

The good that can come from strikes and pandemics

Ivan Png

For The Straits Times

Q *What is good about transport strikes and pandemics?*

A In February 2014, London Underground workers conducted a brief strike, disrupting train services and closing several stations. Three days later, when normal service resumed, not all commuters resumed their pre-strike travel patterns.

Five per cent of Underground users changed their commute permanently. Apparently, their original schedules were less than optimal. Forced by the strike to experiment with new travel patterns, they found better ways of getting to their destination.

These better ways were available before the strike. Why did they not

use these routes? The answer is what behavioural economists call status quo bias.

Deciding how to commute to the workplace or school, we look for the best way. Over time, this becomes a routine. Meanwhile, conditions – bus and train schedules, work and school needs – change. Still, we stick to the routine. Every day, we have too many matters competing for our attention to spend time and effort re-optimising our commuting pattern. It is easier to stick to the routine. Until it becomes impossible.

Similar to the London Underground strike, the Covid-19 pandemic has forced an experiment – with workplace policy. Zoom was founded in 2011, and services like Cisco WebEx were available even during the Sars crisis. Yet they were quite unknown until Covid-19 struck

and governments ordered people to work and study from home.

Now that Covid-19 is mostly over, people are not rushing back to the office (school yes, but not the office). Why? Because we have discovered more efficient ways of working. Which had always been there.

As mentioned, Cisco WebEx, Zoom and similar services were available well before Covid-19. But it took a global crisis to cancel routines and force organisations into a tough and fraught discussion of the optimal workplace policy.

The status quo bias in workplace routines is much more profound and forceful than that in commuting patterns. Taking a different train is a personal choice. Whether to work from home two or five days a week is an organisational matter. It requires coordinating with colleagues and even other organisations.

Changing workplace policy is a problem of collective action, which is why it took global lockdowns to force the experimentation and re-optimisation.

Businesses now vary in workplace policy. Airbnb recently decided that all staff can work remotely permanently. Google mandated that staff be at the office three days a week.

Recently, we interviewed four leading Singapore professional services firms: Their norms were two days a week or no norm at all. The Government has also adopted a hybrid workplace strategy, and, in tandem, has begun to shed office space.

It seems that few organisations, whether for profit or non-profit, will revert to the previous status quo of working every day at the office. Commuting five days a week has gone the way of the necktie.

Interestingly, one of the professional services firms that we interviewed had adopted a fully flexible workplace policy 10 years ago. Even within a fairly tight-knit profession, one firm followed a different line for a long time and none of the other firms followed.

Well before the pandemic, some tech companies had already experimented with remote work. But they were considered to be outliers. Goldman Sachs chief executive David Solomon famously described working from home as an “aberration”.

These examples illustrate that overcoming status quo bias is entirely feasible. We just need to open our minds to confront our status quo bias and reliance on routines.

We should periodically force ourselves to re-examine our routines. Which ones? Those for which the potential gain is largest

– consider the potential benefit and the age of the routine. The older a routine, the more likely it is to be past its “use-by” date.

In the case of the London Underground strike, economists calculated that the long-term time gained by those who switched their commuting patterns exceeded the one-off time lost by all commuters during the strike. This simple calculation provides a clear estimate of the potential gains from experimenting around the status quo. Just do it!

stopinion@sph.com.sg

• Ivan Png is a distinguished professor at the School of Business and Department of Economics at the National University of Singapore and principal investigator of Spire, a research project on service productivity funded by the Ministry of Education.

• This is a monthly series by the NUS Department of Economics. Each month, a panel will address a topical issue. If you have a burning question on economics, write to stopinion@sph.com.sg with “Ask NUS” in the subject field.