

# Productivity in the post-COVID world: upgrading human capital and adapting to telework

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# Structure of my comments

Before  
Covid

Early  
Stages

Post  
Covid

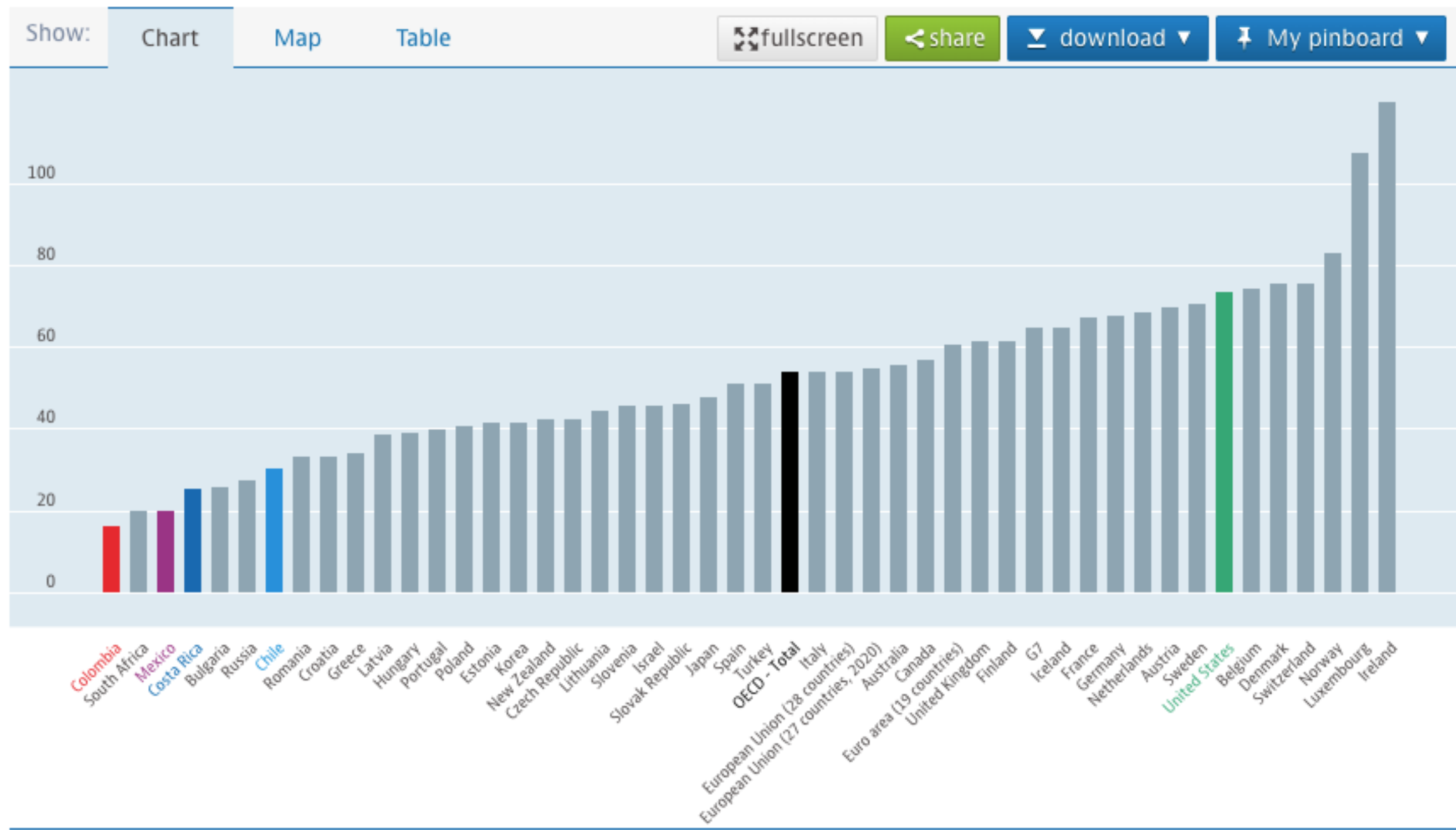
Future



# GDP per hour worked

Total, US dollars, 2021 or latest available

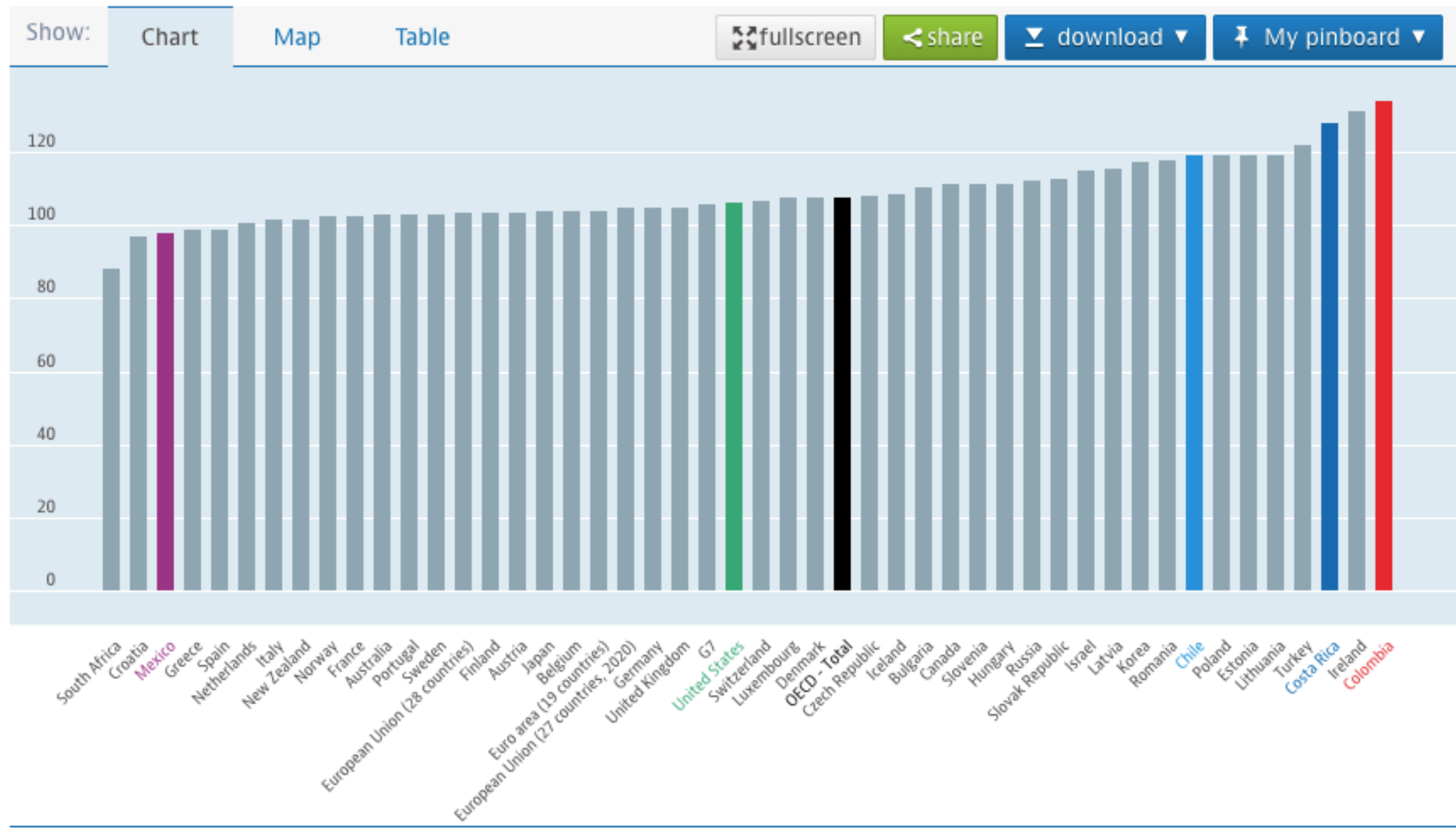
Source: GDP per capita and productivity growth



# GDP per hour worked

Total, 2015=100, 2021 or latest available

Source: GDP per capita and productivity growth

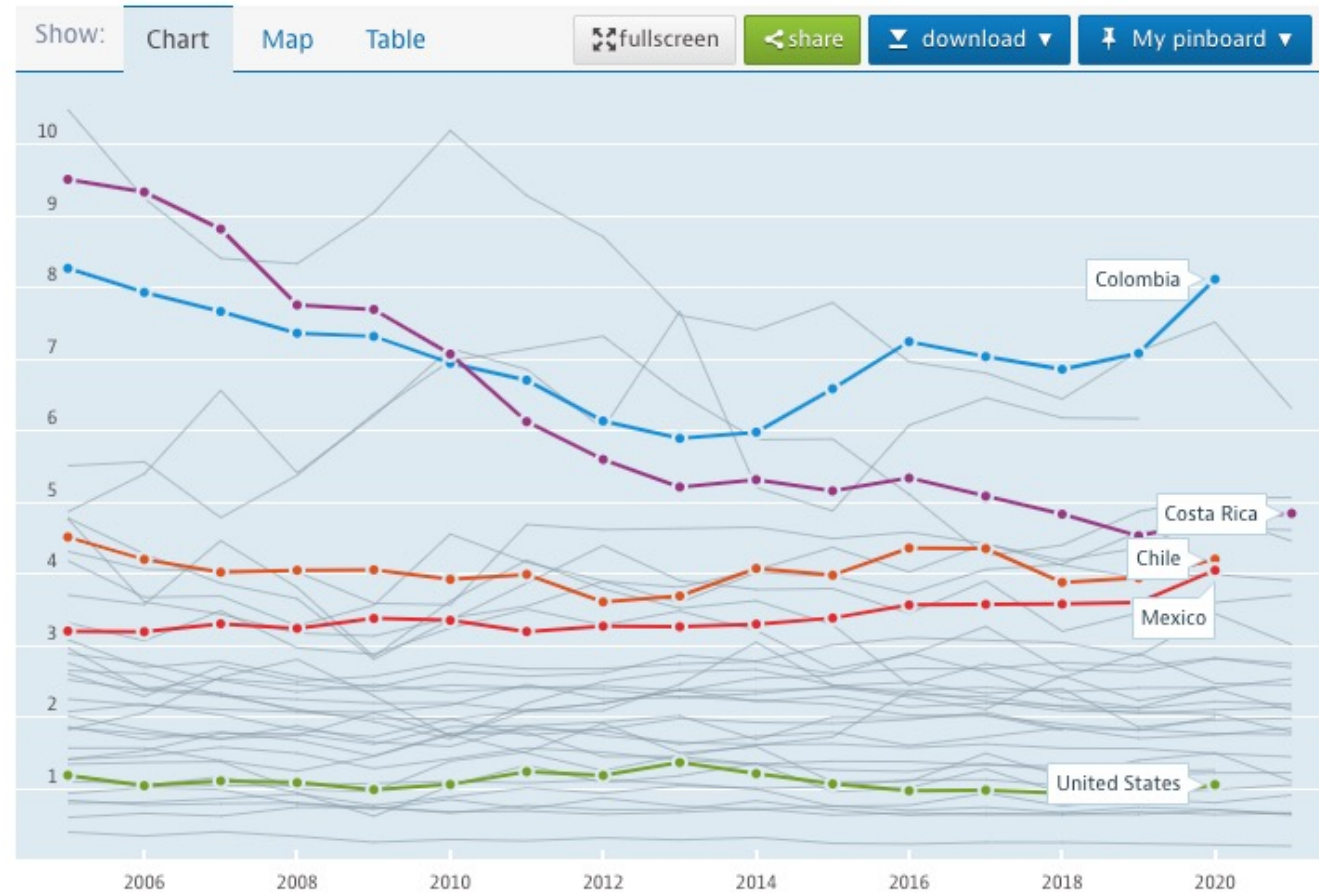




# Before Covid

- LAC countries have been lagging in productivity vs OECD countries.
- Very low levels... but improving. This is a hopeful message, but still a long way to go.
- Crucial: structure of the economy. Economies that have transitioned to a higher share of knowledge intensive sectors are more likely to reap benefits from telework.

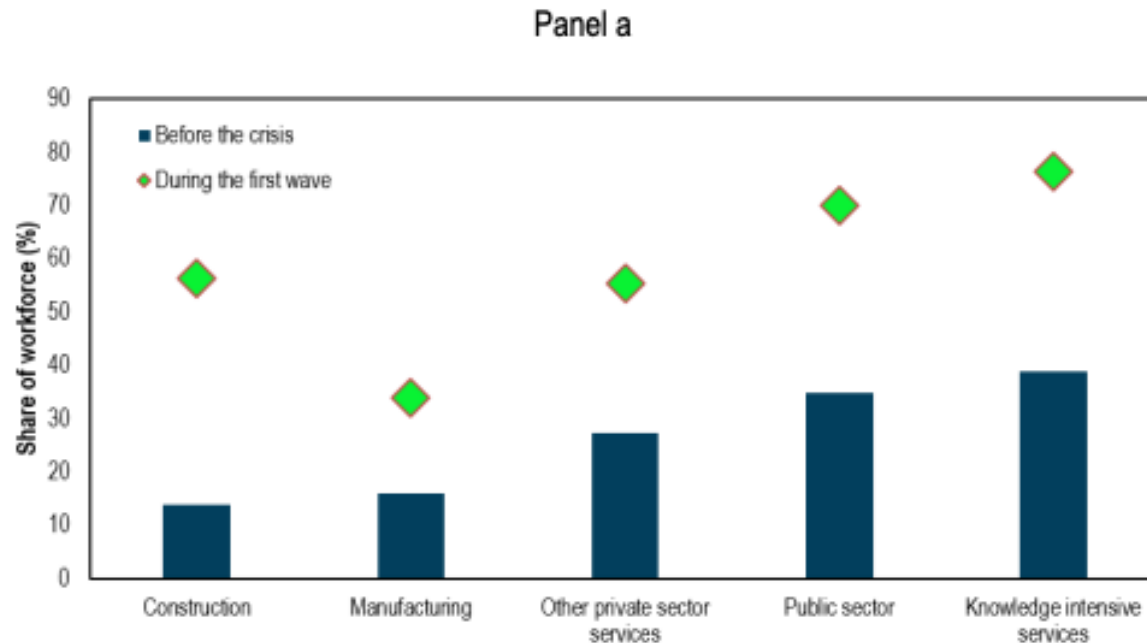
Value added by activity Agriculture, forestry, fishing, % of value added, 2005 – 2021 Source: National Accounts at a Glance



# Which tasks can be subject to telework?

- It is clear that not all tasks can be subject to telework arrangements.
- This was clear even before the pandemic, and some of the first waves were more related to occupations and economic activities that cannot be done remotely. Related to: inequality.

Figure 3. The adoption of teleworking arrangements across sectors



Source: Chriscuolo, Gal, Leidecker, Losma and Nicoletti (2021)

# What evidence do we have?

- Growing evidence on productivity benefits of telework. Particularly Bloom et. al (2014).
- The main takeaway is that choice is fundamental in achieving productivity gains.
  - Not all households are the same.
  - Not all personalities are the same.
- There are also benefits from face to face interaction.
  - Recent working paper by Atkin, Chen and Popov (2022) show that face-to-face interactions have substantial returns to knowledge diffusion, at least in the context of Silicon Valley.





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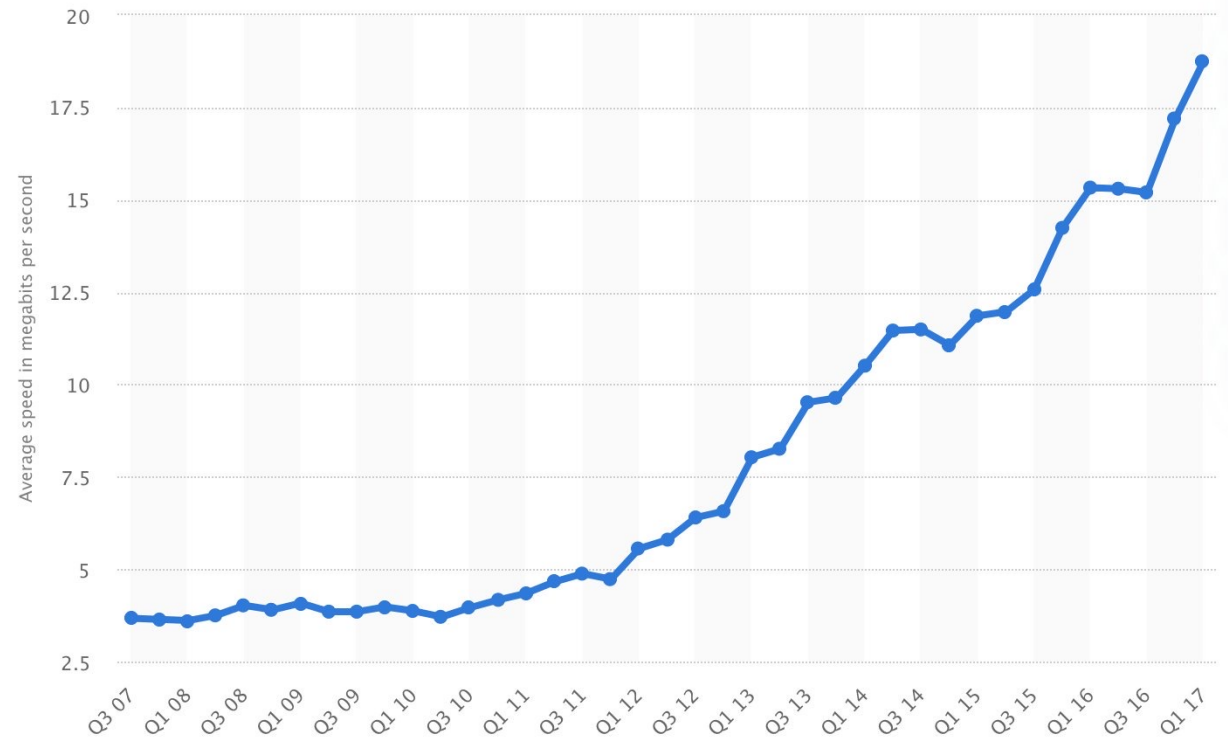
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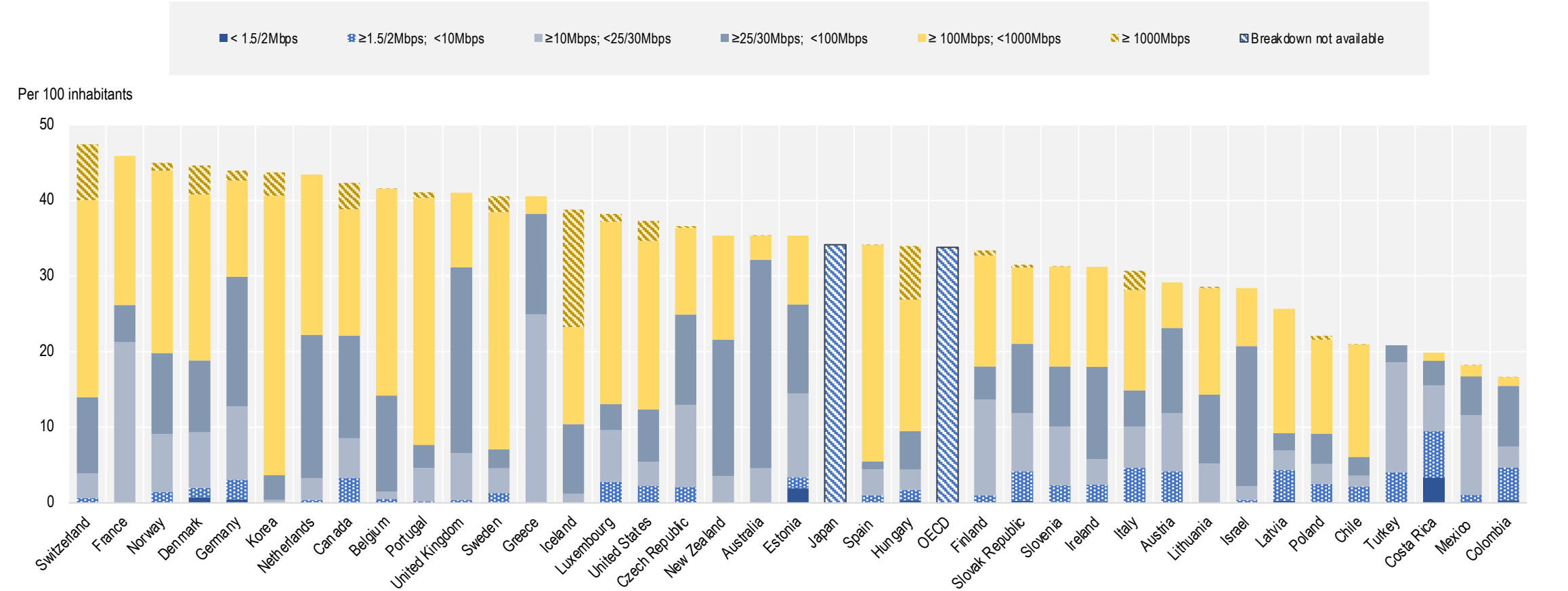




# Early Stages

- One of the largest economic shocks in modern history. Immediate shift of firms to WFH.
- Impact on household dynamics, enormous impact on education.
  - What could have happened if shock was 10 years prior. ➡
  - Average internet connection speed in the United States from 2007 to 2017 (in Mbps), by quarter
  - <https://www.statista.com/statistics/616210/average-internet-connection-speed-in-the-us/>





Notes:

Denmark: Data are temporary OECD estimates

Switzerland: Data are preliminary

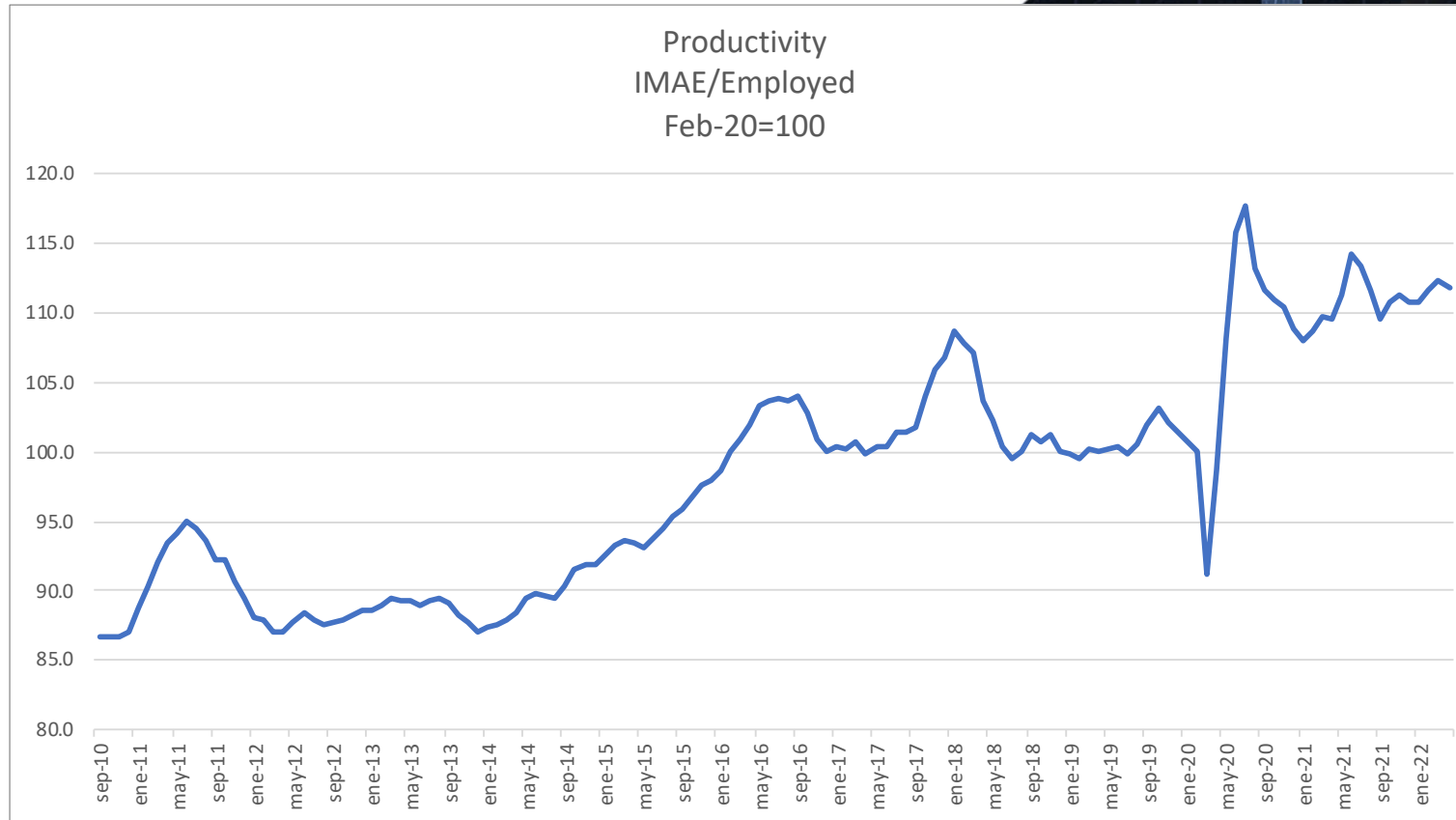
Based on 2020 speed tiers.

Source: OECD, Broadband Portal, [www.oecd.org/sti/broadband/oecdbroadbandportal.htm](http://www.oecd.org/sti/broadband/oecdbroadbandportal.htm)

Information on data for Israel: <http://oe.cd/israel-disclaimer>

# Early Stages

- In Costa Rica productivity increased, and it has remained higher than historical averages.





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# Post – Covid

## What evidence do we have?

- MNCs that locate in developing countries are significantly more productive than domestic firms, and can increase the productivity of the firms in their value chains (Alfaro-Urena, Manelici, Vasquez, 2022).
- Skilled and scarce workers gain a lot from the presence of these firms, and their wages have a premium whenever they become employed by an MNC.
- The potential gains from MNC presence could be hindered by slower FDI. OECD has documented that greenfield investment is well above pre-covid levels in advanced economies, but remains weak in emerging and developing economies. Again...  
Inequality



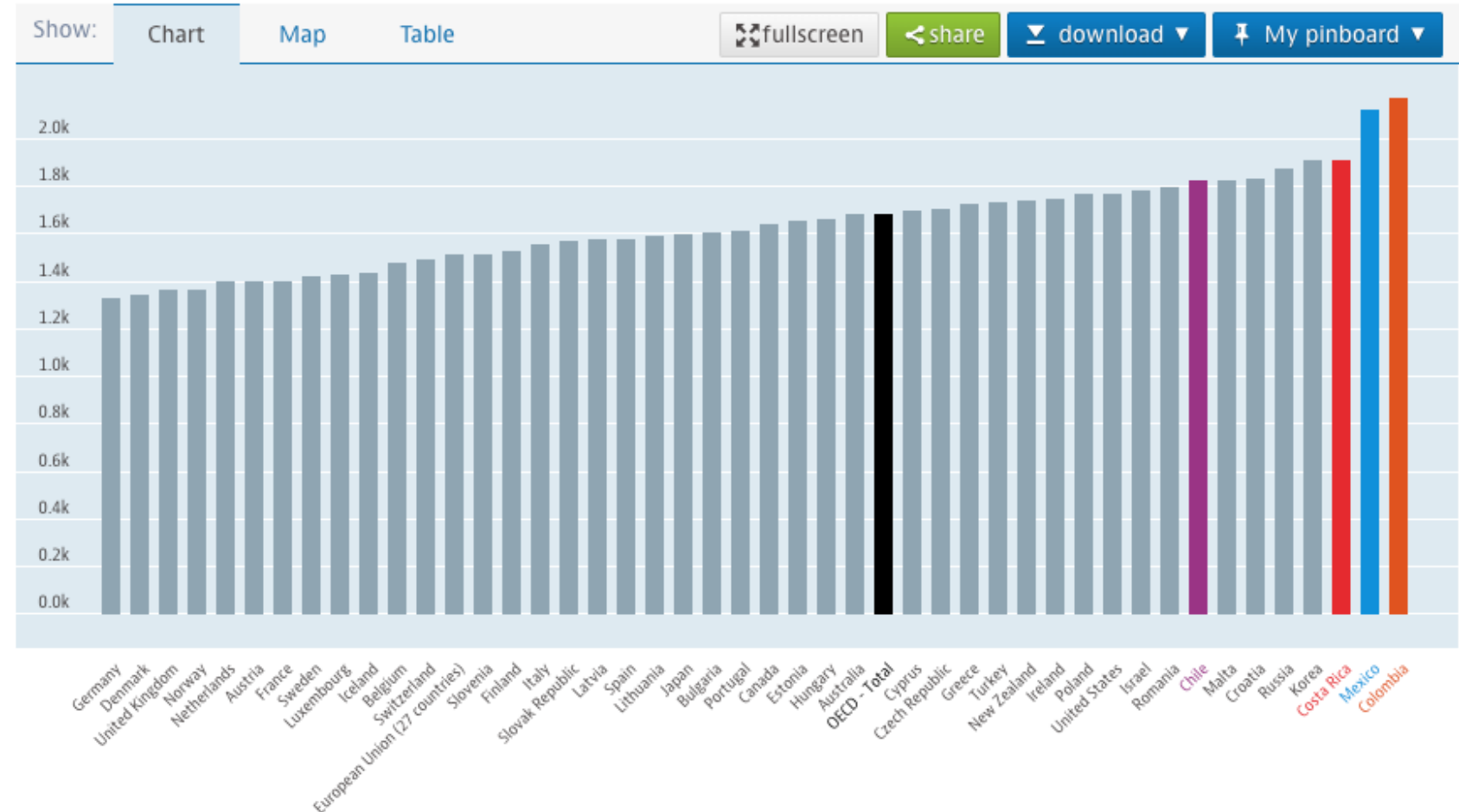
# Post – Covid

## What evidence do we have?

- Not all firms, particularly managers, are excited about telework.
  - Some firms have shut down offices, others are pushing hard to office work.
- This has the potential to erase gains in productivity. Particularly harmful in countries where the number of work hours seem to be important.

Hours worked Total, Hours/worker, 2020 or latest available

Source: Hours Worked: Average annual hours actually worked





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# Future

- We have to aim for higher productivity and greater work-life balance.
- Occupations and economic activities that are more likely to be subject to telework are less likely to be important in LatAm countries.
- Even so, we run the risk of foregoing potential gains because of cultural differences vs higher income countries.
- We need to push for higher growth, greater productivity, greater work-life balance.



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