

Here's a key quote from the article:

The share of jobs that are suitable for remote working is an essential element in a region's capacity to function under a lockdown or social distancing conditions. While large cities can suffer from a faster spread of the virus due to higher population density (Stier et al. 2020) and from greater specialisation in sectors that are particularly hard hit by lockdowns (OECD 2020), a higher potential for remote working can provide them with a source of resilience to the economic shock of the COVID-19 crisis. Still, both individual constraints – such as a lack of necessary equipment or working environment – and place-based constraints – such as the availability of a high-speed internet connection – can affect the capacity for people and firms to seize the opportunity of remote working. From a policy perspective, it is therefore important to use a place-based perspective to account for the specific opportunities and constraints that different types of regions face.

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