



# **Economic and Local Employment Development in the context of Remote Work: Insights from the OECD**

by Diletta Porcheddu

On 17 November 2020, OECD LEED (Local Economic and Employment Development) published a [paper](#) titled: “Exploring policy options on teleworking: steering local economic and employment development in the time of remote work”.

The paper is concerned with "telework", an umbrella term describing all forms of remote work, and the opportunities it offers in terms of economic development and work organisation.

The paper starts with an overview of the change of perspective regarding telework following the COVID - 19 pandemic: from a tool for work-life balance to a method of prevention of contagion, from its being used only in niche contexts to its mass diffusion, from its initial configuration as a merely temporary tool to its potential for a permanent transformation of work as we know it today.

The document then describes some possible economic and social impacts of a widespread adoption of telework, in terms of work-life balance, with regards to the opportunity of regions to attract quality jobs and of SMEs to remain competitive.

Mention is also made of the debate on the rights of remote workers: the paper refers to a judgment of the Swiss Supreme Court which recognised a worker's right to compensation for telework costs by her employer.

As far as the Italian context is concerned, the OECD quotes the results of a study published by Fondazione di Vittorio in May 2020, according to which 31% of remote workers claimed not to have the necessary skills to work from home, and 65% of women reported an increase in their domestic burden.

Telework involves a series of challenges also from the employers' point of view, such as the creation of the necessary digital infrastructure, the need to provide adequate training and to ensure a safe working environment.

These costs are to be put in relation with the benefits of a potential increased productivity of the workers: this factor, it is argued, depends on some relevant characteristics of remote workers, such as the type of contract with which they are employed, their personal background, their gender, etc.

Some advantages and disadvantages linked to this particular kind of work performance are also mentioned: among the first are the flexibility in terms of working time organisation, the reduction of time related to home-work travel, and the already mentioned higher productivity (which, however, seems to be relevant only for creative work), while among the negative factors are listed the tendency

to work more hours (on average 2 hours per day, according to an international study), an overlap between paid work and personal life, and the increase in stress levels. Other OECD studies point out that workers' positive feedback on telework increases when telework is only occasionally used, while "excessive telework" can cause a noticeable feeling of loneliness and an unwanted mix of private and professional life.

The paper also points out that during the pandemic telework was mainly the prerogative of workers with higher incomes, a category which was consequently able to benefit from greater protection from contagion: this disparity is, and according to the OECD will be in the future, also linked to different levels of skills, since workers with a low level of education will have less chance of performing telework.

It is also mentioned that telework is more popular among "older" workers, who have more capital and bigger houses than younger workers, who prefer to spend more time at the office.

The gender issue also needs to be taken into account: as has already been pointed out, the domestic burden of women tends to increase with a massive use of telework, and this seems to have particularly negative effects on their productivity.

The last effects of a massive spread of telework described by OECD concern the future conformation of rural and urban areas as well as the potential competitive disadvantages suffered by small and medium-sized enterprises, since they would have more difficulties in bearing the costs associated with telework.

The paper continues with a review of the measures adopted by various countries with regard to telework both in the short term, as a means of combating the pandemic, and in the long term.

Many countries in the world have recommended the use of telework as a means to prevent contagion, often allowing at the same time a large degree of regulatory flexibility to companies: some countries, such as Greece, have in fact allowed private employers to develop their own corporate telework disciplines, the only requirement being the compliance with the regulatory framework provided by the Ministry of Labour.

As far as the plans for the implementation of telework in the medium-long term are concerned, the paper mentions the document "Milan 2020: adaptation strategy", as well as the agreement stipulated by the Municipality of Milan with the largest private companies in the city in May 2020, which stated that 80% of the workforce should continue to work from home in the following months.

The OECD also reports that many countries issued new laws relating to telework during the pandemic period (such as Chile, Australia, Colombia and Italy), which were subsequently supported by local measures and often also by the development of guidelines for their practical implementation: in particular, this was the case in Australia, Belgium, France, Greece and USA.

Among the initiatives adopted in the world concerning telework, mention is also made of the creation of online platforms by national governments to facilitate the access of businesses and citizens to digital tools for remote work, which are particularly useful for small and medium-sized enterprises: examples of such initiatives are "Digital Team Austria" a group of IT companies committed to providing free digital services to SMEs, and the "Digital Solidarity" initiative of the Italian Ministry for Technological Innovation and Digitisation.

The OECD also reports how regional and local administrations facilitated access to vocational training for SMEs during the COVID-19 emergency, and how this initiative helped to ensure that workers could, at the same time, better face the challenges of this new way of performing work and have the opportunity to improve their skills.

The paper mentions Barcelona Activa, the city's business support agency, which operates a network of information centres providing on-line and telephone assistance on employment issues in the context of the COVID-19 epidemic, such as temporary layoffs, teleworking, risk prevention at work and workplace hygiene; the initiative of the municipal economic development agency of Braga (Portugal) and its innovation branch, which involves a series of online courses and webinars directed at SMEs in order to help them improve their digital skills in areas such as e-commerce, teleworking and videoconferencing; initiatives taken by the Italian regions of Abruzzo, Friuli Venezia Giulia, Liguria. It was also noted that, during the COVID-19 pandemic, several countries also external to the OECD system have shown that they are aware of the challenges faced by SMEs in adopting telework and have consequently adopted dedicated tools: the most frequent example is the awarding of grants to reduce the costs of IT investments for small businesses.

Although there are some cases of interventions at national level that fall into this category (Japan, Austria and the Basque Country) OECS states that regional governments have played the main role in this field: the paper again mentions initiatives adopted by many Italian regions.

In addition to dealing with the policies implemented by several countries in terms of attracting remote workers in the digital sector, as well as policies focused on supporting home-based businesses, the paper in the end provides "guiding principles" that could contribute to a gradual transition towards a structural and large-scale implementation of telework.

On the basis of those principles, OECD formulates recommendations for policy makers worldwide to promote a sustainable telework model that can benefit as many workers and businesses as possible.

These principles include the adoption of a multidisciplinary perspective, given the potential impact of telework on a large number of aspects of the future society, the promotion of social justice and inclusiveness, the need to prioritise social objectives (gender equality, environmental sustainability, development of rural areas), the creation of good framework conditions such as public services, broadband, digital skills, dynamic legislative systems and finally the periodic collection of data on its implementation, which should reflect the conditions of the different social groups involved.

A number of elements need to be taken into account for the best possible management of a tool which has abruptly and unpredictably entered the lives of a large part of the world's workers, but is, according to many, destined to play a leading role in the near future.

*Diletta Porcheddu*  
ADAPT Junior Fellow  
 @DPorcheddu