

Work from Home arrangements and Organizational Efficiency in Italian SMEs: Evidence from the COVID-19 Pandemic

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Parole chiave: Work from home (WFH); organizational efficiency; labor productivity; management by objectives (MBO); COVID-19; small- and medium-sized enterprises (SMEs); survey data.

We use survey data on Italian small- and medium-sized enterprises (SMEs) collected during the COVID-19 pandemic to explore the relationship between the adoption of work from home practices (WFH) and firm productivity. We also investigate the possible underlying mechanisms, including measures of individual labor productivity and workers' concentration and motivation, absenteeism, the organization of work through management by objectives (MBO), and the presence of possible coordination and communication costs. First, we detect a significant improvement in firm productivity for firms that have adopted WFH during the pandemic. However, the benefits of WFH show up only when it is used extensively in the firm. Increased individual labor productivity and workers' concentration and motivation, decreased levels of absenteeism, and a substantial adoption of MBO practices seem to be the main drivers behind the detected productivity increase. On the contrary, our results show that WFH, when used at medium intensity levels, is associated with increased coordination and communication costs, which nonetheless do not appear to overcome the positive effects associated with WFH.