

The Benefits of Hybrid Work for Companies

The relationship between hybrid work and companies, mediated by “work engagement”

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In recent years, “work engagement” has drawn attention as a company’s indicator for personnel strategy. “Work engagement” refers to a worker’s positive and fulfilled state of mind toward work. It is generally believed that multiple factors, such as the workplace environment and a feeling of self-efficacy, affect work engagement. With the rapid spread of telework due to the COVID-19 pandemic, which has triggered a drastic transformation of the workplace, there has been growing interest in the impact of a hybrid work style, which involves workers working from a diverse range of places, on work engagement.

Against this background, Xymax Real Estate Institute (“Xymax REI”) surveyed employees of the Xymax Group (the “Survey Respondents”) to explore the relationship between office workers’ place of work and work engagement. In principle, all Survey Respondents adopt hybrid work, working from the main office and a satellite office or home.

In this report, we aim to provide a guide for companies that intend to promote a hybrid model in the future by conducting a step-by-step analysis of the work styles that can maximize work engagement among these workers and how such work styles affect the outcomes that companies want to achieve ultimately.

Main Findings

- Those with high work engagement tend to have high outcomes (the results that companies want to achieve ultimately), such as retention and productivity.
- Hybrid workers (those who use both the main office and telework) tend to have high work engagement. In particular, hybrid workers who use a satellite office tend to have higher work engagement than hybrid workers who only work from home.
- The group of respondents who can choose where to work tends to have a more significant proportion of hybrid workers who use a satellite office.
- These results suggest that offering workers autonomy in where to work and a satellite office option leads to higher work engagement and potentially higher outcomes for the company.^{*1}

*1 This analysis is based on cross-sectional data at one point in time, and causality cannot be confirmed.

1. Work Engagement and Outcome

For this survey, we adopted the Utrecht Work Engagement Scale (UWES) under the advice of Professor Akihito Shimazu of Keio University to calculate work engagement scores from responses on a 7-point scale (from 0 to 6) to questions of a total of nine items—three items for each of the three subfactors of work engagement, namely “vigor,” “dedication,” and “absorption.”

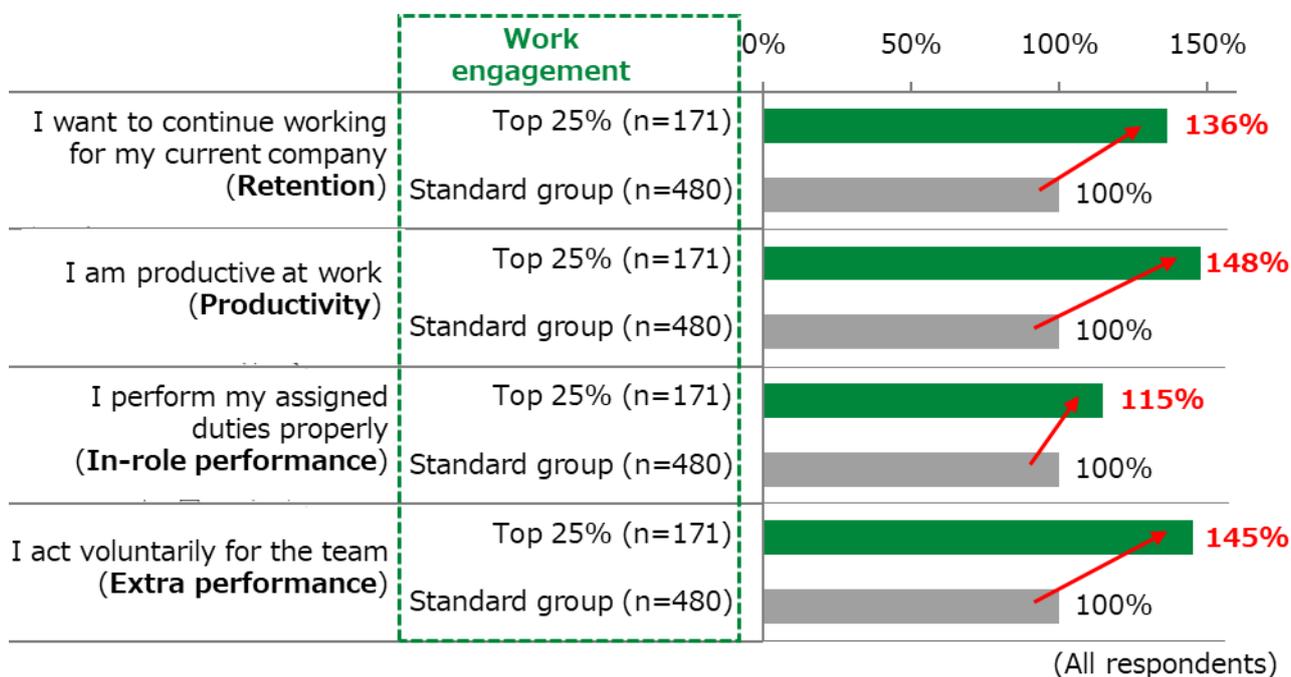
As the first verification step, we identified what it means to increase employees’ work engagement. We calculated the percentage^{*2} of those who replied “Applies” to the four items of “retention,” “productivity,” “in-role performance,” and “extra performance,”^{*3} which may offer direct benefits to companies, for the top 25% group in terms of work engagement score and for the remaining, standard group. **Figure 1** shows the evaluation of each outcome of the top 25% group as a ratio against the standard group.

*2 See the text in Figure 1 for the meaning of each item

*3 The sum of the percentages of those who replied “Applies” or “Applies somewhat” on a 5-point scale ranging from “Applies” to “Does not apply”

The top 25% group had a higher percentage of “Applies” in all four items, especially in productivity (148% relative to the standard group) and extra performance (145% relative to the standard group). This suggests that a positive relationship exists between work engagement and the evaluation of each outcome and that increasing employees’ work engagement may benefit companies.

Figure 1: Evaluation of Each Outcome (Ratio) – By Work Engagement

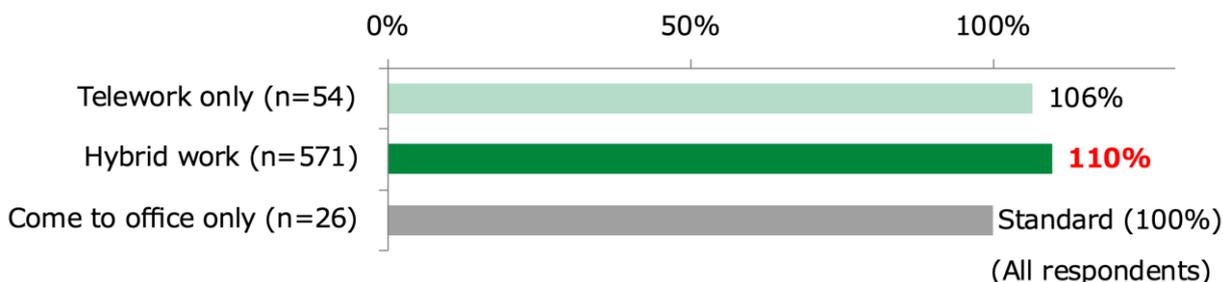


2. Workplace Options and Work Engagement

We then divided the usual work styles of the respondents into three groups of “telework only,” “hybrid work,” and “come to office only,” and compared the average work engagement score of each group to explore the relationship between where to work and work engagement. For reference, the percentage of each group among the Survey Respondents was, in order of highest to lowest coming-to-office ratio, come to office only 4.0%, hybrid work 87.7%, and telework only 8.3%.

Figure 2 shows the ratio of the scores when the average work engagement score for the “come to office only” group is 100%. The score of hybrid workers is high at 110% relative to that of the “come to office only” group and slightly higher than the “telework only” group. This suggests that hybrid work, which involves workers both coming to the office and teleworking, might be the best way to increase work engagement.

Figure 2: Average Work Engagement Score (Ratio) – By Work Style



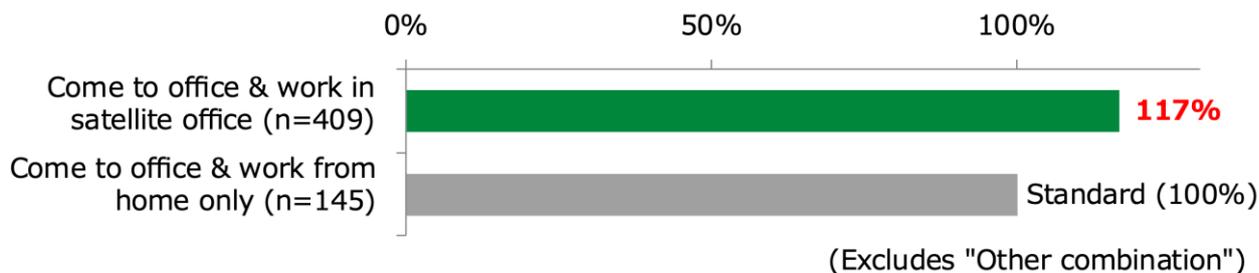
We then examined whether there is any difference in work engagement among hybrid workers between the different combinations of workplaces. For reference, the percentage of each workplace combination among hybrid workers was 71.6% for “Come to office & work in satellite office*⁴” and 25.4% for “Come to office & work from home only,” with only 3.0% for other combinations.*⁵

*4 Either with or without working from home or any other location

*5 Includes “Come to office & work in satellite office only,” etc.

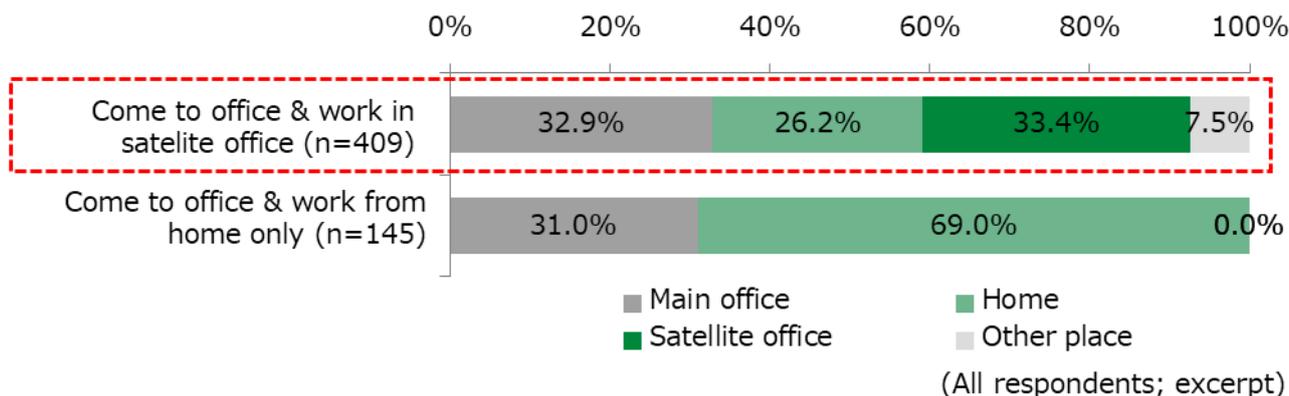
When comparing the work engagement of these two majority groups, the work engagement of hybrid workers who “come to the office & work in a satellite office” was significantly higher than that of hybrid workers who “come to the office & work from home only” at 117% (**Figure 3**). This suggests a positive relationship between work engagement and the ability to work not only from home but also in a satellite office in a hybrid work model.

Figure 3: Average Work Engagement Score (Ratio) – By Combination of Workplace



We have confirmed that hybrid workers who “come to the office & work in a satellite office” tend to have higher work engagement than hybrid workers who “come to the office & work from home only.” What are the differences behind this? When comparing the percentage of time each group of respondents spends in their usual place of work, we found that hybrid workers who “come to the office & work in a satellite office” use a wide range of places in a more balanced way than hybrid workers who “come to the office & work from home only,” even working from home for 26.2% of the time (**Figure 4**). This suggests that the difference in work engagement between the two groups may not only be attributed to the difference between working in a satellite office and working from home but also to the diversity of the places of work.

Figure 4: Percentage of Time Spent in Each Workplace – By Combination of Workplace



3. Autonomy in Where to Work and Workplace Options

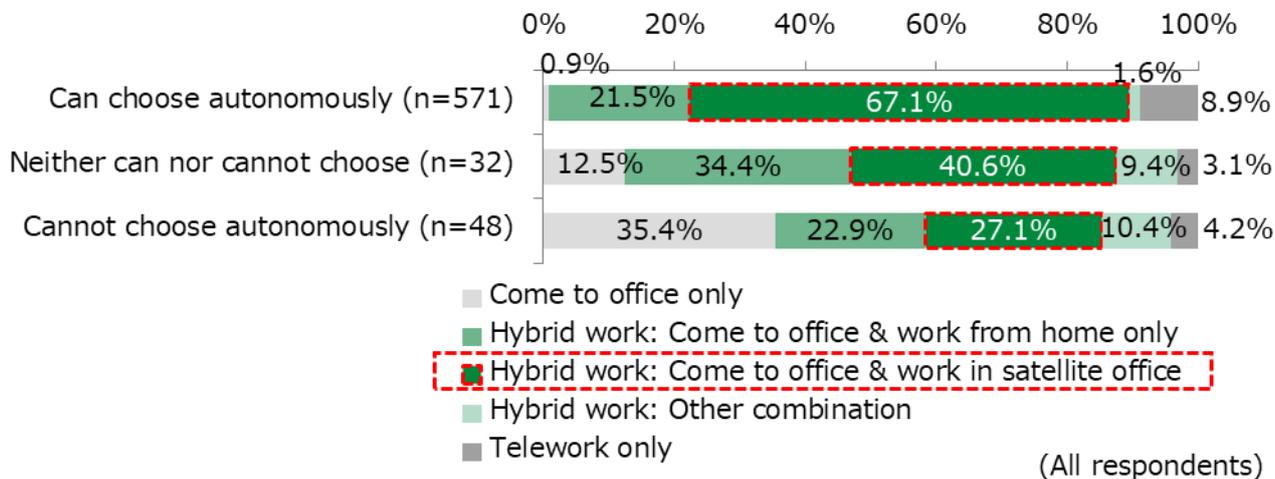
Then, how can companies encourage workers to use diverse workplaces, including satellite offices? The first thing companies can do will be to provide physical choices by establishing a satellite office base or contracting a flexible office service. Secondly, it will be necessary to authorize workers to use such bases and services. Satisfying these conditions means that workers can choose where to work autonomously, encouraging workers to use various places.

We then aggregated the combinations of workplaces according to whether workers can autonomously choose where to work*⁶ and found that the group of respondents who can choose autonomously has a significantly higher proportion of hybrid workers who “come to the office & work in a satellite office” than the group of respondents who cannot choose autonomously (**Figure 5**).

*6 Those who replied “Can choose” or “Can choose to some degree” on a 5-level scale ranging from “Can choose” to “Cannot choose” to the question “Can you usually choose where to work autonomously?” were categorized as the group of respondents who “can choose autonomously,” those who replied “Neither can nor cannot choose” as the group of respondents who “neither can nor cannot choose,” and those who answered “Cannot choose” or “Cannot choose that much” as the group of respondents who “cannot choose autonomously.”

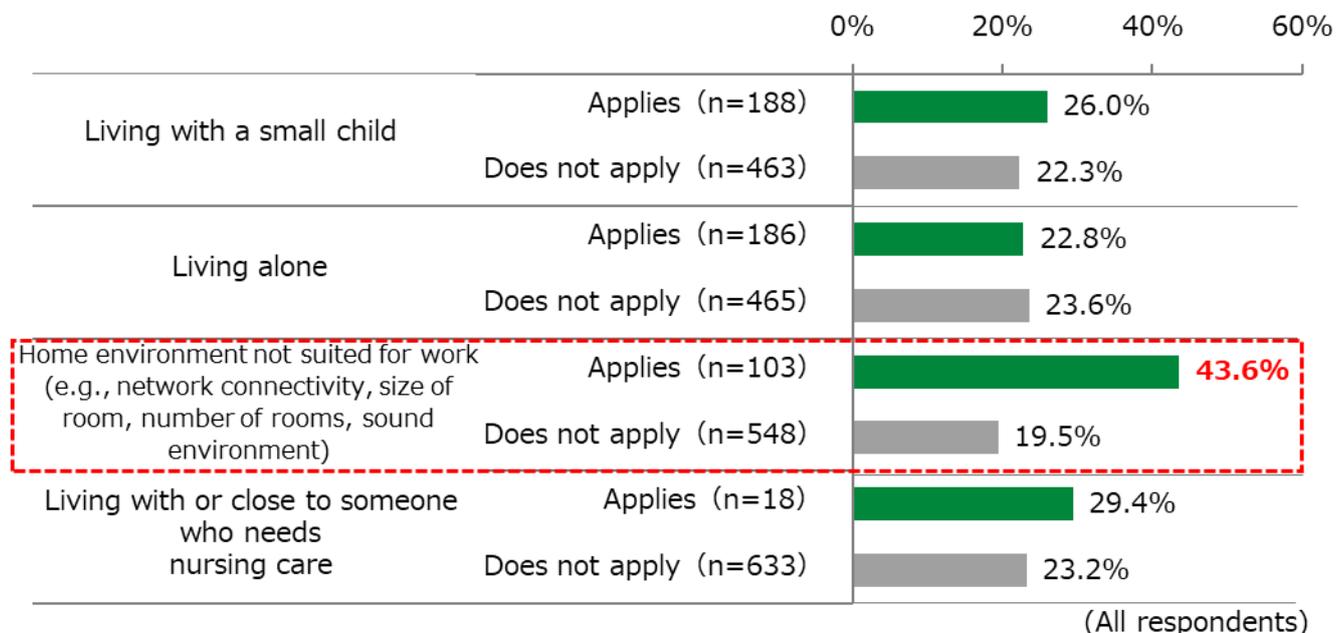
This suggests that there is a positive relationship between autonomy in where to work and using a satellite office and that, based on the results of **Figures 3, 4, and 5**, giving workers autonomy encourages the use of a variety of places, resulting in higher work engagement.

Figure 5: Combination of Workplace – By Ability to Choose Where to Work



When we explored the characteristics of those who spend a large percentage of their time in a satellite office, we found that those who replied that their current situation applies to “Home environment not suited for work” work in a satellite office for 43.6% of their total working hours, which is more than double that of those whose current situation does not apply (**Figure 6**). There was no significant difference between those whose current situation applies to other situations, such as childcare and nursing care, and those whose current situation does not apply.

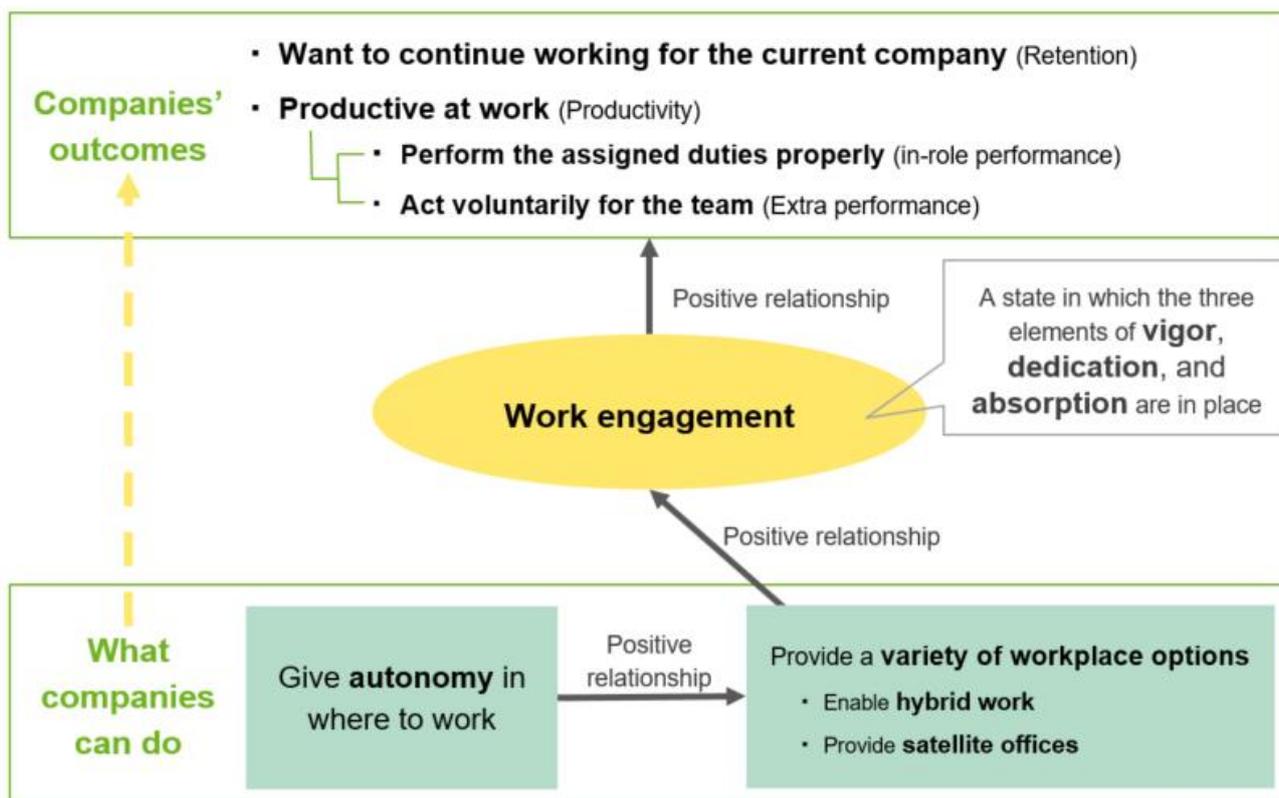
Figure 6: Percentage of Time Spent in Satellite Offices – By Current Situation



4. Conclusion

The results of this report suggest a positive relationship between where to work and work engagement and between work engagement and outcome. Although work engagement is a difficult indicator for companies to control since it is affected by complex factors, including workers’ individual characteristics, it should be possible to give employees the authority to choose where to work autonomously and to provide various workplace options. The suggestion that this will contribute to workers’ work engagement and lead to outcomes (**Figure 7**) should be useful food for thought for companies struggling with workplace strategies.

Figure 7: Relationship Suggested by Verification



We also found that workers whose home environment is not suited for work spend more time in satellite offices than workers whose home environment is suited. This result also suggests how important it is for companies adopting a hybrid work model to provide workplace options other than the home and give workers the authority to choose where to work. Xymax REI will continue to provide information that will help companies find the optimal solution amid a diversity of workplace strategies to choose from.

Survey Overview

The Survey on Where to Work and Work Engagement was conducted in two phases: The preliminary survey to identify the respondents’ attributes and basic work style, and the main survey, a consecutive survey over ten business days. This report is an analysis of the results of the preliminary survey. We plan to release the analysis results of the main survey in a future report.

| | | |
|---|--|---|
| Survey title | Survey on Where to Work and Work Engagement (Joint study with Shimazu Laboratory of Keio University) | |
| | <u>Preliminary survey</u> The survey analyzed in this report | Main survey |
| Objective | To narrow down the list of those who can cooperate in the main survey and obtain basic data (e.g., attributes, usual work style) | To analyze the relationship between office workers’ place of work and work engagement and publicize the results |
| Target respondents | 1,110 employees of the Xymax Group working in Tokyo | 669 respondents of the preliminary survey |
| Survey period | October 31–November 11, 2022 Response frequency: Once | November 28–December 9, 2022 Response frequency: 10 business days x once per day |
| Number of respondents | 669 (Response rate: 60.3%) | 624 (Response rate: 93.3%) |
| Number of data subject to the analysis | 651 (Excluding 18 whose basic attributes cannot be identified) | 4,365 in total |

Attributes of Respondents of the Preliminary Survey

| | | % | n | | | % | n |
|--------------|-----------------|-------|-----|-----------------------------|-------------------|-------|-----|
| Age | 20s | 30.0% | 195 | Job category | Clerical | 33.9% | 221 |
| | 30s | 32.4% | 211 | | Sales | 25.5% | 166 |
| | 40s | 25.2% | 164 | | Specialist | 20.1% | 131 |
| | 50s or older | 12.5% | 81 | | Corporate staff | 13.1% | 85 |
| Gender | Male | 45.9% | 299 | Commute time to head office | Business planning | 7.4% | 48 |
| | Female | 54.1% | 352 | | Less than 30 min. | 9.5% | 62 |
| Job position | General manager | 4.0% | 26 | | Less than 45 min. | 25.2% | 164 |
| | Senior manager | 8.0% | 52 | | Less than 60 min. | 35.8% | 233 |
| | Manager | 26.0% | 169 | | Less than 90 min. | 23.8% | 155 |
| | Member | 62.1% | 404 | More than 90 min. | 5.7% | 37 | |

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

For further inquiries please contact below

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