



Remote Work Makes Labor Market Inequalities More Evident*

by Francesco Seghezzi

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Remote work is a topic that seems to have gradually disappeared from the public debate, which is more focused on the ‘new normal’ that, for the time being, is far from ‘new’. In the meantime, research on this way of organizing work is flourishing and offers food for thought which should be considered when seeking normalization. A recent OECD survey has analyzed the effects of remote work on job transitions – both those between jobs and unemployment – inactivity, education and work. The results are interesting from different perspectives. If we look at the transitions between jobs – an aspect which is also related to an increase in resignations – it emerges that a positive relationship exists between the possibility of working away from the office and changing jobs, mostly in the same sector. This aspect might be of interest to workers and employers alike, while also increasing geographic mobility.

A positive correlation can also be seen in the transition between unemployment and employment status, as well between the inactivity caused by engagement in domestic work and employment, for which the opportunity to work remotely would promote reconciliation with routine activities. It is thus possible to highlight some positive outcomes linked to remote work, as it can be used as tool for increasing dynamism in the labor market. However, if we look at how these dynamics differ according to people’s social and economic background, some critical elements can be noticed. The correlations between remote work and labor market mobility are only evident for workers with medium to high skill levels. The same holds true when looking at the transitions between unemployment and employment.

As already seen during the peak of COVID-19, remote work gives rise to a strong polarization between workers that concerns one’s skills and job. Here we find a more general aspect related to job transitions, which has been made more evident by remote work: the opportunity to engage in transitions is linked to one’s socio-economic background. In this specific case, without technical skills and expertise, workers cannot benefit from the potential linked to remote work, which could help them increase their salary and living conditions, especially in terms of work-life balance. This issue arises especially among senior workers. The main challenge is to encourage transitions that can contribute to a better allocation of labor supply and demand, improving workers’ living conditions and the efficiency of companies that are penalized by this misalignment.

This is a pressing issue in Italy, which ranks last in terms of transitions (related statistics are almost 50% lower than those reported in most northern European countries and far below the OECD average). The digitization of production, including remote work, can improve these levels, but it risks creating an even greater polarization by worsening conditions for those occupying the lowest ranks, further reducing their opportunities. Resignations too risks being seen as a benefit for those who can afford it. It is therefore important to implement the right to training for all workers, which should be accompanied by the right to transition that can only be

promoted by developing proper skills, knowledge and supporting tools in the labor market. Everyone would benefit from this reduction in inequality.

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