

in brief...

Working or shirking?

Do employees who start working from home improve their productivity or does it simply lead to 'shirking from home'? The first randomised experiment on home-working – run by a big Chinese travel agent and analysed by **Nicholas Bloom** and colleagues – has produced encouraging results for both staff performance and staff satisfaction.

More than half of employees in the UK say that they would like the chance to work from home, according to a YouGov survey conducted during the London Olympics. But while large numbers of office staff believe that working from home would improve their productivity, most admit that their firm does not allow it.

Firms elsewhere in the world have also been slow to adopt this management practice. Indeed, there are widely different practices even among firms operating in the same industry in the same country. In the US airline business, for example, Jet Blue allows all regular call-centre employees to work from home; Delta and Southwestern have a policy of no home-working; while United has experimented with a mix of practices.

In our research, we have had the opportunity to evaluate one such experiment. The firm, CTrip, is China's largest travel agent with 13,000 employees and a nearly \$3 billion valuation on NASDAQ. The firm wanted to experiment with home-working before deciding whether to roll it out across its whole operation.

The motivation was both to reduce office costs, which were becoming an increasingly high share of total costs due to rising rental rates at the firm's Shanghai base, and to reduce the firm's high annual rate of staff turnover (50%). On the downside, the management was concerned that allowing employees to work at home away from the supervision of their managers could have a negative impact on their performance.

The experiment is unusual because one of our research team is also the co-founder and chairman of CTrip. This has naturally provided us with excellent access to both the experimental data and also to the management's views on working from home. As such, the experiment provides an insight into the adoption of a modern management practice by a large publicly listed firm, helping to address some of the questions about why so many firms fail to adopt potentially beneficial management practices.

CTrip decided to run a nine-month experiment with the Airfare and Hotel divisions in the firm's Shanghai headquarters. All employees with at least six months' experience with the firm and their own room at home were offered the option to work there for four days each week. Of the 508 eligible employees, 255 asked to work from home and after a lottery draw, those with even-numbered birthdays were selected for home-working while those with odd-numbered birthdays stayed in the office to act as a 'control group'.

Both home- and office-based employees worked the same shift period in the same teams under the same manager as before, logged on to the same computer system with the same equipment and the same work order flow. The only difference between the two groups was the location at which they worked.

So what were the results of CTrip's experiment? First, the performance of the home-workers went up dramatically, increasing by 13% over the nine-month experiment. This improvement came mainly from a rise in the number of minutes they worked during each shift, which was due to a reduction in the number of breaks and sick days that they took. The home-workers were also more productive per minute worked, answering more calls, presumably because of the quieter working conditions at home.

Second, there were no negative effects on the employees left working in the office: there was no change in the performance of the control group. Third, the rates of staff turnover fell sharply for the home-workers, dropping by almost 50% compared with the control group. The home-workers also reported substantially higher work satisfaction and less 'work exhaustion' in a psychological attitudes survey.

At the end of the experiment, CTrip's management team was so impressed by the success of home-working that they decided to roll it out to the entire firm. They also

Employees who started working from home improved their productivity dramatically

The success of CTrip's experiment led to home-working being rolled out across the firm



offered both the original home-workers and the control group a fresh choice of working arrangements.

To their surprise, a half of the home-workers changed their minds and returned to the office, citing the loneliness of working at home. At the same time, three quarters of the control group – who had initially all requested to work from home – decided to stay in the office. This outcome suggests that before the implementation of these types of management practices, their likely effects are as unclear to employees as they are to managers. It may also help to explain the typically slow adoption of such practices.

How do our findings compare with previous research? There is an extensive body of case studies of individual firms that have adopted home-working programmes, and they tend to show large positive impacts. But the robustness of these results are hard to evaluate because of the non-randomised nature of the programmes, both in terms of the selection of firms into programmes and the selection of employees to work at home.

This self-selection effect is evident even in the case of CTrip: when the firm allowed a general roll-out of home-working, employees performing well at home typically chose to stay home while employees performing badly returned to the office. We are continuing to collect data on both current and former employees to evaluate longer-run impacts on recruitment, promotion and other work and non-work outcomes.

This article summarises 'Does Working from Home Work? Evidence from a Corporate Experiment' by Nicholas Bloom, James Liang, John Roberts and Zhichun Jenny Ying (www.stanford.edu/~nbloom/WFH.pdf).

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