Beyond the pandemic, remote work as a new paradigm

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Executive Summary

1. The COVID-19 crisis and the consequent public regulations (ASPO) determined the conformation of two large polar groups of companies whose structures exactly reproduce the historical productive dualism of the economy. Two groups of companies of similar size (each one is made up roughly by a 40% of the total companies with up to 800 employees): on one side, a “dynamic” group, predominantly composed of companies in the agricultural and services sector, larger and located in the Center of the country, and on the other side, a "static" group, predominantly made up of companies from the construction, manufacturing and commerce sectors, smaller and mainly located in the AMBA region.

2. With this basic sectoral-territorial-dimensional structure, the adoption of remote work (RW) by 65% of the companies (approximately 385 thousand, which registered about 2.3 million jobs), forced by the COVID-19 crisis, will stabilize in 2021 as a new management model. The transition to remote work caused by the crisis is not a transitory passage, it is a permanent one: before the crisis, in 49% of these companies, no employee developed their activity under RW, while during the crisis this percentage fell to 3% and in 2021 only in 11% of the companies no collaborator will work remotely. This means that, between the pre-pandemic and 2021, at least 145 thousand companies plan to implement RW for all or part of their staff.

3. This acceleration of the change towards RW is clearly greater among the larger MSMEs (medium-sized between 51 and 250 employees and medium-large between 251 and 800 employees) both as a proportion of companies which adopt this work modality for part or all of their staff, as in the number of days of RW per week assigned to affected personnel. Among medium-large companies, the proportion of firms with partial or total RW in 2021 will be 106% higher compared to the pre-COVID situation against a 39% increase among micro-enterprises (0-9 employees). Also, the proportion of firms that will assign their staff two or more days of RW will increase by 478% in medium-large companies, against 134% in micro-businesses.

4. The dimensional acceleration accentuates the dual structure of the Argentine economy, while the sectorial acceleration seems to provide good news about a trend towards reducing dualism and increasing convergence of RW adoption between sectors. In fact, while in manufacturing and construction industries the proportion of companies that transfer all or part of their personnel to the RW increases 141% - 142% (starting from a very low base before the pandemic), the proportion increases only 38% in the services sector. Something similar occurs in the proportion of companies that will assign two or more days of RW per week: compared to the pre-COVID-19 situation, it increases 500%

in the construction sector, 313% in the manufacturing industry, and 171% in the services sector.

5. The transition to RW carries important changes in costs and internal management of companies. However, in neither of the two aspects the differences on impact are significant among region, sector or size.
6. More or less evenly, the main impact among costs is on technological infrastructure expenses (36% of the companies that adopt RW, or its equivalent in quantity, at least 137 thousand firms). It is surprising the uniformity of responses regarding the expected decrease in operating costs (30%, 117 thousand firms) and the reduction of the rental costs of offices, premises and other real estate (17% of companies, approximately 65 thousand).
7. Regarding the impact of the adoption of the RW on internal management, it stands out more or less evenly the greater need to better plan activities (56% of companies, at least 215 thousand employing firms) and to evaluate the personnel by the achievement of the pre-established objectives and not by the compliance of working hours (51% of firms with adoption of RW, that is, 195 thousand companies). The increase of the labor conflict risk is indicated by only 14% of the companies (just over 50 thousand) and the difficulties of hiring by 10% (less than 40 thousand MSMEs).
8. The impact of RW on productivity is indicated as positive by a 19% of the firms with up to 800 employees that adopt WR and as negative by another 19% (approximately 73 thousand firms in each group). The activity sector is a variable that explains the positive vision (for example, services), while the size of the company is a variable that explains the negative vision (for example, companies with up to 50 employees).
9. Finally, it should be noted that the ideas and concepts about the impact of RW on the costs and management are very well consolidated among companies: greater need for planning is related to greater staff autonomy and evaluation by objectives, as well as higher costs in technological infrastructure are related to higher costs in training staff in new technologies, and the possibility of hiring staff in other regions with the decrease in rental costs of real estate. In MSMEs are circulating ideas about new challenges in management and organization of work different from those of face-to-face work.
10. The conclusion: the irruption of the RW driven by the COVID-19 crisis determined non-marginal, permanent changes, which accentuate the dimensional dualism among companies, but allow a higher convergence among activity sectors. The dimensional dualism could be tempered, for example, through support programs and public-private technical assistance.