

# Firms with Pre-Pandemic WFH and their Resilience

Daniel Roash  
Bar-Ilan University

## *Abstract*

COVID-19 triggered a mass social experiment in working from home (WFH). Americans, for example, supplied roughly half of paid work hours from home between April and December 2020, as compared to five percent before the pandemic. During the covid crisis, national statistics offices published estimates on the share of WFH by industries and by worker characteristics. In this period, since the corona outbreak, many researchers examined this phenomenon in different economic fields such as macroeconomics, labor, industrial organization, and more. In this paper, we argue that firms that used WFH at the beginning of the crisis are not homogenous and contain two groups with substantial differences. We use detailed data from the "survey of businesses situation during the coronavirus" that was conducted three times in the second quarter of 2020 on the same firms and examined the businesses' employment flows such as layoff, WFH, work on-site together with other aspects of the business situation and expectations. This detailed panel data enables us to distinguish between the two types of firms that adopted WFH during the peak of the crisis in April 2020. By merging the panel to the ICT survey, we show substantial differences between these groups regarding their ICT systems and validate our methodology for the parameters we chose for classifying each type of WFH. The covid crisis is different from past crises in the aspect of the quickness of the sharp decrease and led to a sharp increase in the unemployment rate from 3.6% at the beginning of March to 20% in April, this month is known as the worst month in the last 20 years in Israel and our research focused on a panel of firms that were surveyed in this period. Our detailed panel enables us to test more accurately whether firms with pre-pandemic WFH feasibility experienced a sharp demand decrease during the first lockdown moderately compared to firms that implemented WFH for the first time during the lockdown.