

## COVID-19 and Work from Home: Digital Transformation of the Workforce

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### Abstract

*The outbreak of COVID-19 around the globe forced businesses to innovate and change the way they conduct their work. Offices have become less important and work from home has suddenly become mandatory. This sudden need for work from home is driving the digital transformation of the workforce and the evolution of the work environment at an unprecedented speed. Mass adoption of telecommuting has become a vital business change since the outbreak of the virus. This paper looks at this unprecedented impact of coronavirus pandemic on sudden demand for work from home and the subsequent push for the digital transformation of the workforce.*

*Keywords: COVID-19, Coronavirus, Digital transformation, Workforce*

### Introduction

In the past few years, digital transformation has been among the most discussed topics of business leaders and management gurus. Many organizations, while understanding the importance of digital transformation and giving thought to this new trend, have been slow on the uptake to change the status quo, cause potential disruption, and adopt inevitable transformation. Effort has been placed on smaller projects, minor changes, learning from others, and waiting for a more suitable time to make radical change. With the onset of 2020 and the outbreak of COVID-19, organizations found themselves caught off guard and ill-prepared for the new normal brought about by the coronavirus reality. “With millions of people retreating to the safety of the online world for their news, entertainment, education, communication and remote work — the imperative of digital transformation has gone from important to absolutely critical.”<sup>1</sup>

### COVID-19

At the end of December 2019, Chinese health officials informed the World Health Organization (WHO) about a cluster of patients with a mysterious pneumonia. On 30 January 2020, WHO declared the COVID-19 outbreak a public health emergency of international concern. *Pandemic* suddenly became a household word inundating our daily lives, and the definition — an infectious disease where we see significant and ongoing person-to-person spread in multiple countries around the world at the same time<sup>2</sup> — familiar to all.

Within days of the outbreak, work from home (WFH), until then practiced sporadically by companies and organizations, became mandatory — a question of physical and financial survival. To prevent the spread of the virus and protect workers, governments around the world instructed employers to close their offices and enable employees to work from home — to *telecommute*. It is estimated that more than four out of five people (81 percent) in the global workforce of 3.3 billion are being affected by full or partial workplace closures.<sup>3</sup>

Many, employers and employees alike, had limited experience with WFH on such a large scale before the outbreak. Companies had been comfortable following the standards of office-based work and employees were comfortable with the dichotomy of work and home life. Suddenly companies were faced with the very real possibility of losing revenue and jobs. Combined with the fear and uncertainty of the virus, this disruption was huge, stressful, and painful. WFH was looked on as a potential solution to relieve the pain.

### Work from home

Work from home, a phrase commonly used since the onset of COVID-19, can be defined generically as employees working outside company offices. It includes four basic characteristics: (1) a person who is an employee of a company or a staff member of an organization; (2) actual work engagement with a company or an organization on specific tasks; (3) work being performed outside the company’s physical premises; and (4) telecommunication with the employer.

It is worth mentioning that two other popular terms, often used synonymously to describe work from home, are *telecommuting* and *remote work*. The figure below from Google Trends of searches

made worldwide in the past three months for *telecommuting* and *remote work*, indicates that *remote work* was used more frequently.

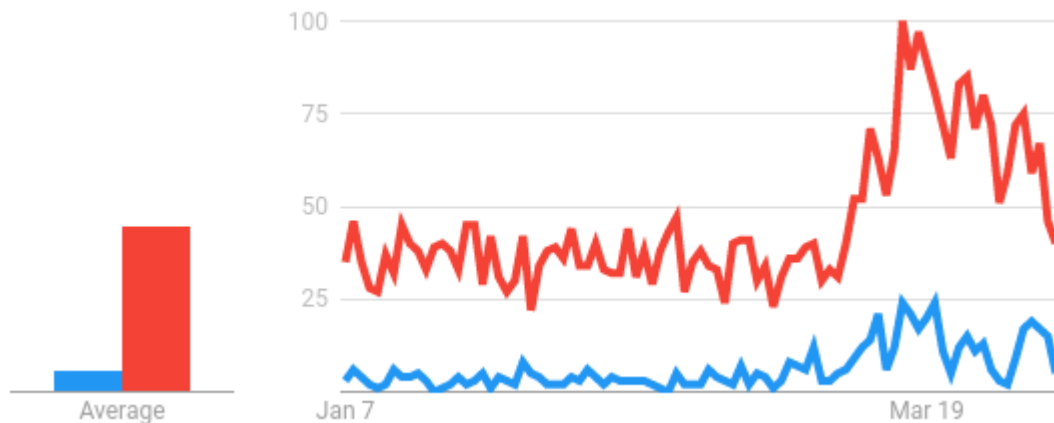


Figure 1: Google Trends — frequency of searches for *telecommuting* (blue) vs *remote work* (red) from 7 January to 6 April 2020

Not only are searches using *remote work* more frequent, but the availability of information resources mentioning remote work is also greater. There are 17.2 million pages with the term *remote work* compared to 13.9 million web pages with the term *telecommuting*. Conversely, Google Scholar offers 51,000 articles on telecommuting and 13,700 on remote work.

Often used interchangeably, *remote work* and *telecommuting* have subtle differences in meaning, indicating two somewhat different approaches to the concept of working from home. For the sake of clarity, it is worth defining them in more detail.

**Telecommuting** is a work arrangement in which the employee works outside the office. This often means working from home or from locations close to home, such as coffee shops, libraries, or co-working spaces.<sup>4</sup> Rather than commuting to the office, employees ‘travel’ using IT tools, keeping in touch with coworkers and employers via mobile devices, telephones, online chats, video conferences, collaboration platforms, and email.

Allen, Golden, and Shockley (2015) conducted a comprehensive review of a wide range of telecommuting studies and found that most definitions of telecommuting have two things in common: working from a location other than the traditional office, and using technology to perform work-related tasks. They also identified three areas in which the definitions differ: (1) the extent of telecommuting (e.g., once a month, once a week, full-time), (2) the type of employment relationship (e.g., staff member, independent contractor or consultant, self-employed), and (3) the location of remote work (e.g., home, satellite office, coffee shop) (Allen et al., 2015).<sup>5</sup>

Benefits of telecommuting for both employees and employers, besides saving money, include increased job satisfaction and productivity, greater flexibility, reduced office costs and requirements, increased staff retention, improved employee work-life balance, keeping older generations in the workforce, and environmental benefits.

However, disadvantages also exist such as sociological and psychological challenges resulting from isolation, long work hours, and lack of separation between work and home. Telecommuting requires self-discipline and dependence on personal IT tools, communication, and other resources. There are also the costs involved for organizations when transitioning to new work methods and training, along with employees’ lack of both commitment and identification with organizational culture and values. The increased risk of privacy and security issues should not be underestimated. Some authors also mention the increased danger society faces by creating detached individuals.<sup>6 7</sup>

**Remote work**, another type of work from home, is seemingly synonymous with telecommuting. However, there is a slight difference between these two terms. While telecommuting means working outside the office, usually from home, remote work implies that the employee lives outside the vicinity of the organization’s main headquarters or office. This geographical distinction may seem inconsequential, but in fact, it demands change in the management and engagement of the workforce. Managers need to adopt different communication and management styles and

make additional efforts to properly lead and ensure the required level of productivity of a remote workforce. Different labor legislation, financial obligations, cultural backgrounds, time-zones, scheduling, and expectations are just some of the dissimilarities between remote work and telecommuting. Often, remote workers are freelancers and independent contractors who spend their time outside the traditional office settings.

The benefits of a diverse globally distributed workforce boil down to the large pool of specialty professions and the financial gains brought about by different standards of living and local pay. Remotely recruited employees often have considerable financial benefits such as higher salaries, better working conditions, and international exposure.

The disadvantages mentioned above for telecommuting are more or less the same for remote work. However, disadvantages unique to remote workers include their emotional well-being, limited career development opportunities, working outside regular local work hours due to different time zones, professional or even geographical bias, and emotional resentment of coworkers and local colleagues.

### **Digital transformation**

The hard reality of the impact COVID-19 has had on the economy and people's livelihoods has brought the concept of digital transformation into focus. This has especially been the case for the hard-hit workforce. Because WFH has become inevitable, new work models have had to be quickly developed and deployed. Terms such as telecommuting, teleworking, working from home, working at home, working remotely, virtual work, e-work, e-commuting, mobile work, flexible workplace, digital nomads, and freelancing have all been used to describe the current modes of work and to jump start digital transformation of the workforce.

*Digital transformation is about doing things differently — creating a completely new business model by using modern information and computer technologies. Digital transformation leverages existing knowledge to profoundly change the essence of the organization — its culture, management strategy, technological mix, and operational setup. It places the customer at the center of all its decisions and actions.*<sup>8</sup>

The ideas and solutions of Industry 4.0 — digital transformation — have quickly become, for many, a panacea to the COVID-19 disruption. Changing business models and work procedures, maximizing the use of modern information technology (IT), requiring adjustments to organizational culture and behavior, and modifying the expectations and roles of the workforce have become the new rules of the game.

The impact of COVID-19 on the workforce is visible on multiple levels. This includes a change in the nature of work, its variety, volume, velocity, and value. Digital transformation is more than just the implementation of a new technology. It requires the adoption of a “digital workforce mindset”<sup>9</sup>. A digital mindset involves a deep understanding that the power of technology can democratize, scale and speed up every form of action and interaction. The main characteristics of a digital mindset are: abundance, growth, agility, comfort with ambiguity, an explorer's mind, collaboration, and embracing diversity.

Digital transformation of the workforce requirements include<sup>10</sup>:

- Digital literacy, technical knowledge
- Lifelong micro learning and personal development
- Engagement
- Mobile force and remote work
- Generation gap
- Digital ethics

Even before the coronavirus outbreak, the World Economic Forum (2018) estimated that by 2022 over 50% of all employees would require significant reskilling and upskilling. This will be a huge task for HR and other managers, especially since 85% of 2030 jobs don't yet exist.<sup>11</sup>

## Conclusion

As the ripple of COVID-19 careens around the globe, we are being forced to innovate and change the way we work and live<sup>12</sup>. Offices have become less important and work from home has suddenly become mandatory. This sudden need for work from home is driving the digital transformation of the workforce and the evolution of the work environment at an unprecedented speed. Mass adoption of telecommuting has become a vital business change since the outbreak of the virus. And this change is here to stay.

In a matter of days, organizations have been required to improve their capabilities for long-distance collaboration. Video conferencing, online purchasing, special deliveries, telemedicine, e-learning, electronic trading, online marketing, video streaming, and many other IT enabled processes have undergone virtual transformation, replacing traditional work practices. Digital transformation covers a wide spectrum, including maximizing the use of modern information technology. Because of COVID-19, it has gained importance and been widely recognized and accepted by both employers and employees.

The recent transformation of the workforce is a crucial step forward for digital transformation. Organizations that have enhanced their IT capabilities and remotely engaged their employees are in a much better position to not only survive these unprecedented circumstances, but to overcome the short and long term challenges that will inevitably follow.

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