Expanding Access to and Ensuring Equity in the Benefits of Remote Work Following the COVID-19 Pandemic

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Executive Summary: The COVID-19 pandemic has dramatically increased the number of people working from home, with over 50% of employees working remotely during 2020. With the current popularity of remote work and the high prevalence of high-speed internet, video conferencing technology, remote collaboration tools, email, and other technologies, remote work will likely remain common after the pandemic ends and offices fully reopen. There are many benefits of remote work, including increased productivity, better work-life balance, reduced commute time and traffic congestion, decreased emissions, and cost savings for employees and employers. However, access to the privilege of remote work is unevenly distributed across occupations and socioeconomic groups. Among those who can work remotely, there may be disparities in performance appraisals and promotions compared to in-person workers. Congress has a unique opportunity to address these inequities via expansion of the Telework Enhancement Act, which currently covers federal government employees, to include firms in the private sector. This Act enables all employees whose jobs can be performed remotely to do so and mandates that remote workers and in-person workers be treated the same for the purposes of training, performance appraisal, and promotion.

I. Problem statement
The COVID-19 pandemic has dramatically increased the number of people working from home, with approximately 50% of employed persons working remotely over the last year (US Bureau of Labor Statistics 2021; Mateyka, Rapino, and Landivar 2012; Brenan 2020). The adoption of technologies such as online collaboration tools, web conferencing, high speed internet, and automation has further enabled and accelerated the creation of work infrastructure to allow for remote work (Davis, Ghent, and Gregory 2021). Remote work is now popular with both employees and employers, with 83% of executives saying that the shift to remote work has been successful for their company and 84% of employees expressing a desire to work from home at least one day per week post-pandemic (PricewaterhouseCoopers 2021). There are many benefits of remote work, such as increased productivity, better work-life balance, reduced commute time and congestion, decreased emissions, and cost savings for employees and employers. Given recent technology and workforce trends, remote work will likely remain common after the pandemic ends and offices fully reopen. However, there are differences in access to remote work options across occupational, socioeconomic, and demographic groups. There are also potential disparities in the perception, assessment, and promotion of remote employees that, if left unaddressed by policy, may risk unequally distributing the benefits of remote work. Policies are needed to expand access to the economic, social, and environmental benefits of remote work while jointly prioritizing the equitable distribution of these benefits.
II. Benefits of remote work
Remote work provides a variety of benefits for employees, employers, and the environment. Benefits include employees saving time and money avoiding long, stressful, and costly commutes; reduced congestion, motor vehicle accidents, and personal automobile emissions; reduced office costs for firms and businesses; increased productivity and worker retention; reduced microaggressions and bias; and the ability for employees to better balance work and family (DeVerter 2020; Rosenberg 2020; Shilling and Waetjen 2020; Tulshyan 2021; PricewaterhouseCoopers 2021; Pringle 2020; Maurer 2020). The benefits of remote work seen in previous academic research were replicated during the pandemic (Barrero, Bloom, and Davis 2021; Brenan 2020; Maurer 2020; PricewaterhouseCoopers 2021; Shilling and Waetjen 2020).

With respect to productivity and work-life balance, experimental firm-level evidence shows increases in productivity (13% performance increases) of work from home employees (Bloom et al. 2015), with particular improvements in the performance and well-being of working mothers and caregivers (Sherman 2020). Eliminating the diseconomies of commuting and traffic congestion also has productivity implications, as employees with longer commute times have higher rates of absenteeism and late arrivals, which has negative productivity implications for employers (van Ommeren and Gutierrez 2011). Access to employment centers, and thus commute times, also vary within the population, with Black workers having on average longer commutes (University of Chicago 2014). As commute time cuts into workers’ time remaining for leisure, long amounts of time spent commuting may result in the increased potential for allocating time unproductively at work (Ross and Zenou 2008). By eliminating the need for a commute, remote work frees up workers’ leisure time and has the potential to increase productivity of the firm by reducing absences (with estimated declines by 15-20% as in van Ommeren and Gutierrez 2011), late starts, and unproductive uses of working time.

The availability of remote work also provides opportunities for greater labor market inclusion of historically disadvantaged groups. These groups include persons with disabilities (Eloise 2021; Faragher 2020; Government of Ireland 2021; GAO 2010), workers in underperforming and rural labor markets (Shimer 2007; Government of Ireland 2021), and mothers and other caregivers (Government of Ireland 2021). A key mechanism for greater labor market inclusion is that remote work reduces or eliminates the need for a commute. Men empirically are more likely to travel farther for work (women’s commutes are 33% shorter in OECD countries) and as a result, women are more likely to forgo higher paying positions for employment roles with shorter commutes and greater flexibility (Goldin 2014; Le Barbanchon, Rathelot, and Roulet 2019). Recent research has indicated that commuting preferences explain substantial portions (21%) of the gender wage gap in the US (Liu and Su 2020), which indicates that eliminating commuting considerations among workers may have important implications for reducing wage inequality. Empirically, workers’ job search behavior implies strong preferences for short commutes (Marinescu and Rathelot 2018). Further, soliciting the preferences of workers found the benefits of flexible work arrangements are so important to job applicants that they are actually willing to accept lower wages (forgoing 8% of wages) for teleworking privileges (Mas and Pallais 2017).

III. Current and potential problems
Although there are many benefits of remote work, the first problem arises with regard to differential access to remote employment opportunities across socioeconomic groups. For example, Figures 1 and 2 show that there are disparities among those who worked remotely due to the pandemic along racial and educational attainment groups. Recent research has indicated that commuting preferences explain substantial portions (21%) of the gender wage gap in the US (Liu and Su 2020), which indicates that eliminating commuting considerations among workers may have important implications for reducing wage inequality. Empirically, workers’ job search behavior implies strong preferences for short commutes (Marinescu and Rathelot 2018). Further, soliciting the preferences of workers found the benefits of flexible work arrangements are so important to job applicants that they are actually willing to accept lower wages (forgoing 8% of wages) for teleworking privileges (Mas and Pallais 2017).

1These figures depict those who are newly working remotely due to the pandemic and do not include those who had previously worked from home, which in other studies is estimated to be around 10% (Mateka, Rapino, and Landivar 2012; Gariety and Shaffer 2007).

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have these jobs are more likely to be white or Asian and receive higher wages (Greenfield 2021). In May of 2020, more than 50% of Asian employees and approximately 35% of white employees worked remotely, but just 29% of Black and 23% of Hispanic workers were able to do so (Figure 1). In the UK, one-fifth of disabled workers who requested to work remotely, be furloughed, or be redeployed had their requests denied during the pandemic, as employers had discretion to deny these requests (Faragher 2020).

The second key problem associated with remote work arises due to differential perception, assessment, and promotion of remote workers and in-person workers, which risks exacerbating existing inequalities. In one study, employees who worked remotely were only half as likely to be promoted as in-person employees (Bloom et al. 2015). Women, especially mothers, are more likely to suffer from “flexibility stigma” after taking advantage of flexible work policies (Chung 2020). Using flexibility benefits leads to lower promotion scores, with mothers often the main users of flexibility arrangements (Fernandez-Lozano and Martinez-Pastor 2020). Studies have found that those who engage in “face time” (in-person work) get better performance appraisals (Elsbach, Cable, and Sherman 2010) and have shorter time to promotion (Munck 2001). Men who requested family leave also suffered from flexibility stigma and were more likely to be demoted or downsized (Rudman and Mescher 2013), indicating that it is not just women who suffer from this stigma. A study by Mercer (2014) found that in order for flexible schedules and maternity leave to not negatively impact women’s performance ratings and promotion, the employer needed to actively counter stigma associated with using the programs and widely encourage both men and women to use the programs. If certain demographic groups, such as women with children or disabled persons, are more likely to work remotely, and remote workers are less likely to be promoted, this creates a new margin of inequity which disproportionately harms those already disadvantaged in the labor market. In addition, this may make employers liable to discrimination lawsuits (Greenfield 2021; Zeidner 2020).

IV. Current legislation
US labor laws do not currently include a right to work remotely for private employers; the decision to offer remote work rests solely with the employer. Under the Fair Labor Standards Act (1938), enforced by the Equal Employment Opportunity Commission, employers can offer remote work to employees as long as they maintain an accurate record of hours worked. The Equal Employment Opportunity Commission administers and enforces the Fair Labor Standards Act, the Equal Pay Act (1963), and the
Americans with Disabilities Act (1990). These laws cover pay equality on the basis of race, color, national origin, religion, sex, age, disability, sexual orientation, gender identity, and genetic information and provide for the reasonable accommodation of disabled employees. However, many federal government employees are authorized to work remotely under the Telework Enhancement Act (2010).

The Telework Enhancement Act (The Act) requires each executive agency to establish and implement a policy under which all federal employees whose jobs can be performed remotely are authorized to telework. It also requires both managers and employees to complete training and create a written telework agreement before they are allowed to telework. The Act provides a framework for federal agencies to better leverage technology and maximize the use of telework (OPM n.d.). The Act directs the head of each agency to ensure that “teleworkers and non-teleworkers are treated the same for the purposes of periodic appraisals of job performance of employees; training, rewarding, reassigning, promoting, reducing in grade, retraining, and removing employees; and work requirements” (Telework Enhancement Act 2010, § 6503-3). In 2018, 51% of eligible federal employees worked remotely, equaling 22% of all federal employees (OPM 2020). Agencies reported many benefits, including improved performance and productivity, improved recruitment and retention, reduced employee absences, accommodation of temporary and long-term medical needs, cost savings on rent, and reduced energy use (OPM 2020), findings which were in line with the aforementioned academic research.

V. Option 1: Extend the Telework Enhancement Act to cover all firms in the US

i. Advantages
This would make all employees (whose work can be performed remotely) eligible to take advantage of remote work, which would expand access to the benefits of remote work for both employees and employers. This should enable more women, people of color, and people with disabilities to enjoy these benefits. This would also address potential disparities in promotion, performance appraisal, and training opportunities by proactively protecting those who choose to work remotely so they are not being put at a disadvantage compared to their peers who work in-person. This option would reduce the likelihood of exposure to discrimination claims for firms. Since this option extends an existing piece of legislation, it is less risky and will require less effort than developing a new policy.

ii. Disadvantages
Enforcement may be difficult, as this policy would likely be enforced internally through human resources departments and externally through lawsuits. It may be politically difficult to mandate that private companies uniformly adopt this government workforce policy. There may be compliance costs for companies that have not already invested in the infrastructure and technology needed to enable remote work and additional costs associated with training employees and managers. However, the aforementioned economic forces and employee preferences indicate that many companies have already partially adopted remote work or will be incentivized to do so by their competitors.

VI. Option 2: Include “remote workers” as a protected class of workers covered by federal employment non-discrimination laws
Given the nonpecuniary benefits associated with remote work, one potential risk of its expansion is unequal treatment between remote and non-remote employees within the same establishments who perform nearly identical jobs requiring similar skill and effort. Federal employment laws, such as the Fair Labor Standards Act, the Equal Pay Act, and the Civil Rights Act, currently prohibit workplace discrimination for protected classes such as sex, race, disability, national origin, or religion. This rise in remote work may call for updates to the legislation to include language with respect to all formats of work.

i. Advantages
This ensures workers who perform the same jobs in a remote or non-remote modality are paid equally. That is, it has the potential to prohibit a new margin of wage inequality. Enforcement of such a policy expansion would be handled through the existing Equal Employment Opportunity Commission, with risk of litigation incentivizing compliance.

ii. Disadvantages
While this policy addresses one facet of the equity concerns associated with the rise of remote work,
given the evidence presented above, this margin is unlikely to be the most consequential for worker equity. For instance, it does not address differences in assessment standards between remote and non-remote employees, access to within-firm promotion ladders, and differential access to the privilege of working remotely among socioeconomic groups and across occupations. Complexities could arise when addressing differential cost of living across geographies. Finally, this policy may be challenged as work modality is inherently different from the nature of the categories included in the current list of protected classes in the US.

VII. Consequences of inaction
Even once public health concerns ease, pre-pandemic trends in remote work will likely be accelerated as some workers and firms continue to reap the benefits without pandemic-related drawbacks, e.g., childcare closures and stay-at-home mental health repercussions. Left unaddressed by policy, many of the aforementioned benefits will continue, but so will the current and potential problems, which may exacerbate existing inequalities and unevenly distribute benefits. More highly educated workers with predominantly higher-paid, office-related occupations will reap the majority of the benefits, while concurrent unchecked workplace stigmas associated with flexibility run the risk of exacerbating inequities in performance appraisal and promotional potential. Workers without access to remote work will be unlikely to gain access to it without seeking change in employment. While in-person workers may have seen congestion and commute reductions during the pandemic, they will likely see increases in commute time as non-work and in-person work travel resumes.

VIII. Policy recommendation and conclusions
We recommend Option 1: Legislation to expand the coverage of the Telework Enhancement Act to private firms. Adopting the provisions within will both expand access to the benefits of remote work and proactively address the disadvantages caused by remote work to historically disadvantaged groups. We believe this is the best policy option to take advantage of recent technology, innovation, and workforce trends and make the future of work more inclusive and equitable.

References


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