

Working from home during the pandemic: a solid skills system may do the trick



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Cedefop research shows that a strong national skills system may contribute to more resilient labour markets in times of crisis.

The feasibility of working from home in different countries and occupations is at the centre of the discussion regarding the economic impact of the coronavirus pandemic. Occupations with limited remote working potential (such as those requiring physical activity) are expected to be more severely affected in terms of employment loss during and immediately after the pandemic.

A high overall share of jobs with the potential to be performed remotely is an important attribute for an economy in volatile times, as it protects workers from permanent or temporary employment loss and income loss, and allows households to withstand such crises with milder consequences.

Remote work vs physical presence

Jobs easy to perform remotely generally rely more on intellectual and social tasks or intense use of ICT, requiring by extension higher skill levels. In contrast, jobs requiring physical presence are generally

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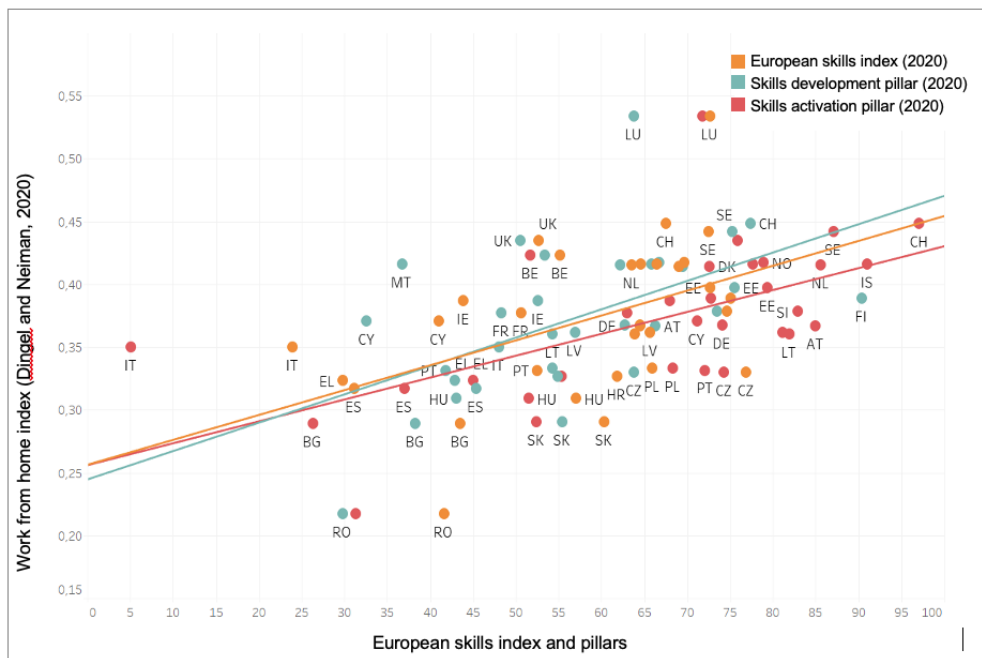
linked with elementary and manual occupations, which require moderate skill levels (exceptions include, for example, health professionals). This suggests the existence of a link between solid mechanisms for skills development in a country and solid skills systems in general, as well as greater potential for remote work.

The relative performance of skills systems in different European countries has been monitored since 2018 through Cedefop's **European skills index** (ESI). The ESI takes a comprehensive view of skills systems, from the mechanisms increasing skills supply through formal education, to the matching of the acquired skills through the interaction between labour demand and supply. It was developed by Cedefop to monitor European skills systems and to promote their continuous improvement.

Three distinct areas of a skill system are examined: skills development, skills activation, and skills matching. The aim is to identify areas of improvement in the way skills are formed and put into work in each EU Member State, contributing to better-informed policy discussions. The latest release of the ESI for 2020 covers the EU-27 plus Iceland, Norway, Switzerland and the United Kingdom.

To analyse the relationship between the ESI and remote work potential, the figure below plots the ESI and its skills development and activation pillars with an index of 'work from home' potential created by **Dingel and Neiman** (2020) based on ILO (2018) survey data.

European skills index, skills development and skills activation pillars, and 'work from home' potential



A strong positive relationship is revealed between the ESI and its two sub-indices and the 'work from home' index. The relation appears to be stronger for the skills development and skills activation pillars, which are more closely related to the 'work from home' index (correlations 0.536 and 0.601 respectively).

How to succeed

These findings demonstrate that more jobs have the potential to be performed remotely in countries with more solid mechanisms for the development of skills and their subsequent activation in the labour market. Better skills development provides individuals with higher skills quality, including higher computer literacy and social and intellectual skills. These skills make workers potentially eligible for jobs that are easier to perform from home.

Better skills activation in the labour market may be related to the existence of mechanisms connecting workers with businesses nationwide, as well as with businesses that can and wish to engage in remote work with some of their employees.

The evidence shows that there are other factors that influence a country's aggregate 'work from home' potential, such as the occupational and sectoral distribution of employment and the share of occupations that cannot be performed from home but are essential in fighting the pandemic (i.e. health-related occupations).

Cedefop's European skills index expert Ilias Livanos, however, concludes that: 'The existence of solid skills systems appears to be an important contributor in providing greater resilience in employment and ensuring that fewer job positions are temporarily or permanently lost in unprecedented situations, such as the current COVID-19 pandemic. Upgrading national skills systems can help shield employment and secure job positions against the occurrence of similar future crises.'