

# Companies' Work Styles and the Workplace under the Corona Crisis

Based on a nationwide company survey and company interviews

July 15, 2020

Following the global outbreak of the novel coronavirus (COVID-19) in spring 2020, many companies and office workers were forced to reconsider their work styles as the Japanese government recommended companies to introduce off-peak commuting and telework. The restrictions of staying at home as much as possible and working without physical contact with others seem to have almost forcibly promoted work from home and other forms of telework. This has stimulated discussion about the workplace, which had hitherto been carried out in the context of work style reforms.

Against this background, Xymax Real Estate Institute ("Xymax REI") conducted a questionnaire survey of companies across Japan between June 4 and 16, shortly after the state of emergency was lifted, about work styles and the workplace under the corona crisis. Furthermore, it interviewed 30 registered user companies of ZXY, a corporate satellite office service operated by Xymax, between late April and June to hear about their efforts, struggles and frank opinions during times of a state of emergency.

This report is based on the results of the surveys and aims to provide clues to work styles and the workplace at companies "after corona" (i.e., the society after the current crisis has come to an end and restrictions on conduct have been lifted) by revealing companies' responses to the corona crisis and the challenges they have exposed, as well as their current views toward office strategies going forward. The company questionnaire included items concerning office demand and work styles not only during times of the corona crisis but also under normal times, the results of which are to be published soon as the latest version of a periodic report.\*<sup>1</sup>

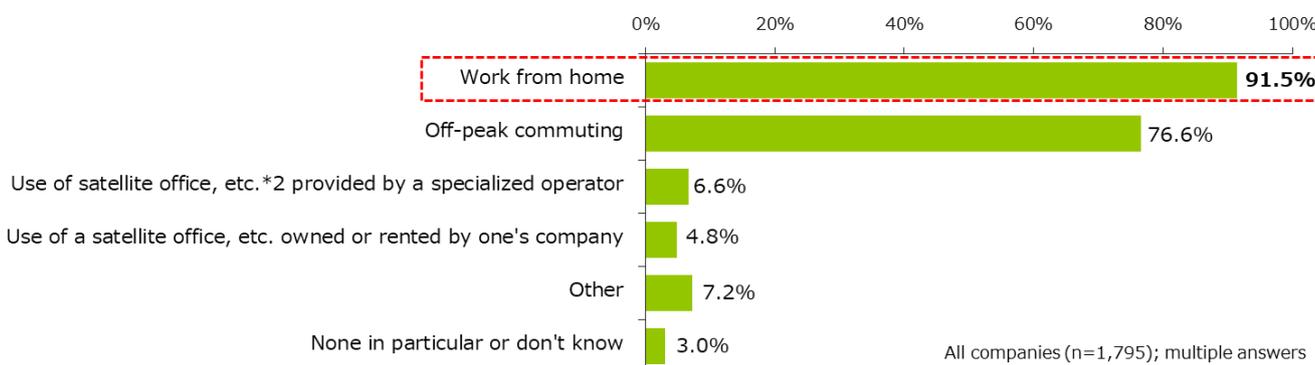
\*<sup>1</sup> Related report: *Metropolitan Areas Office Demand Survey Autumn 2019*, released November 27, 2019

<https://www.xymax.co.jp/english/research/images/pdf/20191127.pdf>

## 1. Work Styles under the Corona Crisis

We first asked companies about the measures they implemented in response to the outbreak of COVID-19 (**Figure 1**). The most popular measure was "work from home," which was adopted by 91.5% of the companies, followed by "off-peak commuting," adopted by 76.6% of the companies.

**Figure 1: Measures Implemented in Response to COVID-19**

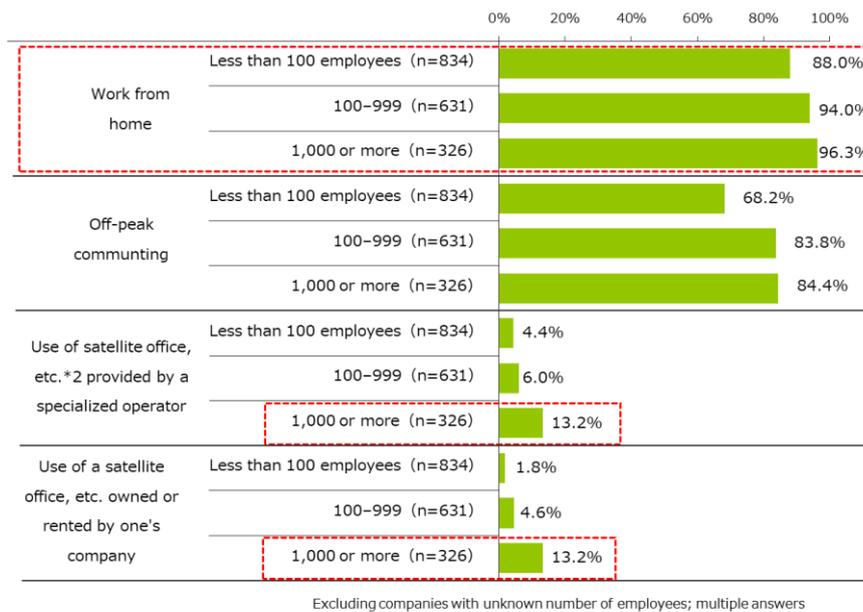


\*<sup>2</sup> A workplace service based on a usage contract other than a lease, such as a serviced office or a shared office

Looking at the introduction of the measures by company attribute revealed some distinct trends.

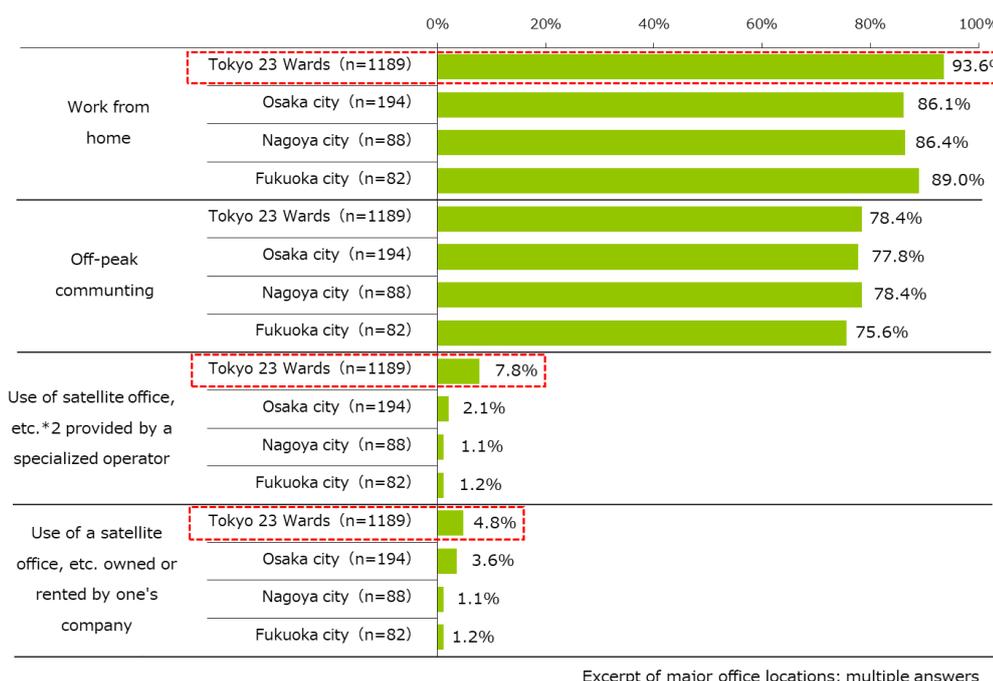
By company size, larger companies tended to have a higher rate of introduction in general. However, “work from home,” the most popular measure, was also introduced by 88% of companies with less than 100 employees, indicating that the measure was implemented on a broad scale regardless of company size (Figure 2). On the other hand, the “use of a satellite office or other similar facility provided by a specialized operator” and “use of a satellite office or other similar facility owned or rented by one’s company,” which indicate teleworking at a place other than home, were introduced by large companies notably more than other companies.

Figure 2: Measures Implemented in Response to COVID-19 – By Company Size



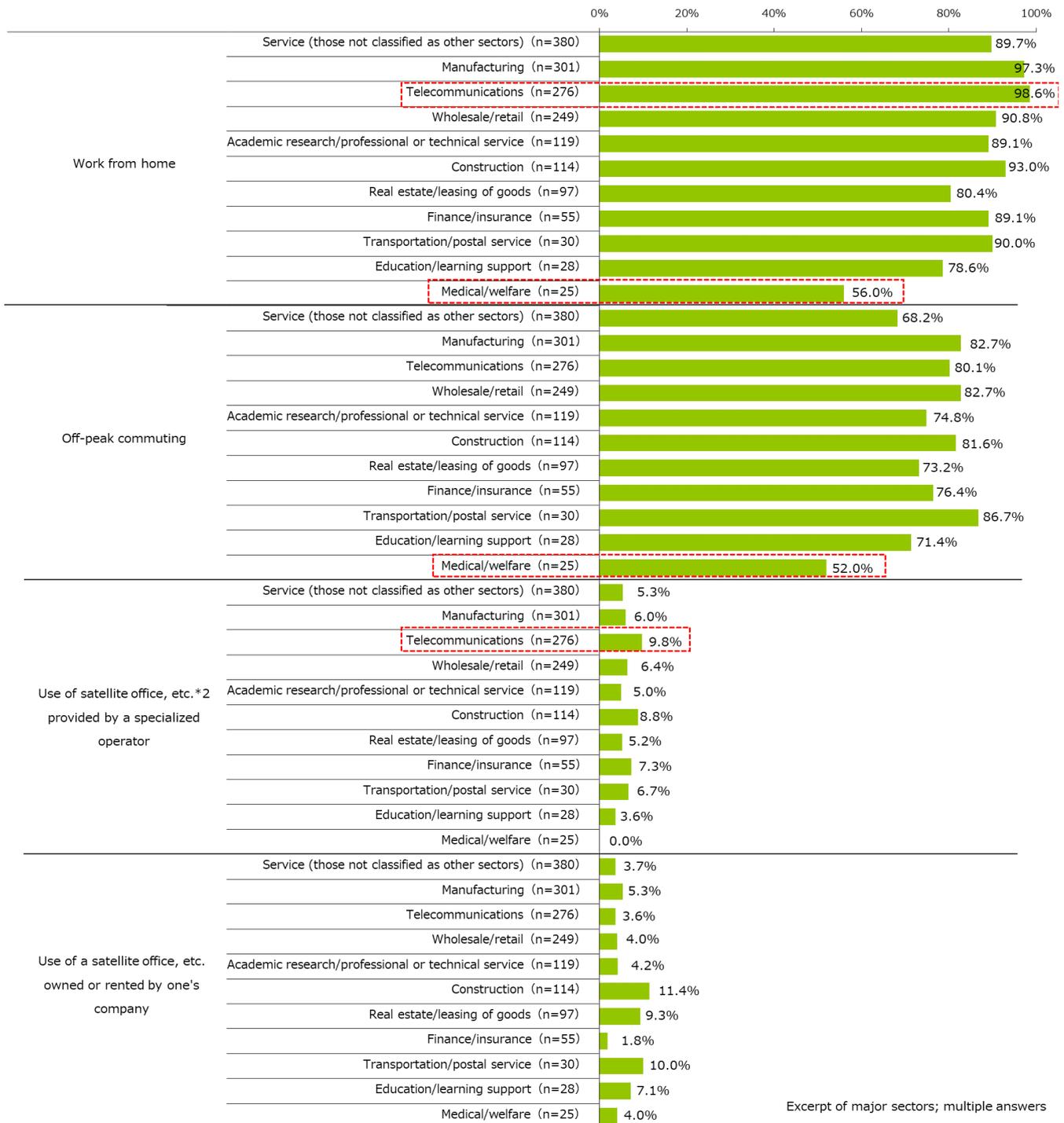
By office location, the 23 wards of Tokyo (“Tokyo 23 Wards”) had a relatively high introduction rate of telework-related measures, while there was no significance difference in the introduction rate of off-peak commuting (Figure 3).

Figure 3: Measures Implemented in Response to COVID-19 – By Office Location



By sector, the telecommunications sector had a relatively high introduction rate of working from home and the use of a specialized operator’s satellite office (Figure 4). This sector had shown higher introduction rates of these telework-related measures than other sectors in past surveys as well, indicating that an environment suited for telework was already in place. On the other hand, the medical/welfare sector had low introduction rates overall, suggesting that the sector has difficulty in embracing flexible time and place for work.

Figure 4: Measures Implemented in Response to COVID-19 – By Sector

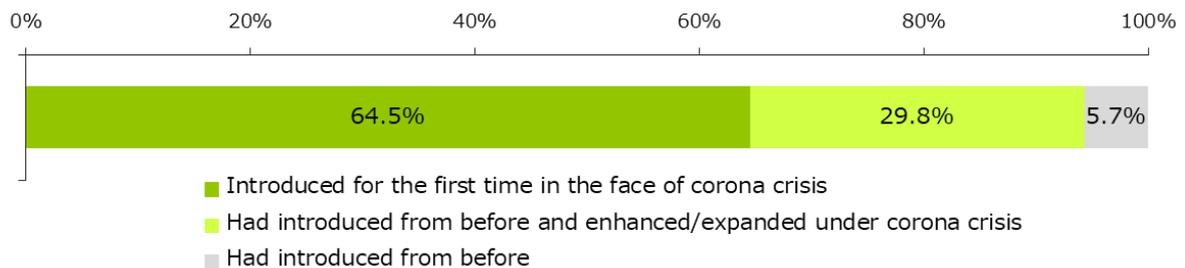


Excerpt of major sectors; multiple answers

Here we focus on work from home, which more than 90% of all companies have implemented.

Of the companies that implemented work from home as a measure against the corona crisis, we found that 64.5% introduced the measure for the first time (Figure 5). 29.8% of the companies enhanced or expanded the application of the measure in the face of the crisis, indicating that the corona crisis provided a big boost to companies' adoption of telework.

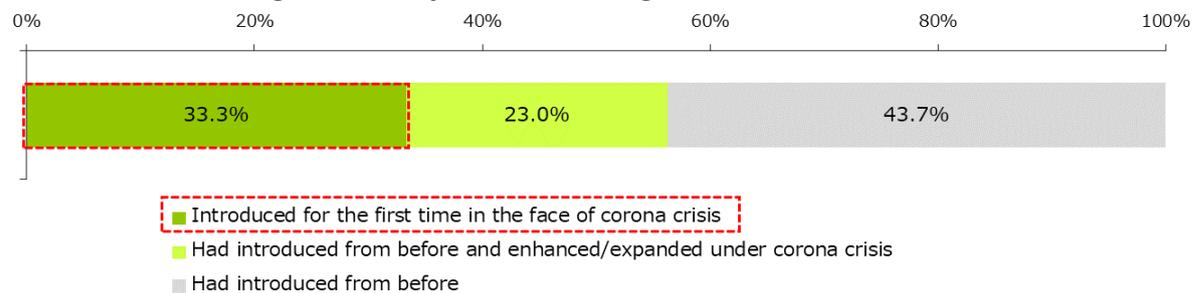
Figure 5: Catalyst of Introducing Work from Home



Companies that chose "work from home" in Figure 1 (n=1,643)

We also found that a reasonable percentage (33.3%) of companies that used a "satellite office or other similar facility owned or rented by one's company" as a measure against the corona crisis used such offices for the first time (Figure 6).

Figure 6: Catalyst of Introducing Own Satellite Office



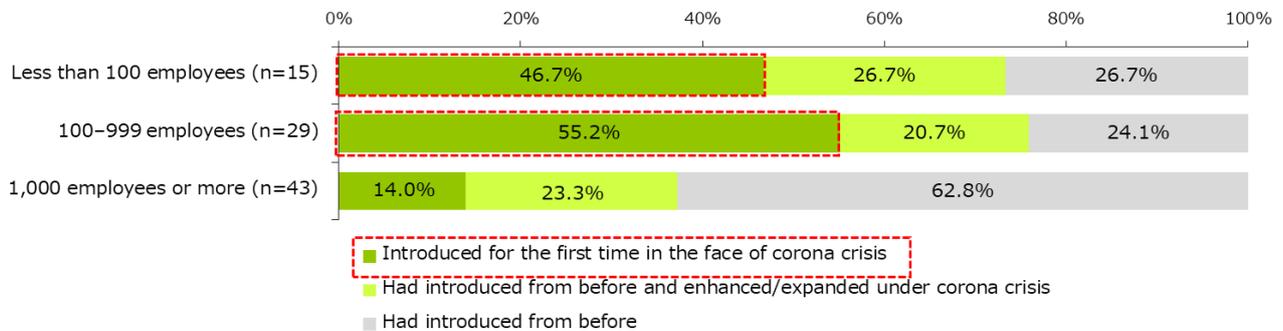
Companies that chose "use of a satellite office, etc. owned or rented by one's company" in Figure 1 (n=87)

Although working from home attracted attention as a work style under this corona crisis, some companies seemed to have adopted introduced satellite offices to accommodate the needs of employees who had difficulty working from home due to their home environment or for family reasons.

We also heard the following comments from companies in the company interviews: "We accelerated our plan of transforming vacant rooms in our corporate dorms into satellite offices, which we had intended as a way to avoid the expected traffic congestion during the 2020 Tokyo Olympics & Paralympics Games, in response to the closure of schools due to the corona crisis and released them to employees with small children. This measure was appreciated by them," and "We encouraged employees to work from home in principle, but recommended using a satellite office to those who came to the office because they were not comfortable working from home." One company that also recognized the necessity of satellite offices due to the corona crisis commented, "We had positioned satellite offices as a tool for reducing working hours because it improves travel efficiency. However, we intend to place more emphasis on them as an alternative to working from home since we found out in an internal questionnaire survey that around half of our employees had difficulty working from home."

Looking at the catalyst of introducing own satellite offices by company size, we found that more small and medium-sized companies with less than 1,000 employees introduced such satellite offices for the first time under this corona crisis than larger companies (Figure 7). Our past surveys also indicated that larger companies led the use of satellite offices since they incur costs, but the corona crisis may have triggered smaller companies to use such satellite offices, which may result in satellite offices becoming wider spread going forward.

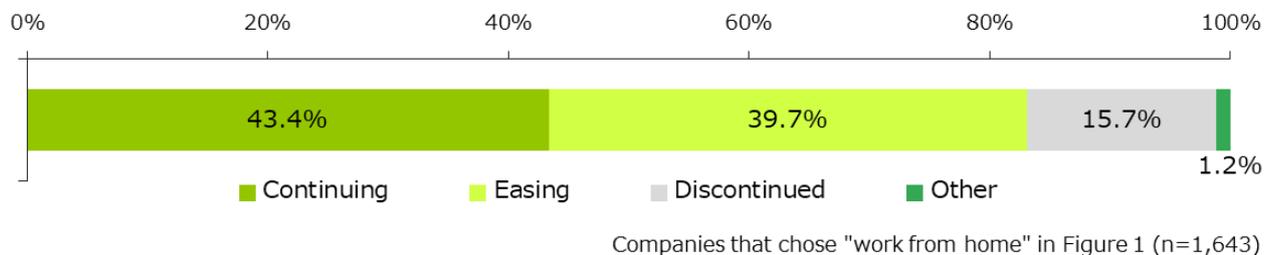
Figure 7: Catalyst of Introducing Own Satellite Office – By Company Size



We then asked companies that implemented work from home (Figure 1) whether they had continued to do so in early June when the government lifted the state of emergency. 43.4% had continued, while 55.4% had eased or already discontinued the measure (Figure 8).

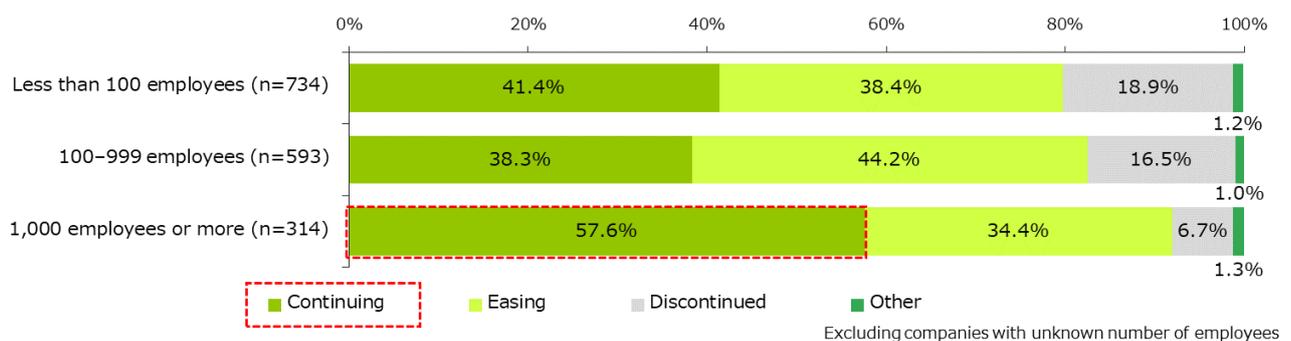
Comments provided in "other" indicated that some companies shifted to a limited use of the measure, such as for employees with childcare or elderly care needs only or for those with health concerns only. Work from home on a full scale based on recommendations and instructions by companies seems to have peaked out around April or May when the government declared a state of emergency.

Figure 8: Continuation of Work from Home Measures in early June



In terms of the continuation of work from home measures by company attribute, while 57.6% of large companies continued the measures, a relatively large percentage of small and medium-sized companies had shifted to either easing or discontinuing the measures (Figure 9).

Figure 9: Continuation of Work from Home Measures in early June – By Company Size



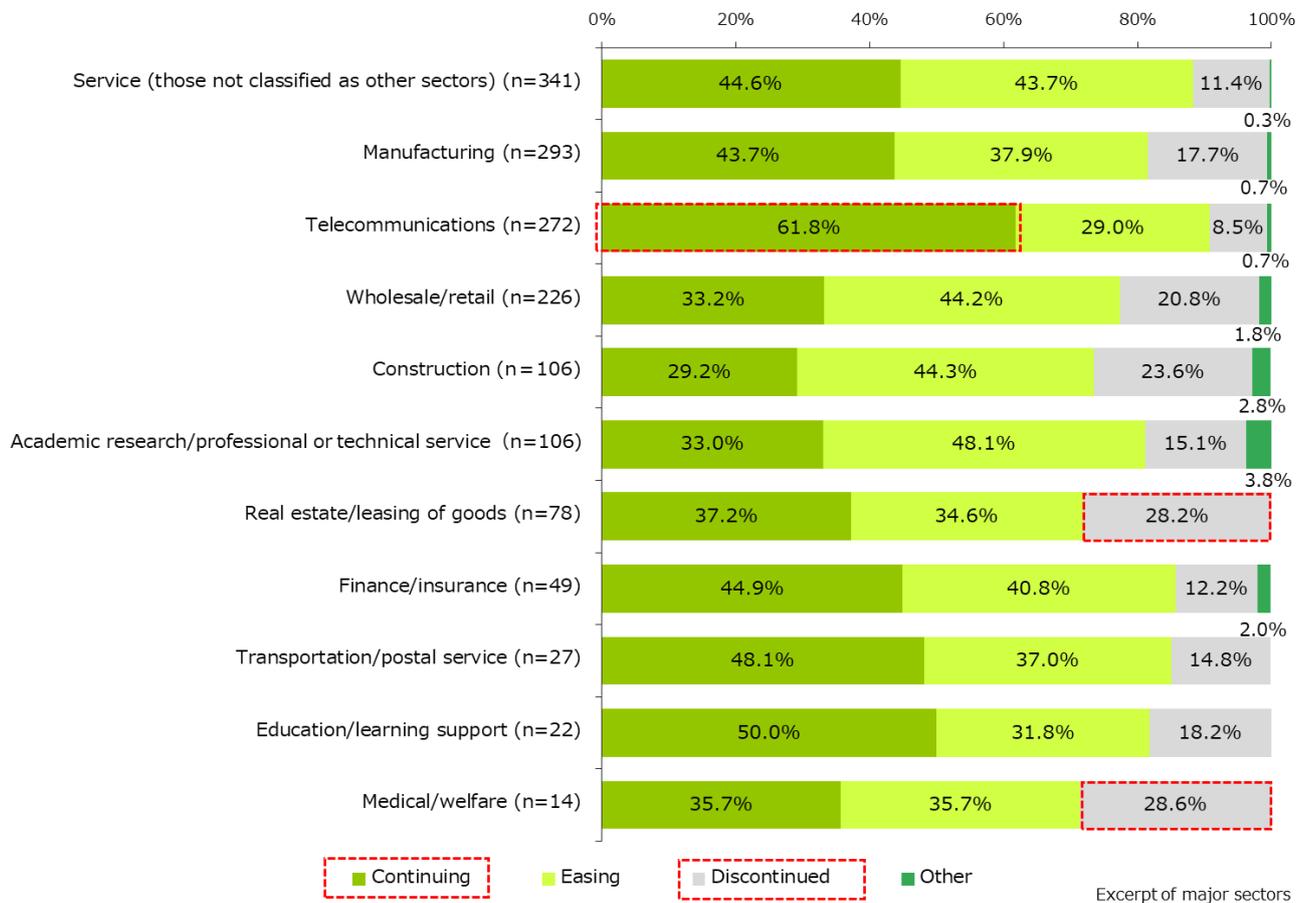
By office location, Tokyo 23 Wards had the largest percentage of companies that continued the measures, while companies with offices in Osaka city had already discontinued the measures the most. This reveals that there are differences in responses between major cities with a large number of COVID-19 infections (Figure 10).

Figure 10: Continuation of Work from Home Measures in early June – By Office Location



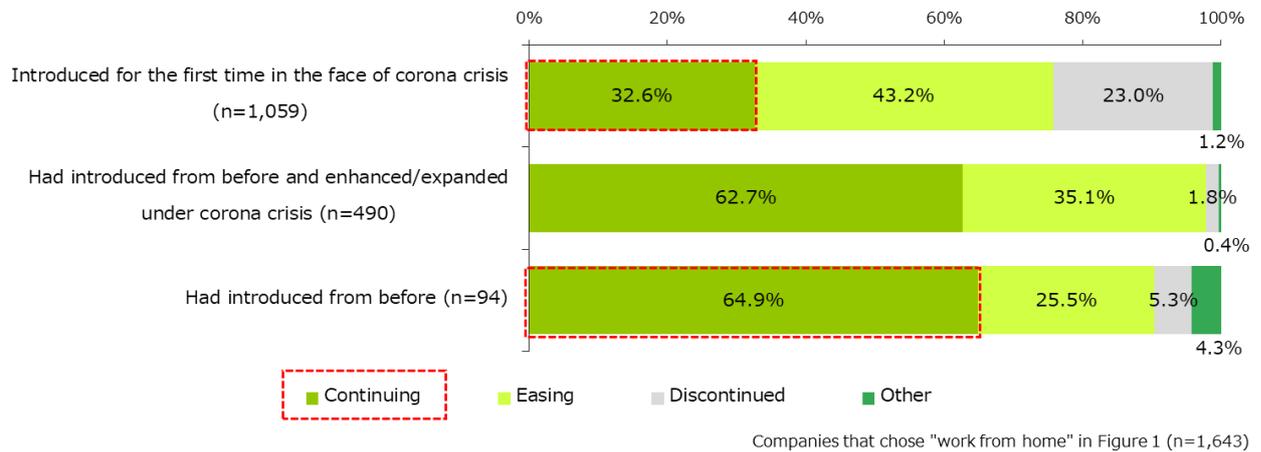
By sector, companies in the telecommunications sector continued the measures the most (61.8%), while the medical/welfare sector and the real estate/leasing of goods sector had the highest percentages of companies that had discontinued the measures (28.6% and 28.2%, respectively) (Figure 11).

Figure 11: Continuation of Work from Home Measures in early June – By Sector



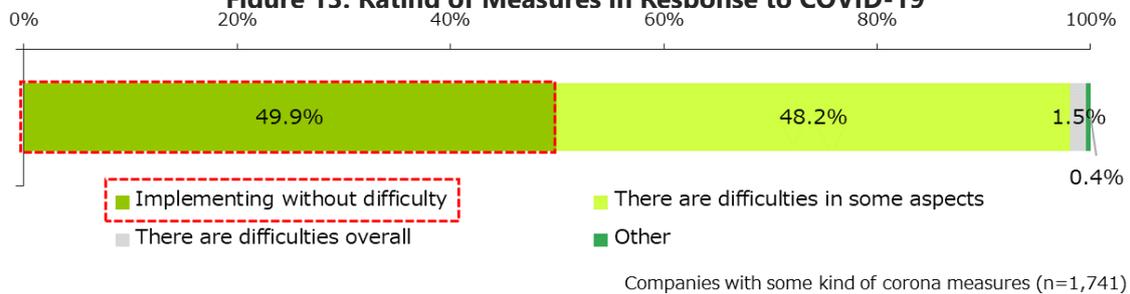
Furthermore, when we look at the continuation of work from home measures in June by catalyst of introducing the measures (Figure 5), 64.9% of companies that had introduced work from home before the corona crisis had continued the measures (Figure 12). On the other hand, 66.2% of the companies that introduced work from home for the first time in the face of the corona crisis had eased or discontinued the measures, but 32.6% continued. Some percentages of these 32.6% of companies may continue implementing telework such as work from home even after corona.

Figure 12: Continuation of Work from Home Measures in Early June – By Catalyst of Introduction



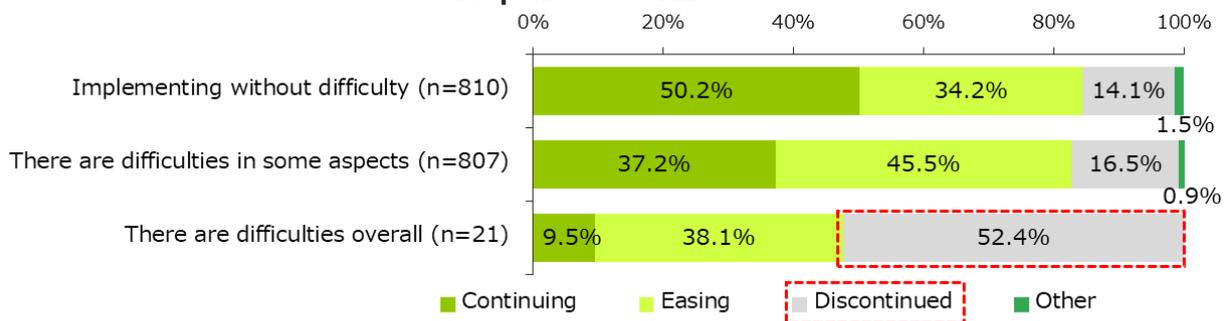
We then asked the companies to rate the measures they implemented in response to COVID-19 (Figure 1) in three levels ("implementing without difficulty," "there are difficulties in some aspects" and "there are difficulties overall"). 49.9% of the companies replied that they were "implementing without difficulty" (Figure 13).

Figure 13: Rating of Measures in Response to COVID-19



When we looked at the continuance of work from home in conjunction with the ratings, half of the companies that replied that there were no difficulties had continued work from home in June, while more than half of the companies that replied that there were difficulties all around had discontinued work from home (Figure 14).

Figure 14: Continuation of Work from Home Measures in Early June – By Rating of Measures in Response to COVID-19

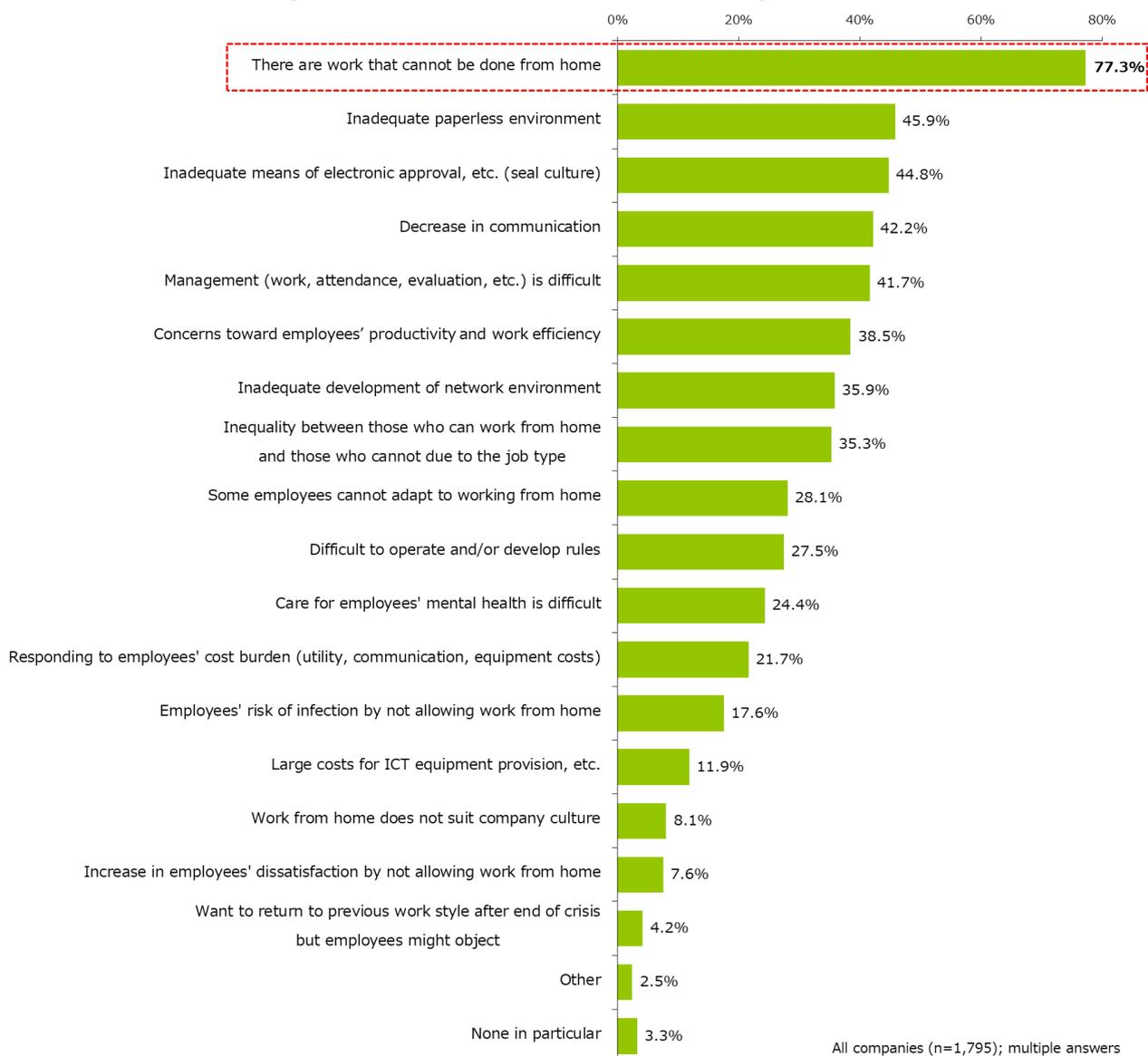


## 2. Issues of Working from Home and Countermeasures

In the declaration of the state of emergency that was released during April and May, the Japanese government requested the people to reduce contact with others by 80%, which led to an unprecedented rise in the pressure against companies to introduce work from home. In view of these circumstances, we asked all respondents, including companies that did not implement work from home, about the difficulties and issues of working from home, the result of which is shown in **Figure 15**.

The overwhelming top reply was “there are work that cannot be done from home” (77.3%). The replies that follow (“inadequate paperless environment” (45.9%) and “inadequate means of electronic approval, etc.” (44.8%)) may be the reasons why there are work that cannot be done from home.

**Figure 15: Difficulties and Issues of Working from Home**



Comments provided in “other” revealed that there were issues that cannot be solved with the efforts of the respondent’s company alone, such as, “Although all internal approvals are done electronically, employees must come to the office since seal imprints are required for agreements with outside parties.” BtoB companies are thought to be especially susceptible to the progress of telework at client companies. A reform of the entire society is required.

The result also revealed different characteristics between sectors. **Figure 16-(i)** and **Figure 16-(ii)** show the same content, which is the percentage of each difficulty or issue chosen by companies of each sector. Figure 16-(i) highlights the top five sectors of each issue, whereas Figure 16-(ii) highlights the top five issues of each sector.

**Figure 16-(i)** (highlighting the top five sectors of each issue) indicates that companies in some sectors felt there were many issues while those in other sectors did not feel as much. For example, the manufacturing, construction, and transportation/postal service sectors had higher percentages in each issue than other sectors, suggesting that companies in such sectors felt there were more issues than those in other sectors. Companies in the telecommunications sector, which had a relatively high implementation rate of work from home measures in response to the corona crisis (**Figure 4**), showed low percentages of issues in general but seemed to be relatively concerned about issues regarding workers, such as “concerns toward employees’ productivity and work efficiency” and “care for employees’ mental health.”

**Figure 16-(i): Difficulties and Issues of Working from Home – By Sector**  
**\*Highlighting the top five sectors of each item**

	Service (those not classified as other sectors) (n=380)	Manufacturing (n=301)	Telecommunications (n=276)	Wholesale/retail (n=249)	Academic research/professional or technical service (n=119)	Construction (n=114)	Real estate/leasing of goods (n=97)	Finance/insurance (n=55)	Transportation/postal service (n=30)	Education/learning support (n=28)	Medical/welfare (n=25)
There are work that cannot be done from home	70.5%	<b>81.1%</b>	72.1%	<b>84.7%</b>	75.6%	<b>86.8%</b>	<b>79.4%</b>	74.5%	<b>83.3%</b>	78.6%	68.0%
Inadequate paperless environment	43.2%	<b>52.5%</b>	38.8%	<b>50.6%</b>	46.2%	<b>54.4%</b>	47.4%	<b>49.1%</b>	<b>60.0%</b>	39.3%	28.0%
Inadequate means of electronic approval, etc. (seal culture)	<b>44.7%</b>	<b>49.2%</b>	43.8%	43.4%	34.5%	<b>52.6%</b>	<b>52.6%</b>	<b>47.3%</b>	40.0%	39.3%	24.0%
Decrease in communication	<b>47.1%</b>	<b>43.5%</b>	42.8%	38.6%	37.8%	<b>49.1%</b>	38.1%	<b>45.5%</b>	<b>60.0%</b>	28.6%	24.0%
Management (work, attendance, evaluation, etc.) is difficult	<b>45.0%</b>	<b>45.5%</b>	38.4%	39.4%	36.1%	<b>50.0%</b>	37.1%	38.2%	<b>60.0%</b>	<b>42.9%</b>	28.0%
Concerns toward employees’ productivity and work efficiency	38.4%	38.2%	<b>39.9%</b>	<b>42.2%</b>	<b>38.7%</b>	<b>43.9%</b>	30.9%	30.9%	<b>53.3%</b>	32.1%	28.0%
Inadequate development of network environment	32.9%	<b>41.2%</b>	29.3%	36.1%	22.7%	<b>47.4%</b>	<b>41.2%</b>	34.5%	<b>36.7%</b>	<b>46.4%</b>	24.0%
Inequality between those who can work from home and those who cannot due to the job type	32.1%	<b>43.2%</b>	<b>32.2%</b>	<b>39.4%</b>	23.5%	<b>48.2%</b>	26.8%	29.1%	<b>53.3%</b>	28.6%	16.0%
Some employees cannot adapt to working from home	27.6%	<b>29.2%</b>	25.0%	24.5%	22.7%	<b>44.7%</b>	<b>27.8%</b>	<b>30.9%</b>	26.7%	<b>32.1%</b>	8.0%
Difficult to operate and/or develop rules	27.4%	<b>27.9%</b>	22.8%	<b>30.9%</b>	25.2%	<b>35.1%</b>	22.7%	21.8%	<b>36.7%</b>	<b>32.1%</b>	20.0%
Care for employees’ mental health is difficult	<b>26.6%</b>	<b>29.9%</b>	<b>29.0%</b>	20.5%	22.7%	20.2%	14.4%	18.2%	<b>33.3%</b>	<b>25.0%</b>	8.0%
Responding to employees’ cost burden (utility, communication, equipment costs)	<b>22.4%</b>	<b>24.6%</b>	<b>23.2%</b>	20.9%	20.2%	21.1%	18.6%	21.8%	<b>23.3%</b>	<b>32.1%</b>	4.0%
Employees’ risk of infection by not allowing work from home	17.1%	<b>18.9%</b>	15.2%	<b>20.1%</b>	<b>19.3%</b>	<b>19.3%</b>	16.5%	14.5%	<b>30.0%</b>	7.1%	12.0%
Large costs for ICT equipment provision, etc.	<b>13.9%</b>	9.3%	7.6%	<b>14.9%</b>	10.1%	12.3%	9.3%	<b>12.7%</b>	<b>23.3%</b>	<b>21.4%</b>	8.0%
Work from home does not suit company culture	<b>8.7%</b>	6.6%	4.3%	8.0%	5.9%	<b>16.7%</b>	<b>11.3%</b>	7.3%	3.3%	<b>10.7%</b>	<b>12.0%</b>
Increase in employees’ dissatisfaction by not allowing work from home	<b>7.1%</b>	6.3%	<b>7.6%</b>	6.0%	5.9%	<b>16.7%</b>	<b>11.3%</b>	<b>9.1%</b>	6.7%	<b>7.1%</b>	4.0%
Want to return to previous work style after end of crisis but employees might object	<b>4.7%</b>	4.3%	2.9%	<b>4.4%</b>	3.4%	<b>7.9%</b>	3.1%	<b>7.3%</b>	<b>6.7%</b>	3.6%	0.0%
Other	<b>2.6%</b>	2.3%	2.5%	<b>2.8%</b>	<b>3.4%</b>	<b>3.5%</b>	0.0%	0.0%	0.0%	<b>3.6%</b>	0.0%
None in particular	<b>5.0%</b>	1.0%	2.5%	2.4%	<b>3.4%</b>	2.6%	<b>3.1%</b>	<b>5.5%</b>	0.0%	0.0%	<b>20.0%</b>

**Figure 16-(ii)** (highlighting the top five issues of each sector) indicates that there are some differences in the issues felt by each sector. For example, companies in the wholesale/retail, transportation/postal service and medical/welfare sectors strongly felt the issue of “inequality between those who can work from home and those who cannot due to the job type.” This is probably because those sectors involve work that cannot be replaced by telework. Companies in the real estate/leasing of goods, transportation/postal service, education/learning support and medical/welfare sectors seem to have a strong sense of difficulty in “inadequate development of network environment.”

**Figure 16-(ii): Difficulties and Issues of Working from Home – By Sector**  
**\*Highlighting the top five issues of each sector**

	Service (those not classified as other sectors) (n=380)	Manufacturing (n=301)	Telecommunications (n=276)	Wholesale/retail (n=249)	Academic research/professional or technical service (n=119)	Construction (n=114)	Real estate/leasing of goods (n=97)	Finance/insurance (n=55)	Transportation/postal service (n=30)	Education/learning support (n=28)	Medical/welfare (n=25)
There are work that cannot be done from home	70.5%	81.1%	72.1%	84.7%	75.6%	86.8%	79.4%	74.5%	83.3%	78.6%	68.0%
Inadequate paperless environment	43.2%	52.5%	38.8%	50.6%	46.2%	54.4%	47.4%	49.1%	60.0%	39.3%	28.0%
Inadequate means of electronic approval, etc. (seal culture)	44.7%	49.2%	43.8%	43.4%	34.5%	52.6%	52.6%	47.3%	40.0%	39.3%	24.0%
Decrease in communication	47.1%	43.5%	42.8%	38.6%	37.8%	49.1%	38.1%	45.5%	60.0%	28.6%	24.0%
Management (work, attendance, evaluation, etc.) is difficult	45.0%	45.5%	38.4%	39.4%	36.1%	50.0%	37.1%	38.2%	60.0%	42.9%	28.0%
Concerns toward employees' productivity and work efficiency	38.4%	38.2%	39.9%	42.2%	38.7%	43.9%	30.9%	30.9%	53.3%	32.1%	28.0%
Inadequate development of network environment	32.9%	41.2%	29.3%	36.1%	22.7%	47.4%	41.2%	34.5%	36.7%	46.4%	24.0%
Inequality between those who can work from home and those who cannot due to the job type	32.1%	43.2%	32.2%	39.4%	23.5%	48.2%	26.8%	29.1%	53.3%	28.6%	16.0%
Some employees cannot adapt to working from home	27.6%	29.2%	25.0%	24.5%	22.7%	44.7%	27.8%	30.9%	26.7%	32.1%	8.0%
Difficult to operate and/or develop rules	27.4%	27.9%	22.8%	30.9%	25.2%	35.1%	22.7%	21.8%	36.7%	32.1%	20.0%
Care for employees' mental health is difficult	26.6%	29.9%	29.0%	20.5%	22.7%	20.2%	14.4%	18.2%	33.3%	25.0%	8.0%
Responding to employees' cost burden (utility, communication, equipment costs)	22.4%	24.6%	23.2%	20.9%	20.2%	21.1%	18.6%	21.8%	23.3%	32.1%	4.0%
Employees' risk of infection by not allowing work from home	17.1%	18.9%	15.2%	20.1%	19.3%	19.3%	16.5%	14.5%	30.0%	7.1%	12.0%
Large costs for ICT equipment provision, etc.	13.9%	9.3%	7.6%	14.9%	10.1%	12.3%	9.3%	12.7%	23.3%	21.4%	8.0%
Work from home does not suit company culture	8.7%	6.6%	4.3%	8.0%	5.9%	16.7%	11.3%	7.3%	3.3%	10.7%	12.0%
Increase in employees' dissatisfaction by not allowing work from home	7.1%	6.3%	7.6%	6.0%	5.9%	16.7%	11.3%	9.1%	6.7%	7.1%	4.0%
Want to return to previous work style after end of crisis but employees might object	4.7%	4.3%	2.9%	4.4%	3.4%	7.9%	3.1%	7.3%	6.7%	3.6%	0.0%
Other	2.6%	2.3%	2.5%	2.8%	3.4%	3.5%	0.0%	0.0%	0.0%	3.6%	0.0%
None in particular	5.0%	1.0%	2.5%	2.4%	3.4%	2.6%	3.1%	5.5%	0.0%	0.0%	20.0%

The company interviews also revealed their many concerns and issues about work styles under a state of emergency. The majority of the issues were one of the following: "environment development (ICT environment, home environment, etc.)," "work process," "communication," and "employee management." Many companies were working to solve these issues but we found that quite a few companies had dealt with environment development early on.

"There are work that cannot be done from home," the top reply in the survey (**Figure 15**), may be solved through appropriate capital investment and the development of operational rules if the reasons were a deficient or inadequate environment.

In fact, a telecom company that introduced work from home for all of its employees in the face of the corona crisis made efforts to eradicate problems by carrying out an employee questionnaire survey in the early stages of introduction of the work style to hear about the details of issues or complaints its employees had in working from home and segmentalize the reasons. The solutions included considering subsidizing the purchase of furniture or display suited for work if the lack of such item was the cause of the problem and if the cause was that the employee's child was at home, then considering the issue to be resolved once kindergartens and schools are resumed. The first step to solving problems may be to fragmentalize the causes of the problems of working from home and deal with them individually instead of considering voices that working from home was "problematic" as a general evaluation. The following are some of the comments from the company interviews:

#### **Environment development (ICT environment, home environment, etc.)**

- Connectivity is bad due to a surge in VPN use. Employees with urgent needs are not prioritized.
- There is a lack of equipment such as rental wifi routers. The required amount was only procured in May.
- We found out that nearly half of those who wished to work at the office felt uncomfortable at home due to pressure from their family members.
- There is a problem of not being able to print out documents since the company does not allow printing at convenience stores due to concerns of information leakage.

#### **Work process**

- Although digitalization of business is progressing among the private sector, work at some departments still have to be done at the office since transactions with public institutions and government agencies have not been digitalized.
- As the company applied telework to the entire workforce as opposed to only those working at the head office, employees who cannot work from home, such as engineers using special software and managers of work sites, say that it isn't fair.

#### **Communication**

- Casual inquiries have become difficult and there is a feeling that the amount of work has increased since matters that were previously solved on the spot now have to be dealt via email or telephone.
- Employees' impressions toward the quality of communication differ depending on their level of IT literacy. We held a training session for new employees online, and while the new employees didn't seem to have any problem, some of the older employees seemed to be baffled.
- While we found out that the majority of work could be done from home, we felt that some work should be done face-to-face, such as the training of young staff and intense meetings to create new things.
- Discussions and brain storming sessions are difficult to hold. With an eye to continuing telework into the future, we are trying out ways to effectively hold discussions online such as assigning a facilitator.

#### **Employee management**

- There are polarized responses to working from home depending on the personality of the employee. Some feel stress from being alone all the time while others have no problem with it.
- It is difficult to manage employees' motivation since they are working from home amid uncertainties in the outlook instead of working from home on a trial basis or under established rules. It is difficult to see what other members are working on or understand employees' current motivation.
- Some departments are requiring members to come to the office just because "the department head has issues with remote meetings." Training and awareness-raising must be dealt with.

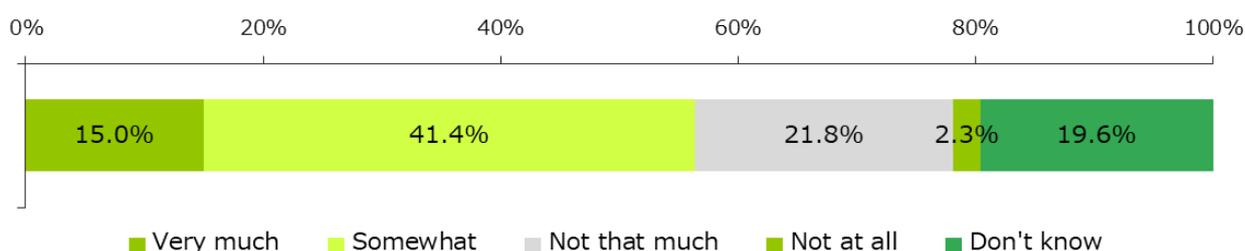
On the contrary, there were also many comments saying work from home was not as difficult as had been feared. For example, a manufacturer that had a telework program from before the corona crisis but was hardly used by anyone said, "Work that we had thought could only be done face-to-face is proceeding online without delay. Those who have gotten used to telework this time will probably continue it in the future and there will probably be less business trips." Another manufacturer also said, "We will continue to adopt work from home for all of our employees for the time being since many employees didn't want to return to their previous work styles even after the state of emergency is lifted. We have started discussions about increasing workplace options other than the home instead of going back to the previous system." Few companies considered working from home as a temporary measure against the corona crisis.

### 3. "After Corona" Workplace Strategies

We have focused on work from home thus far, but how will Japanese companies that experienced the corona crisis view their overall workplace strategies, such as the balance between office work and telework, "after corona"? In Chapter 3 we examine companies' current ideas, which will serve as a guideline for the answer to the question.

We first asked companies to rate in five levels whether they thought that the office they currently occupy provided a safe and secure environment to their workers (**Figure 17**). The sum of the percentages of "very much" and "somewhat" was 56.4%, indicating that the majority of companies felt they offered a safe and secure office environment to their workers. On the other hand, the percentage of companies that replied "don't know" amounted to 19.6%.

**Figure 17: Rating of Safety and Security of Office**



All companies (n=1,795)

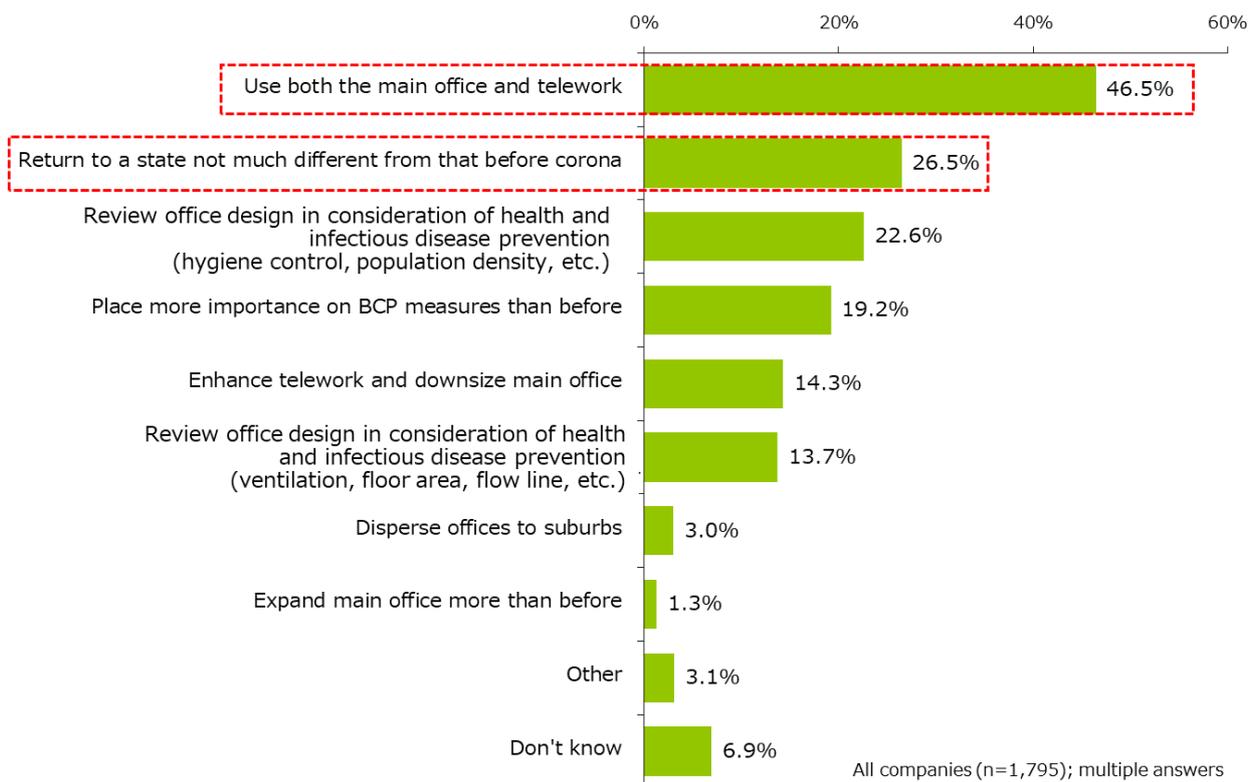
When we asked the respondents to describe the reasons for their ratings, many of the reasons for thinking that their office environment was safe and secure "very much" and "somewhat" were positive assessments of anti-COVID-19 measures, such as "contact with people within the office is minimal because of working from home," "thorough anti-infection measures are in place due to ventilation and partitions" and "the office space is large enough to ensure enough distance between workers." Naturally, the opposite of these reasons were exactly the reasons for thinking that the office environment was safe and secure "not that much" and "not at all." They include, for example, "working from home or off-peak commuting is not allowed," "the ventilation facilities are fold and the windows cannot be opened either" and "we are working under the three 'dense' conditions since employees cannot keep a distance between themselves in the small office."

The corona crisis is expected to raise people's awareness toward hygiene and safety/security, which in turn is expected to affect companies's demand for offices. The future workplace may require designs and operations that take employees' health and the prevention of infectious diseases into consideration. Workers' evaluation of efforts by their company may also become stringent.

Figure 18 shows the results of the direction of the workplace after the end of the corona crisis that respondents thought were close to their ideas. The top reply was “use both the main office and telework,” which nearly half of the companies (46.5%) chose, while “return to a state not much different from that before corona” (26.5%) came in second.

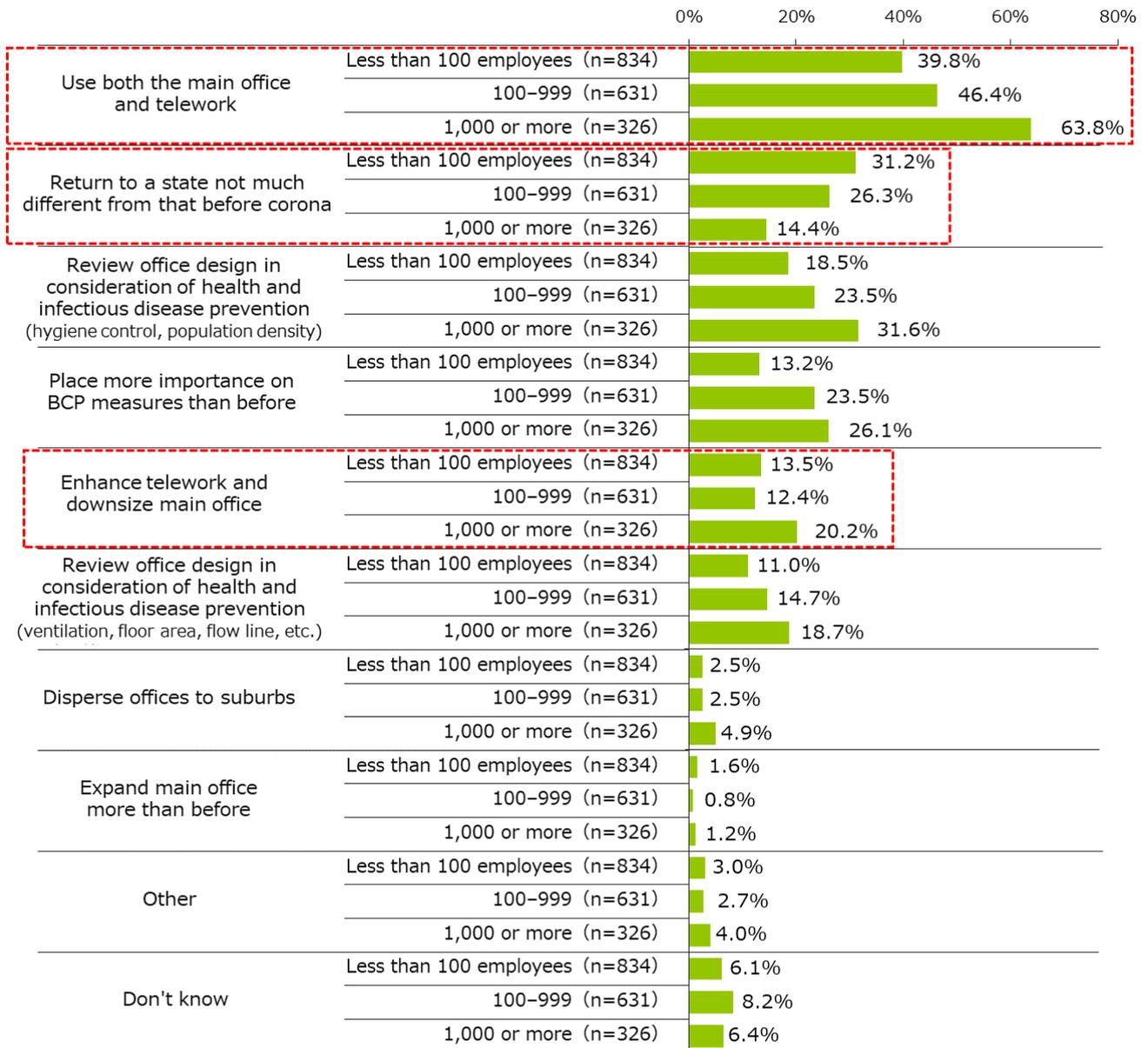
This result shows that a certain number of companies are thinking of evolving the office such as by providing a greater variety of workplace options, reviewing the office design and operation in consideration of health and infectious disease prevention, and placing importance on BCP measures in the wake of the corona crisis. After the corona crisis, we believe the difference in office strategies will widen between these companies and companies that intend to return to the previous state.

Figure 18: Direction of the Workplace “After Corona”



In terms of the results by company size, large companies with 1,000 employees or more tended to have a stronger intention of enhancing telework and dispersing the workplace such as by using both the main office and telework (63.8%) and enhancing telework and downsizing the main office (20.2%) (Figure 19). On the other hand, "return to the previous state" was most popular among companies with less than 100 employees (31.2%), indicating there is a difference in the direction of the workplace after corona by company size.

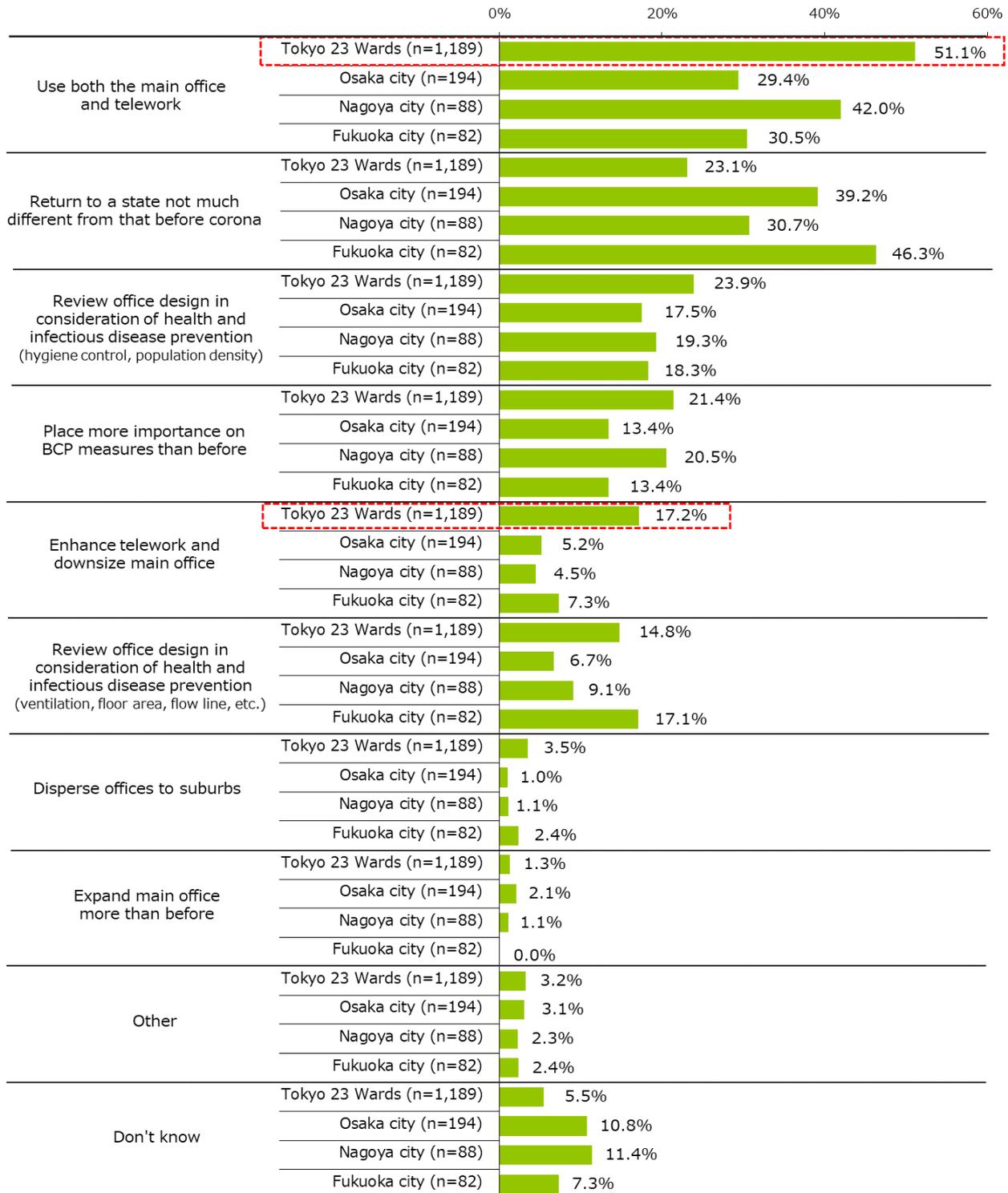
Figure 19: Direction of the Workplace "After Corona" – By Company Size



Excluding companies with unknown number of employees; multiple answers

By office location, companies with offices in the Tokyo 23 Wards had strong intentions of enhancing telework and dispersing the workplace such as by using both the main office and telework (51.1%) and enhancing telework and downsizing the main office (17.2%). Companies with offices in the Tokyo 23 Wards had the smallest percentage (23.1%) in “return to the previous state” (Figure 20).

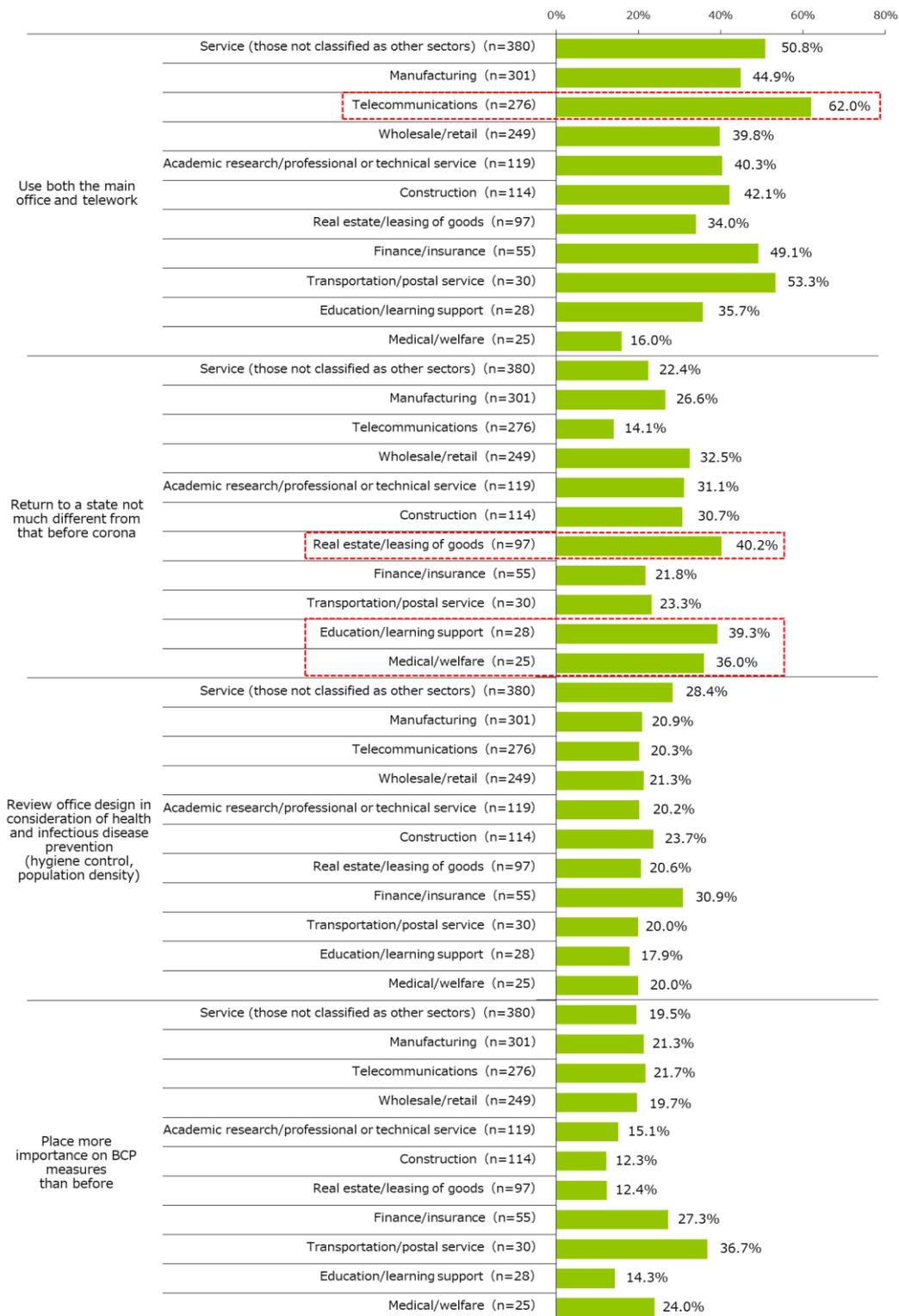
Figure 20: Direction of the Workplace “After Corona” – By Office Location



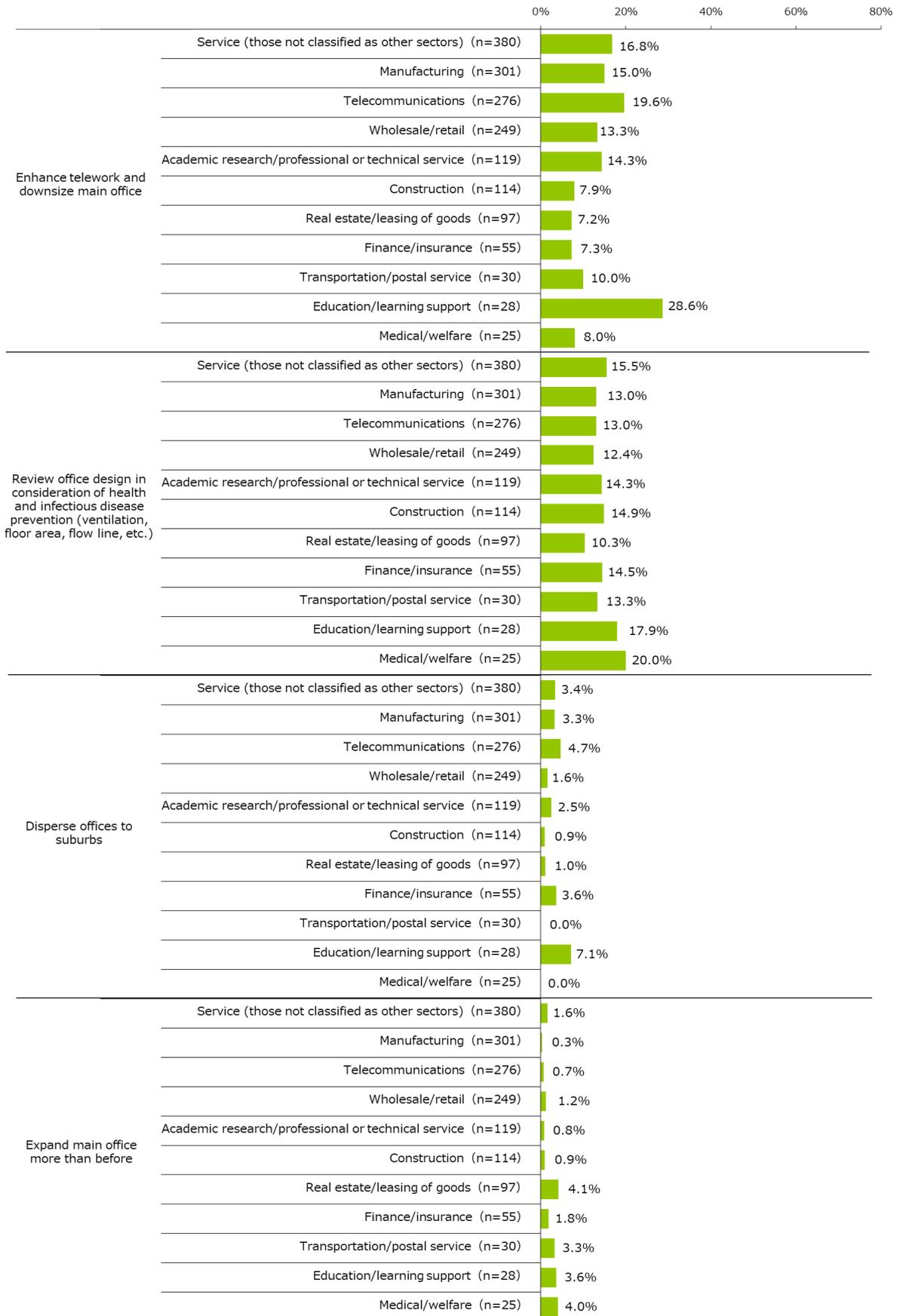
Excerpt of major office locations; multiple answers

By sector, companies in the telecommunications sector showed a high percentage of “use both the main office and telework” (62.0%) (Figure 21). “Return to the previous state” tended to be popular among the real estate/leasing of goods, education/learning support and medical/welfare sectors, which showed low implementation rates of work from home as measures in response to the corona crisis.

Figure 21: Direction of the Workplace “After Corona” – By Sector (Excerpt of Choices)



Excerpt of major sectors; multiple answers



Excerpt of major sectors; multiple answers

<PICKUP> Voices of the “office downsize” group, which vigorously promotes telework

As shown in **Figure 18**, the questionnaire survey revealed two major directions for offices: “hybrid” (use both the main office and telework) and “return” (return to the previous state). However, company interviews identified an “office downsize” group, which aims to downsize the main office with the intention of enhancing telework, among large companies whose head office is located in Tokyo.

For example, a telecom company indicated their willingness to carry out reforms for “after corona” as they commented, “There is no doubt that the workplace will become more dispersed amid the current situation where there are only about four people working in a 2,000-tsubo (1 tsubo = approx. 3.3 sqm) office. It was also significant that the inefficiency of commuting in overcrowded trains was acknowledged as an issue as we forced our employees to telework.”

Not a few companies that are actively promoting telework had begun considering downsizing their office with an intention of adopting telework from before the corona crisis. A building material manufacturer had already completed downsizing and relocating their office to accommodate only 70% of their employees last year, and preparations for telework that were underway simultaneously paid off under the corona crisis.

Furthermore, a trading company said, “Since work from home is functioning well, our business planning department started telling us to consider downsizing our office in central Tokyo. This supports our long-standing wish to downsize and relocate our office by introducing telework and hotdesking.” However, this is not without issues. “A project to introduce paperless operations in some departments last year were unsuccessful, and we doubt that company-wide paperless operations can be achieved going forward. We must proceed carefully in stages since paperless is essential to reducing the office area of our current office.”

As with this trading company, the quick-acting “office downsize” group has identified concerns and issues that have emerged so far and has started specific examinations. A major telecom operator that operates globally said, “While some of our staff members propose returning one floor of our office in central Tokyo and appropriating the saved cost to shared office contracts and the development of a work-from-home environment, others insist on not reducing the office floor area to expand the office area per employee in consideration of social distancing. An alternative idea that meets both demands is to turn fixed desks into hotdesks, but this will make it difficult to identify infection routes.”

A food manufacturer had been developing a system that enables employees to work anywhere—the head office, home, or satellite office. However, since they discovered from the forced introduction of work from home that this work style was suitable for some work but not for others, they were considering creating a guideline that describes the recommended workplace for each type of work. Factory workers had not originally been subject to this system but in view of the experiences of the corona crisis, the company was accelerating the introduction of telework by identifying factory work that can be done remotely. The respondent said with enthusiasm, “You could even go so far as to say that it is also possible to adopt a strategy of minimizing the number of people coming to the office by even making the head office a little uncomfortable to push ahead with the use of telework.”

## 4. Summary

The global outbreak of COVID-19 forced companies to adopt new work styles such as telework and partly accelerated the speed of work style reforms, which had been gradual. In particular, as the government requested the people to reduce contact with others by 80% in its declaration of a state of emergency, the external pressure on companies to introduce work from home has risen to the highest level yet, resulting in many companies and workers experiencing work from home for the first time.

However, the jury is still out whether work style evolution will happen at all companies that introduced working from home. As the survey results show, the evaluation of working from home is divided between companies that had been making efforts to introduce telework amid the trend of work style reforms from before the corona crisis and those that had not. 66.2% of the companies that introduced work from home for the first time in the face of the corona crisis had already eased or discontinued the work style after the state of emergency was lifted.

Meanwhile, 32.6% of the companies continued to embrace working from home even after the lifting of the state of emergency. Whether flexible work styles such as work from home will become established at these companies may be the key to the progress of work style reforms in Japan. Companies that were positive toward telework even if they had only introduced it recently were characteristic in that they viewed the changes in work styles forced by the corona crisis as an “opportunity for reform” and were making efforts in problem-solving with an eye to after the end of the crisis. The gap with companies that were not positive about telework is expected to widen in the medium to long term.

Going forward, the trend of downsizing the main office with the intention of using telework, which we mentioned in the end of Chapter 3, could accelerate due to a rise in companies’ cost reduction awareness on the back of the economic slowdown caused by the corona crisis. In this case, companies must be careful not to make fixed cost reduction the sole purpose.

From before the corona crisis, Xymax REI had been suggesting the effectiveness of flexible work styles and workplaces and had identified in its surveys and studies that providing an environment that enable workers to work autonomously and comfortably will enhance workers’ productivity and engagement in the organization, which in turn will be an advantage to the company. For example, in our latest report,<sup>\*3</sup> we published an analysis indicating that workers with a variety of workplace options, either within or outside the office, were more likely to feel satisfaction or the effect of productivity improvement. The company interviews that we carried out this time also revealed that a large number of the companies that were successfully using telework under the corona crisis listened to the voices of their workers through employee questionnaires or individual meetings and were continuing improvements to develop an even better work environment.

*\*3 Considering the Future Workplace, released June 10, 2020*

<https://www.xymax.co.jp/english/research/images/pdf/20200610.pdf>

The workplace affects the minds of those working there and defines their work style, determining their performance as a result. Therefore, it is a managerial issue that deserve more emphasis in corporate activities. Furthermore, we believe that many companies will begin to deal with issues such as redefining the roles of offices and optimizing the balance between the main office and telework due to their experience of the corona crisis. Since the best solution differs between companies, it will be necessary for each company to consider their characteristics and priorities, repeat the process of trial and error, and continue updating the optimum solution.

Going forward, it is expected that there will be not one but several occasions of drastic changes in work styles and work itself due to unforeseeable events such as natural disasters and epidemics, as well as the advance of AI (artificial intelligence). Workplace strategies will become even more important for companies in addressing the changing times that cannot be dealt with by solutions that are an extension of past solutions. Xymax REI will monitor the developments with the aim of offering companies with guidelines for strategy development.

### Survey Overview

<b>Name of survey</b>	Metropolitan Areas Office Demand Survey Spring 2020
<b>Survey period</b>	June 4–16, 2020
<b>Target respondents</b>	The survey was sent to companies that are tenants of office buildings managed by the Xymax Group, registered user companies of ZXY, a corporate satellite office service, and client companies of XYMAX INFONISTA Corporation. Valid responses were obtained from 1,795 companies.
<b>Geographic coverage</b>	Nationwide (Tokyo, Osaka, Aichi, Fukuoka, Kanagawa, Saitama, Chiba Prefectures and others)
<b>Survey method</b>	By email

The percentage mix in the charts contained in this report are rounded to the first decimal place and therefore may not add up to 100%.

#### Contact for inquiries on this report:

##### Xymax Real Estate Institute

<https://soken.xymax.co.jp> E-MAIL: [info-rei@xymax.co.jp](mailto:info-rei@xymax.co.jp)