Changing Work Styles: Increased Productivity through Health and Productivity Management

Yamamoto Isamu, Professor, Keio University

Key points

- Remote work ratio increases with non-routine tasks
- A company's COVID-19 measures boost employee loyalty
- The coronavirus outbreak as an opportunity to reform labor market structure

The spread of COVID-19 has led to rapid work-style changes, such as staggered work hours, remote work, online meetings, closures, and higher risk of unemployment. It is likely becoming a major turning point for changing how work is perceived as well as work styles and human resource management at the workplace.

Prof. Yamamoto Isamu

Health and productivity management is garnering attention as a managerial challenge for maintaining and promoting employee health in companies. As it has become clear that corporate work styles, such as whether remote work is implemented or not, affect employees' risk of infection, it is probable that the need for "health and productivity management that includes COVID-19 measures" will increase in the future.

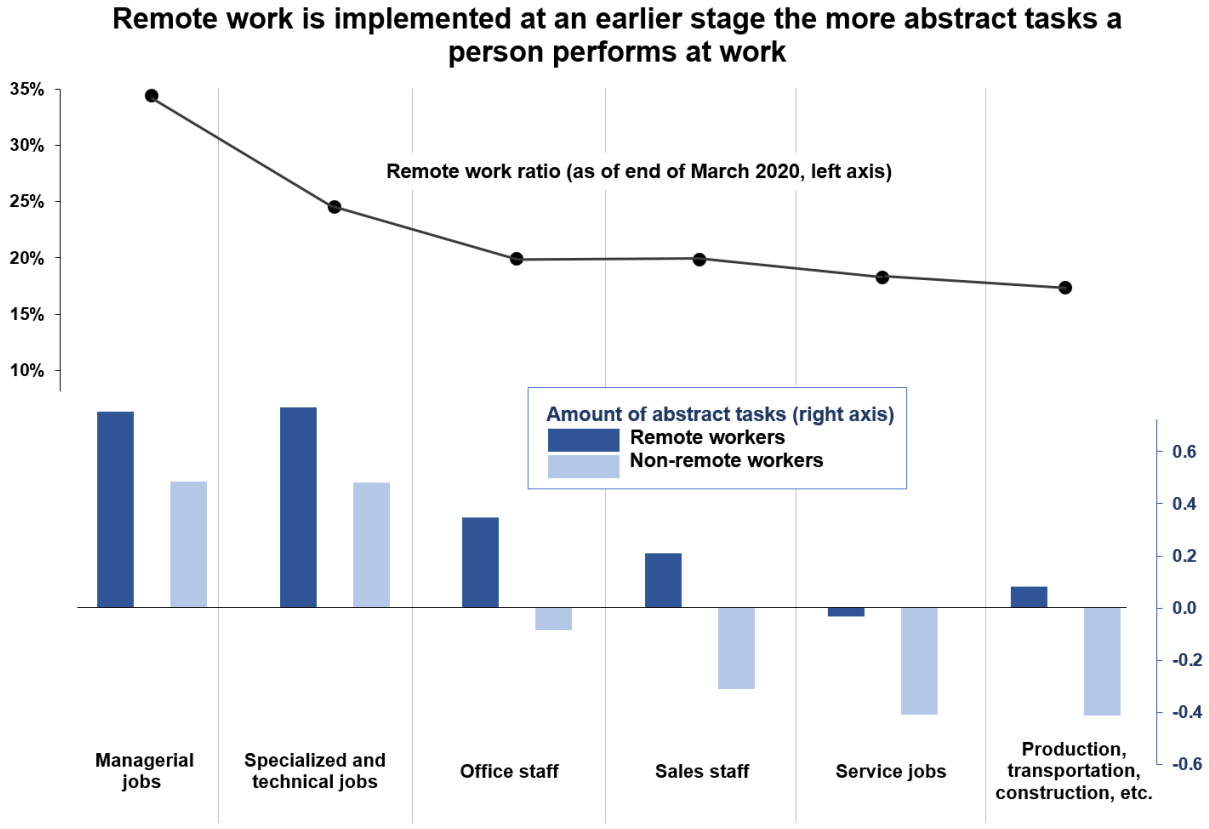
When it comes to COVID-19 measures, it is desirable for the company to have a Business Continuity Plan (BCP) regarding organization of remote work, shift work, and staggered work hours in case of an emergency. According to the "Survey on Health and Productivity Management," which was conducted by the Ministry of Economy, Trade, and Industry in 2019, more than 50% of listed companies have formulated BCPs in case of the spread of an infectious disease as part of their COVID-19 measures. There is a need to spread and scrutinize the contents of BCPs in anticipation of a second wave of COVID-19 or the spread of a new infectious disease.

In addition, it is important to change the ways we work themselves so that companies can switch to remote work quickly when necessary. The possibility of implementing remote work also differs greatly depending on the nature of the work. Since the spread of COVID-19, labor economics research is being conducted to create indicators for the degree to which work can be done remotely.

For example, the research of Jonathan Dingel, associate professor of the University of Chicago Booth School of Business, and others look at the work features of different occupational categories and demonstrates that 37% of work across the United States can be conducted remotely as well as that this differs greatly depending on type of occupation. The reason for the differences between occupational categories is that the number of tasks requiring face-to-face meetings differs depending on the job.

In general, tasks are often divided into routine tasks that involve a lot of repetitive work, abstract tasks such as planning, analysis, surveying, and negotiation, and manual tasks such as service, sales, and manufacturing. Of these, remote work is the easiest when there is a lot of abstract tasks.

The figure is based on an online survey involving about 8,500 workers conducted by Professor Muto Kaori at the University of Tokyo, myself, and others in late March. It is a comparison of occupational categories with regard to the relationship between remote work ratio and amount of abstract tasks. The amount of abstract tasks is an indicator of the amount of managerial and supervisory tasks in the work, the frequency of complex problem-solving, and so forth.



While the remote work ratio is high for occupations with large amounts of abstract tasks, such as managerial, specialized, and technical jobs, it is low for occupations with small amounts of abstract tasks, such as service jobs, production, transportation, construction, and so on. More importantly, abstract tasks become strikingly more numerous for workers working from home

even for the same occupation. This suggests that there is room to increase possibilities for remote work by adjusting the nature of work and how it is conducted.

At workplaces where AI and robots are used for typical and manual tasks while most of the more advanced abstract tasks are performed by workers, the amount of abstract tasks becomes relatively large, which results in a higher possibility for remote work.

Furthermore, it is absolutely necessary to improve workers' skills in order to increase abstract tasks handled by them. The survey results show that workers with high IT skills handle more abstract tasks and have a higher remote work ratio.

According to the research of Kotera Shinya, Senior Economist, Economic Research Department Mizuho Research Institute, who uses Japanese occupational category information, the potential for remote work in Japan is about 30%, which is lower than the 37% of the United States and the government's demand for 70% under the state of emergency declaration. It can be seen that task shift toward abstract one is an important way to increase remote work possibilities.

Efforts to increase abstract task by using new technologies also leads to improved productivity for companies, so it is helpful as health and productivity management that encompasses COVID-19 measures. Past studies have shown that health and productivity management can increase employee wellbeing (happiness) and corporate productivity.

For example, as a result of examining the data of listed companies and their employees in the "Nikkei Smart Work Management Study Group," I found that the implementation of health and productivity management tends to boost employees' work engagement, attachment to the company, and appreciation of the value of their work in the medium- to long-term as well as increasing companies' rate of return on total assets.

Merits for both labor and management can also come about when actively promoting COVID-19 measures. According to the aforementioned online survey, the proportion of people more satisfied with their workplace was 16.5% for those working remotely as of the end of March, which was higher than the 5.6% for those not working remotely. It appears that companies were able to ensure more appreciation and greater loyalty by quickly implementing measures to decrease employees' risk of infection and respond to social demands.

At the same time, the possibilities for realizing remote work for medical practitioners and other essential workers are low as their tasks are not easily covered by IT systems and robots. In the medium- to long-term, it is desirable to develop and use robotics with AI that can manage such tasks as well. In the case of jobs with many tasks that still require people to come to the workplace, it will probably be necessary to offer a wage premium (extra) that corresponds to the risk of infection.

This is known as the compensating wage differentials in labor economics, and we may predict that jobs with risks of infection will be reevaluated on the labor market and that the wages compensating for risks of infection will gradually rise. However, wages do not easily rise in any part of the labor market as we are in a recession, so it might be a good idea to consider subsidizing wages via policy measures.

Likewise, the spread of the coronavirus will probably support various changes that have taken place in the Japanese labor market. Experiences of work and living coming closer together through remote work might prompt individual workers to revise their work–life balance to increase the weight of family, daily life, and leisure more than previously, thereby accelerating the rectification of long work hours.

The risk of aggravation of COVID-19 differs depending on age, so the ability to accept risks of infection differs depending on the person. This is why diversity management that takes into account diversity from a variety of standpoints, including not just sex but also employees' age, cohabiting family, and risk acceptance, will become more important.

It has become more difficult to share work processes at the workplace due to remote working. The trend is toward to evaluating not input in the form of work hours but rather output in the form of results, which might change how work hours are managed. Information sharing and communication through IT is vital to remote work. Since we are clearly perceiving the benefits of using technology, it is also possible that ways of working and concluding contracts by using paper and seal approvals will be revised in the future.

This change toward a work-style "new normal" can be seen as accelerating already existing flows on the Japanese labor market. The contents and direction of the change will play an important role in increasing productivity amid population aging, a decreasing birthrate, and globalization. If we also consider the risk of a second wave of COVID-19, change is unavoidable. Rather, I believe we ought to see it as a good opportunity to transform the structure of the labor market.

Translated by The Japan Journal, Ltd. The article first appeared in the "*Keizai kyoshitsu*" column of *The Nikkei* newspaper on 9 June 2020 under the title, *"Kawaru hatarakikata (I): Kenko keiei tsuji seisansei kojowo (Changing Work Styles (I): Increased Productivity through Health and Productivity Management)." The Nikkei*, 9 June 2020. (Courtesy of the author)

YAMAMOTO Isamu, Ph.D.
Professor, Faculty of Business and Commerce, Keio University

Born in 1970. He graduated from Keio University in 1993 and earned his Ph.D. in Economics from Brown University in 2003.
