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## To raise productivity, let more employees work from home



*Are people happier and more productive when they work from home?*

BY NICHOLAS BLOOM AND SCOTT BERINATO - MARCH 21

Are people happier and more productive when they work from home?

Mr Nicholas Bloom, professor of economics at Stanford University, and graduate student James Liang, who is a co-founder of Chinese travel website Ctrip, gave staff at Ctrip's call centre the opportunity to volunteer to work from home for nine months. Half the volunteers were allowed to telecommute, while the rest remained in the office as a control group.

Ctrip thought savings on space and furniture as a result of people working from home

would outweigh the fall in productivity when employees left the discipline of the office environment.

Instead, performance data collected found that employees working from home completed 13.5 per cent more calls than staff in the office — meaning Ctrip got almost an extra workday a week out of them.

They also quit at half the rate of people in the office and reported much higher job satisfaction.

The positive impact of working from home was quite constant over the entire period, suggesting that it was not driven only by some initial burst of enthusiasm.

“The results we saw at Ctrip blew me away,” said Prof Bloom.

Lower attrition rates make sense — working from home gives you more flexibility if you have children and so forth. But how do you explain the productivity increases? Why would people get more done out of the office?

Nicholas Bloom: One-third of the productivity increase, we think, was due to having a quieter environment, which makes it easier to process calls. At home, people do not experience what we call the “cake in the break room” effect. Offices are actually incredibly distracting places. The other two-thirds can be attributed to the fact that the people at home worked more hours — they started earlier, took shorter breaks and worked until the end of the day. They had no commute and did not run errands at lunch. Sick days for employees working from home plummeted.

So Marissa Mayer, who famously banned working from home at Yahoo! last year, was wrong?

It is not so simple. There are lots of factors that could lead to such a ban, including a culture in which remote workers tend to be slacking due to low morale. Also, we were studying call-centre work, which is easily measured and easily performed remotely.

Will knowledge and creative workers also be more productive at home?

The more robotic the work, the greater the benefits, we think. More research needs to be done on creative work and teamwork, but the evidence still suggests that, with most

jobs, a good rule of thumb is to let employees have one to two days a week at home. It is hugely beneficial to their well-being, helps you attract talent and lowers attrition. JetBlue allows folks to work as far as a three-hour commute from its headquarters — close enough to go in now and again, but a much bigger radius from which it can draw applicants. When I asked the people at JetBlue about this policy, they said it helped them gain access to educated, high-ability mothers who wanted flexibility in their jobs. The airline believes this policy has improved the quality of its workforce.

Who else likes the work-from-home option?

People who have established social lives — older workers, married workers and parents. We found that younger workers, whose social lives are more connected with the office, tend to not want to work from home as much. Right now, the employees who spend significant amounts of time working from home are on either end of the income spectrum: Solitary, per-hour workers such as call-centre representatives, proofreaders and developers, whose output can be easily tracked; or professionals and senior managers, who presumably are highly self-motivated.

Is there anyone who cannot or should not work from home?

Absolutely. Not everybody wants to or is disciplined enough. At Ctrip, it was a self-selected group, so they were all motivated to work from home effectively and that is how it should be. Some people opted out after the nine-month period and they tended to be the poorest performers of the remote workers. They had tried it and figured out that it was not right for them. But the company still ended up with the best, most motivated home-based workforce.

How do you overcome resistance by middle management who feels it is harder to control remote workers?

One of the reasons Ctrip did its experiment was to persuade some sceptical managers that flexible work arrangements would not hinder business performance; to have data that proved the case. I tell executives all the time to exploit “natural” opportunities — for example, severe weather that prevents people from getting to the office — to measure how productive employees can be at home. Any disruption that offers a chance for people to work remotely is an opportunity to see how effective they are off-site. © 2014 Harvard Business School Publishing Corp

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