

New Ways of Working and New Types of Office

Companies and office workers talk about new types of office from their own perspectives.

April 13, 2017

Aging population and declining working-age population – the labor shortage concerns made companies in Japan to enhance their initiative to change the way people work. It is possible with new technology, which is allowing people to work any time and any place. "Where we work" is important for companies and office workers alike because offices are the essential part of company's business activities and the place people work affects large parts of work efficiency and worker's work-life balance.

Xymax Real Estate Institute, last year, organized two surveys on how people work. One survey, responded by companies, revealed that companies are starting to provide multiple workspaces for employees. The findings were covered in our report "Metropolitan Areas Office Demand Survey 2016" (available only in Japanese). The other survey, responded by office workers, asked them about teleworking.

This report, based on the result of the two surveys and reflecting the perspectives of both companies and workers, summarizes the latest changes in how people work and the relations between the way of work and place of work including the current situation, challenges and where the trends are headed.

Main Topics

- **Companies are taking initiative to change the way people work. Places other than the main office are becoming more common for office workers: working from home, third place office*, etc.**
- **Upsides and downsides of telework** are different for those who never teleworked and those who have teleworked.**
- **People tend to work long hours when working from home because it is difficult to separate work and private life.**
- **Young workers and those with children are more interested in using third place offices. Having a third place office is an effective way to keep existing employees and attract new employees but it is also one of the ways to achieve better work performance.**

* Third place office

It is an office space other than the main office of the company and home of the employees. Third place offices are often managed by a serviced office operator. Examples of such offices include satellite office, serviced office, shared office, mobile work office and coworking space. The contract to use the space may be signed by the employer or by the individual worker.

** Telework

Telework refers to people working at a place other than their main office, with ICT tools (internet, etc.). Telework here does not have to be a whole day; it includes all the short-time use (one minute or more per week). More specific examples are given below.

- A) Home (personal space such as study room, family space such as living room, etc.)
- B) Café and other places (café, comic café, internet café, library, karaoke booth, hotel, etc.)
- C) When commuting or traveling (train, bus, airplane, station, airport, lobby of client's office, etc.)
- D) Office space by service provider (individual workers subscribe and pay the charge) (such offices include serviced office, mobile work office, shared office, coworking space, etc.)
- E) Office space made available by the company. It is an office other than the company's main office but established or designated by the company. Sometimes it is also referred to as "satellite office". This includes the office that employees used when they are on a business trip and the designated office space if the charge is paid by the company.

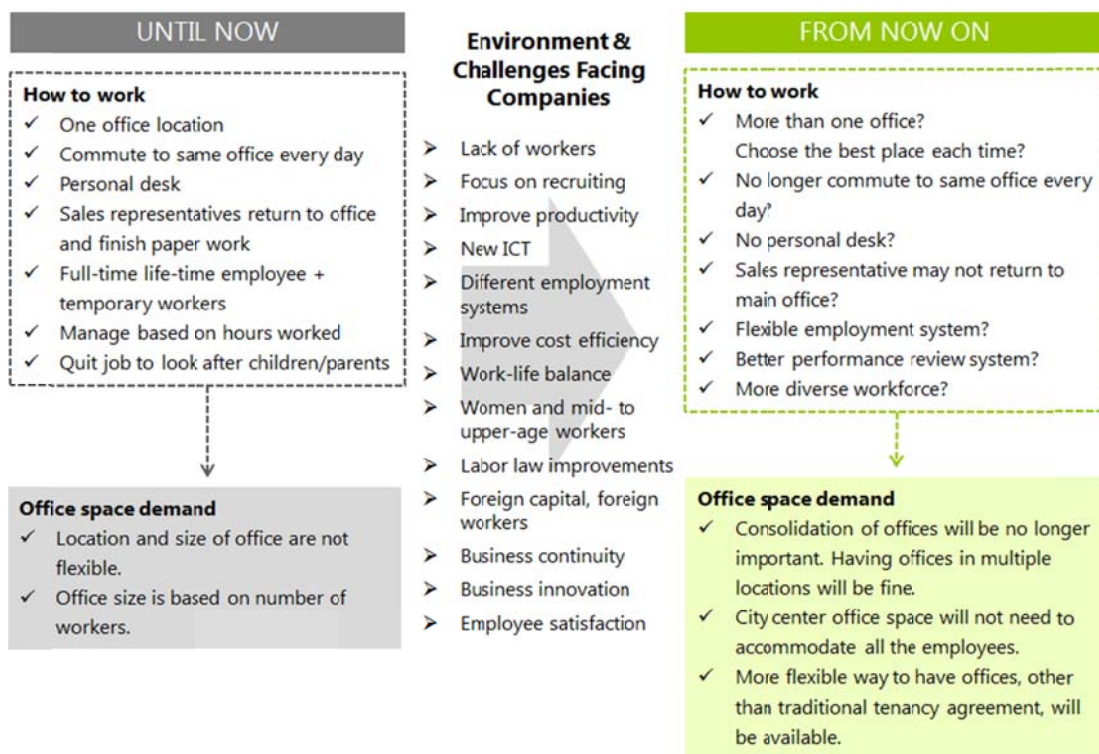
In this report, D) Office space by service provider and E) Office space made available by the company are regarded as the third place office.

Companies are taking initiative to change the way of work.

Commute to the same office, work at your personal desk surrounded by your team members and leave the office every day at the same time – this has long been the typical work day for many office workers in Japan.

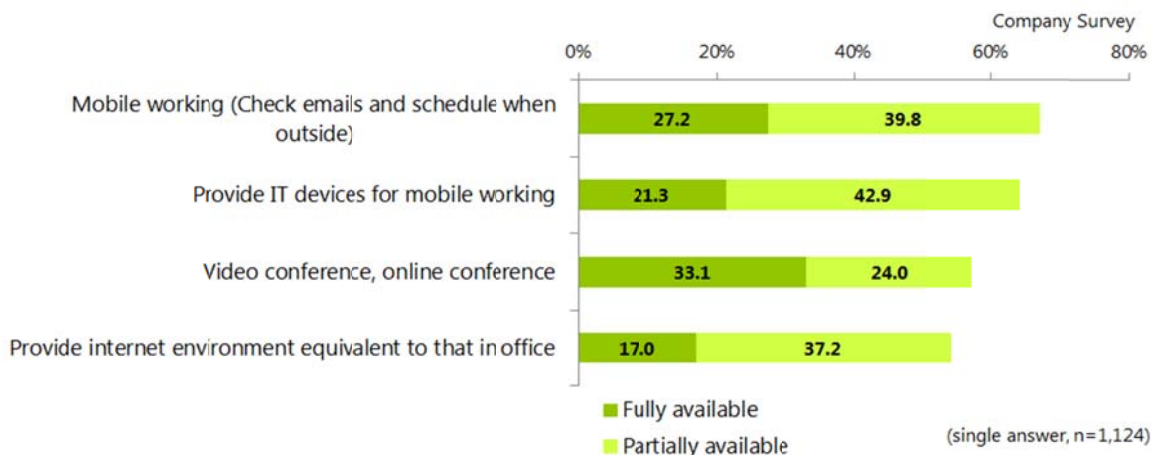
However, things are changing. New technology accelerated the spread of mobile working with the use of ICT tools. This new trend will have an impact not only on the way of work but also on the nature of office spaces.

Office Work – Until Now and From Now On



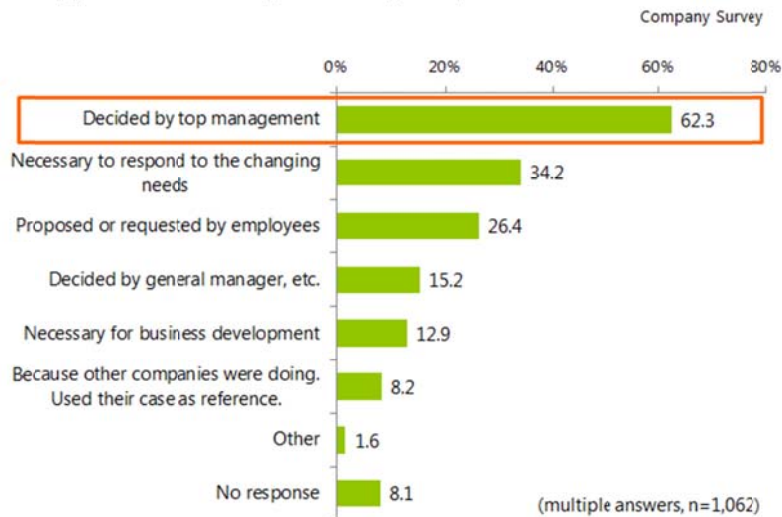
Here is one of the examples. More than 50% of the companies already have mobile working programs and video or online conference systems, according to the company survey.

Mobile Working Made Available by Companies



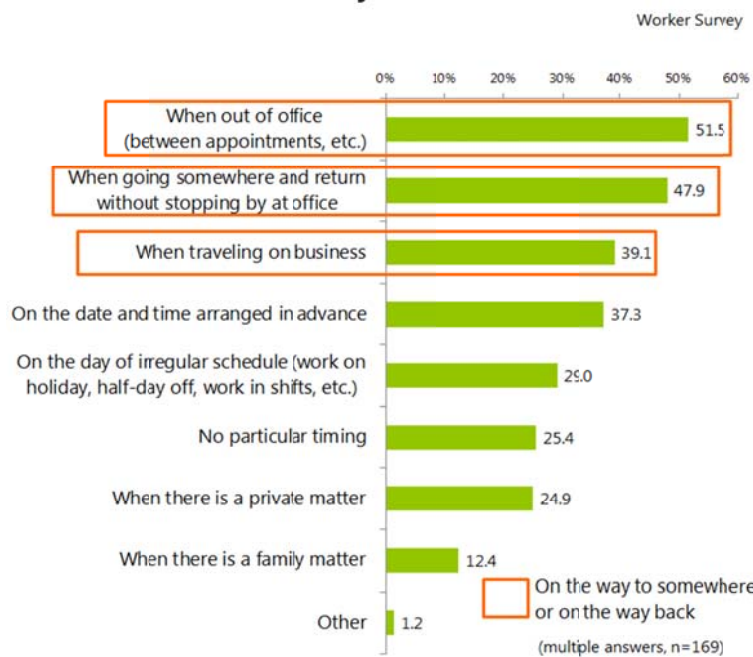
When companies try to change the way people work, they need to take a comprehensive and complex approach which includes improving the personnel system, achieving paperless office and other efforts. In the survey, we asked the respondents how the approach to change the way people work started. The vast majority of the companies started the approach following the decision by top management, indicating that changing how people work is an important issue which involves commitment of top management.

Approach to Change the Way People Work – How it started?



Telework can be mobile working, working from home or working at a third place office. As mentioned, companies are working to make mobile working available for employees. Then, are employees really using the mobile working programs offered by their employers? Our survey found that workers mainly telework on the occasions of visiting clients or traveling on business rather than deciding the schedule (date, time and place) to do the telework in advance.

When do you telework?

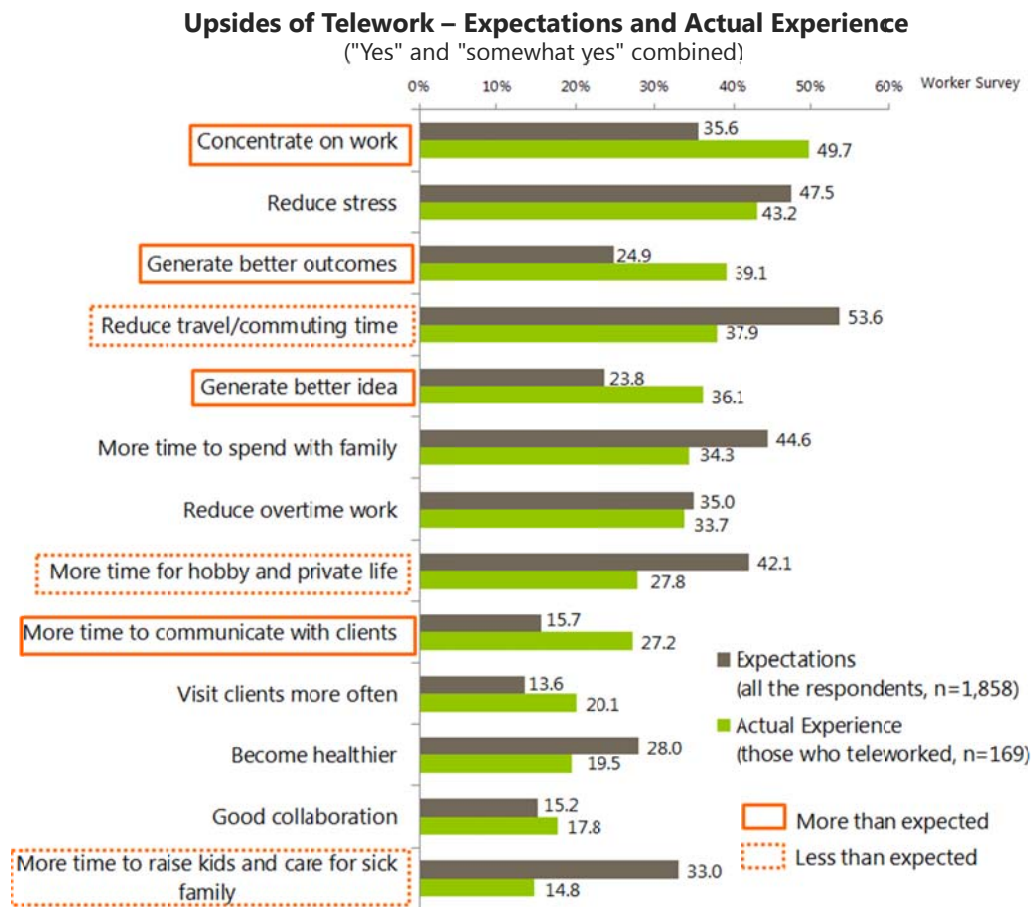


Upsides and downsides of telework change after actual experience.

The comparison of office workers' expectations for telework and actual upsides of telework given by those who experienced telework showed interesting results.

Office workers expect telework to reduce traveling time and commuting time while those who experienced telework said that upsides were the improved work quality such as concentration, better outcome, and being able to generate better ideas, rather than upsides related to time saving.

The respondents also said telework reduced their stress. Thus, telework can be good for office workers' health too.



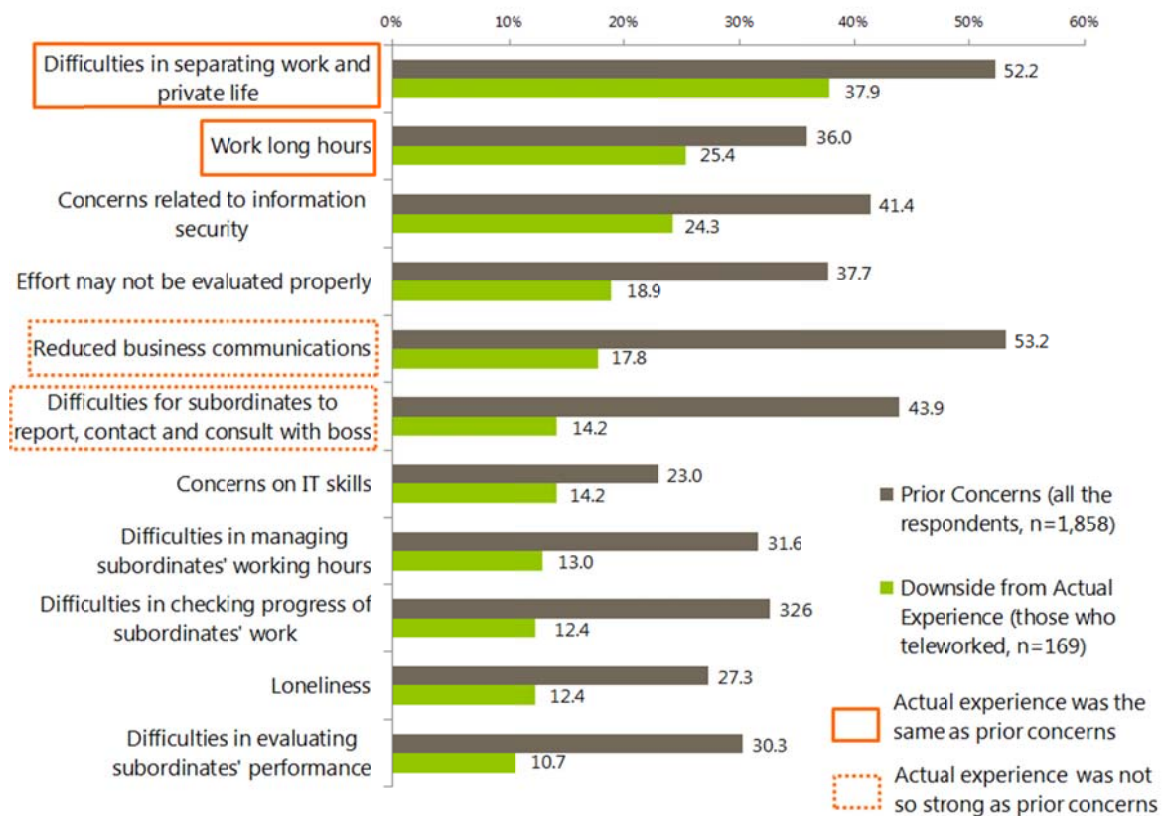
The comparison of office workers' prior concerns on telework and actual downsides of telework given by those who experienced telework also showed interesting results.

The highlight may be that those who have teleworked feel not so much downsides on telework compared to typical concerns people have, according to the results of all the items in the graph below. Many office workers worry that telework may cause loss of communications such as reduced business communications, difficulties for subordinates to report, contact and consult with boss; those who have teleworked, however, were less likely to feel such downsides.

The top downsides raised by those who teleworked were not related to the communication loss but related to the hours of work and work load: difficulties in separating work and private life, and possibility of working long hours.

Downsides of Telework – Prior Concerns and Actual Experience
 ("Yes" and "somewhat yes" combined)

Worker Survey



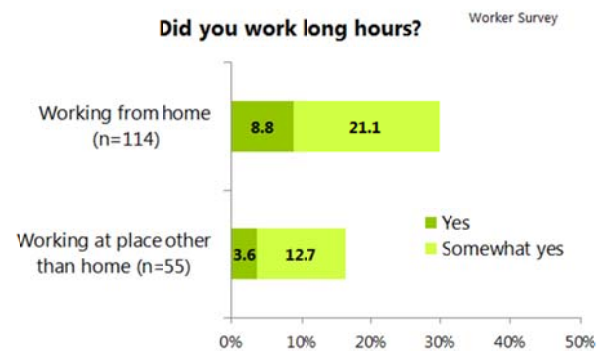
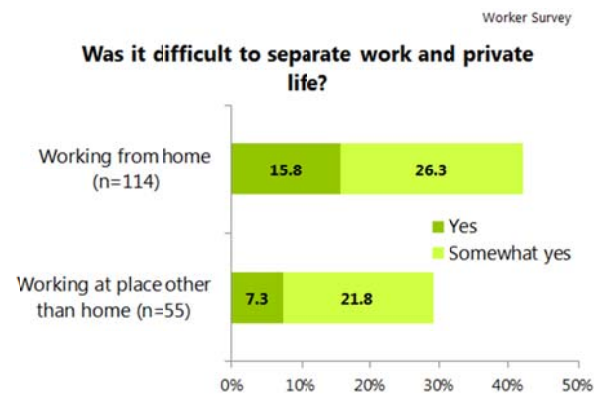
Regarding the top two downsides raised by those who have teleworked, we tried to find out whether there was a difference between the places of telework.

Those who worked from home seemed to have more difficulties in separating work and private life and have concerns of working long hours.

Our interviews with those who teleworked from home revealed that the home environment and whether the family member was at home or not had impacted the downsides.

Therefore, companies should consider these downsides in advance if they want to promote teleworking.

Downside – By Place of Telework

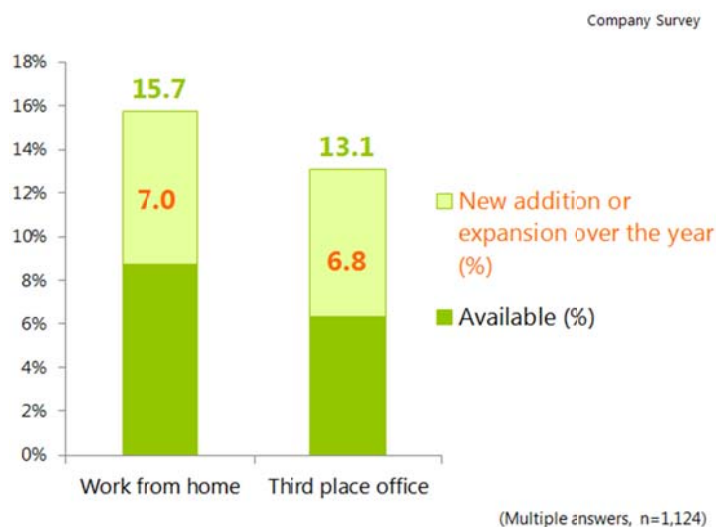


Place of work also started to change.

The campaign to change the way we work often focuses on reducing the long hours of work. However, it is also important to think about "where to work" because having several work spaces can improve work efficiency.

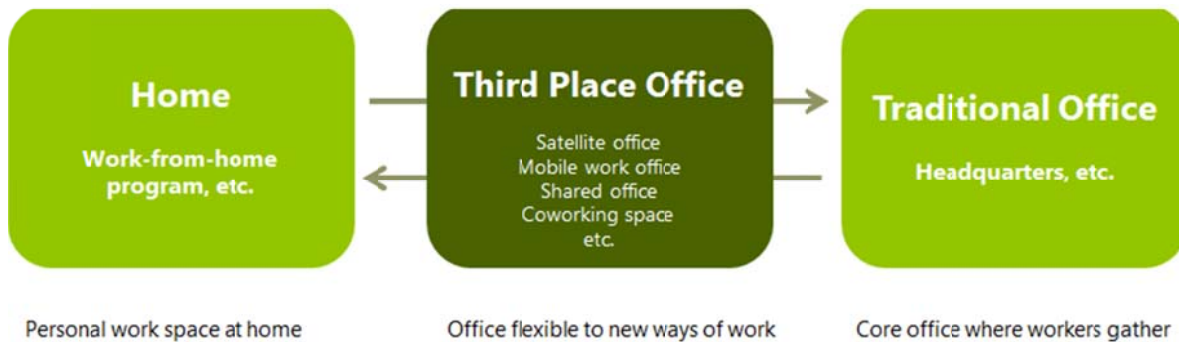
The results of the company survey showed that the ratio of companies having work-from-home program or third place office has increased sharply over the year.

Companies having Work-From-Home Program and/or Third Place Office Year-on-Year Change



Until recently, typical office workers commute from home to office, work there and return home. The place they work had always been a particular office. This is changing in the recent years; ICT tools and communication environment, combined with the effort to achieve work-life balance, are gradually allowing companies to have and expand work-from-home programs.

At the same time, increasingly more companies have third place offices, which are not the home of employees and not the main office of the company; we should pay attention to this trend. The third place offices can be used efficiently when employees are away from their main office. This is a new type of office.

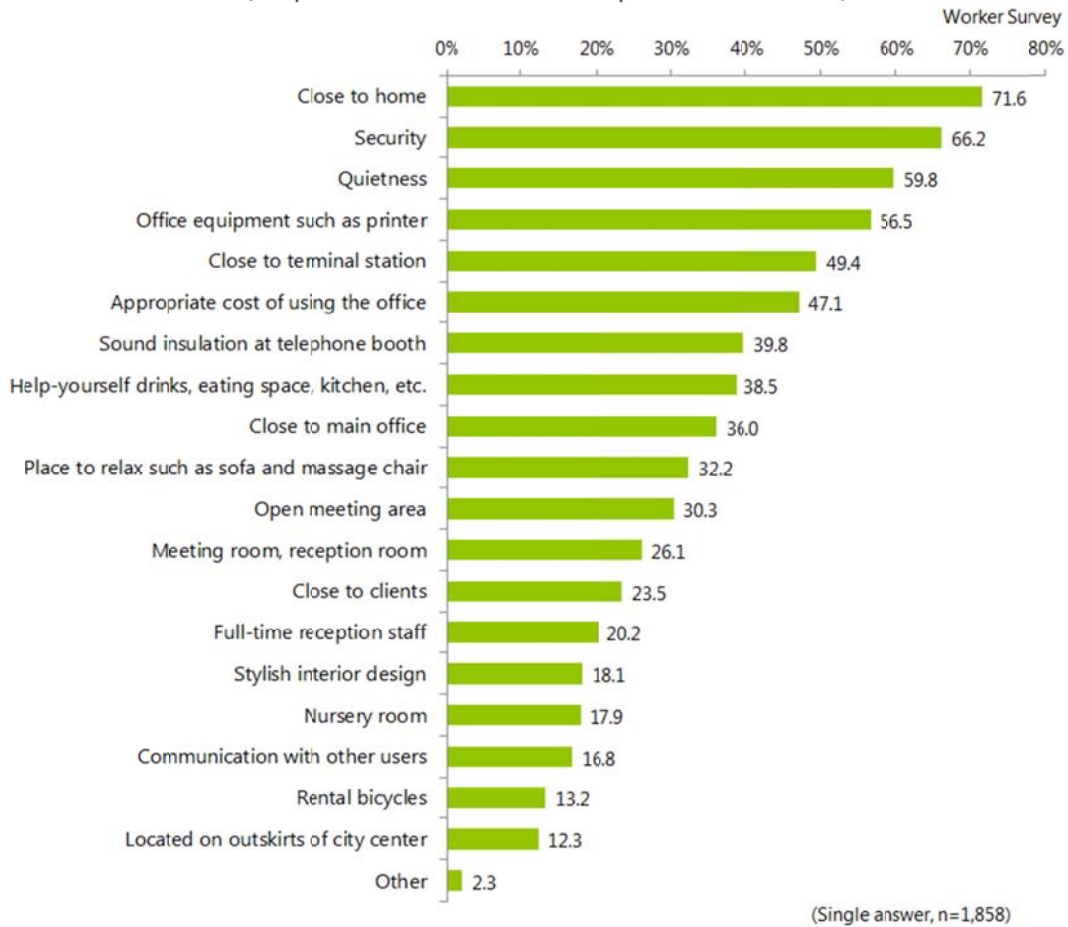


Third place office as one of the choices

Telework generally means working at a place other than the main office, but people often understand it as working from home. However, if we think about those who live in greater Tokyo, not many of them have enough room and appropriate system at home. Problems remain if companies have only work-from-home programs. Companies may need to have third place offices in addition to work-from-home programs in order to provide worker-friendly environment for employees.

Then, what are the requirements of third place offices? According to the chart on the next page, office workers said the most important requirement is the proximity to their home, followed by things that are somewhat not easy to have at home for many people: security, quietness and office equipment (printer, etc.).

What are important when using a third place office?
 ("Important" and "somewhat important" combined)



As of now, the third place offices managed by serviced office operators vary in types: city center location, outskirts location, for solo works, for team collaborations, office with nursery room, etc.

Different names are given to such kinds of offices: mobile work office, satellite office, serviced office, shared office, coworking space and more. There is no solid definition for these names yet; services provided at such offices are different to each other even if they share the same name.

The important point here is that this is not the traditional office under a lease agreement for a certain period but an office people can use whenever and wherever they need, and such offices are increasingly more available. This tells us that it is time for real estate companies to add service-provider-like businesses to their ordinary real estate businesses. As the services provided at third place offices become clearer, third place offices may become even more accepted by the public as one of the choices for office workers.

Among third place offices, workers are interested in using the office with several locations to choose from.

We asked office workers which of the four types of third place offices they are interested in using. Respondents were given the following explanations.

1. Office with several location choices (solo use)

Users can, based on their personal schedule, choose from several offices in major office areas in greater Tokyo including offices located near a terminal station. They can choose a different location each time.

2. Office with several location choices (use with team members)

Users can, based on their project schedule (internal team or team consisting of members from two or more companies), choose from several offices in major office areas in greater Tokyo including offices located near a terminal station. They can choose a different location each time.

3. Office with child-care support

Users can choose a location which can shorten the commuting time. This type of office is equipped with facilities equivalent to those in their main office.

4. Collaboration office

Corporate workers and independent workers of different industries and positions use this office. The open meeting area is important; it is a place where users communicate each other.



Of the four, "1. Office with several location choices (solo use)" was most highly regarded by respondents. This is probably because the telework is now basically intended for a solo use such as between appointments or solo work that requires concentration. In those works, people may prefer to choose the office location that suits their purposes.

"2. Office with several location choices (use with team members)" ranked on the second, indicating that some office workers are interested in using third place offices when they work with others too.

These results show that there is a need for a new type of office; the office which allows workers to choose from several locations depending on their convenience.

Are you interested in using third place offices?

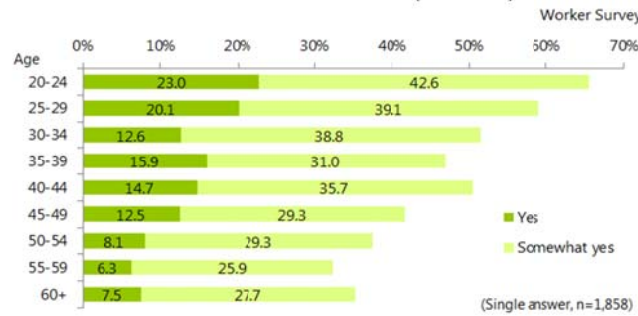


By age group, young people are more interested in using third place offices regardless of the office type; the older the respondents, the smaller the ratio of 'yes' and 'somewhat yes'. This is important when companies try to hire new employees or try to keep existing employees.

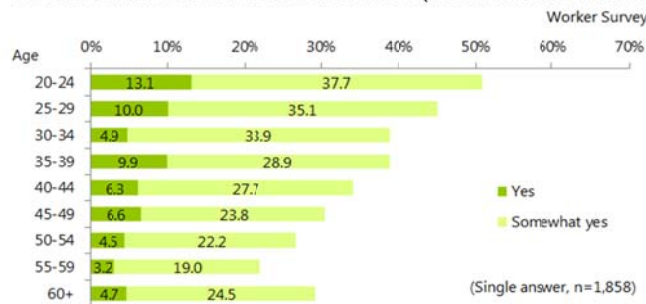
However, "3. Office with child-care support" was different; it was favored by respondents who are 25-34 years old. The third place office with child-care support should be more available in the near future to solve social issues including lack of child care centers.

Are you interested in using third place offices? (By age groups)

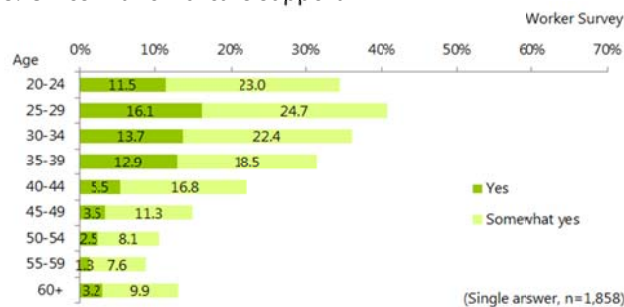
1. Office with several location choices (solo use)



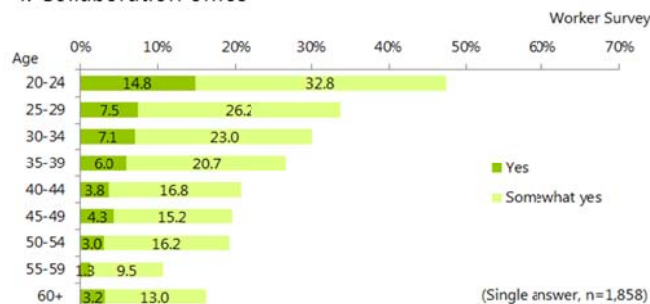
2. Office with several location choices (use with team members)



3. Office with child-care support



4. Collaboration office



Conclusion

Traditionally, Japanese companies had been managing employees based on hours worked. Employees worked at one particular office. Companies saw office as a cost center; the cost effectiveness had been the top priority.

In line with the progress in offering different ways of work, offices are also changing. As mentioned in our introduction, the working-age population is declining and companies need to develop more attractive and flexible work environment for employees in order to keep existing workers, hire more workers and improve their performance. In that context, offices are not only the cost center but an important base of business. Thus, the office strategy has become one of the core strategies of companies.

This means that companies will need to implement corporate real estate strategies such as the strategic use of third place offices and improvements of existing offices in addition to work-from-home programs. Needless to say but promoting such strategy requires a commitment by top management.

Xymax Real Estate Institute will continue to study and analyze "how to work" and "where to work", which are also important themes in social issues, and release informative reports on our findings.

Survey Overview

	Company Survey	Worker Survey
Name	Metropolitan Areas Office Demand Survey 2016	Telework Survey
Survey period	October 2016	November – December 2016
Respondents	<p><u>Companies</u></p> <p>Companies leasing the floors of office buildings managed by Xymax Group.</p> <p>Companies that are clients of Xymax Estate Design Corporation.</p> <p>Out of 3,252 companies, 1,124 companies responded.</p>	<p><u>Office Workers</u></p> <p>Screening Survey: 40,000 people who are 15-69 years old.</p> <p>Main Survey¹: 3,094 men and women³ at the age of 15-69 whose main workplace is in the greater Tokyo except for self-employed people (restaurants, retailers, service providers) and unemployed people (job seekers, students, housewives/househusbands)²</p>
Area	Across Japan (Tokyo, Osaka, Aichi, Fukuoka, Kanagawa, Saitama, Chiba and other prefectures)	Greater Tokyo (Tokyo, Kanagawa, Saitama and Chiba)
Method	By sending emails and distributing questionnaire sheets to respondents	Online survey

- Participants were divided into ten groups by gender (male, female) and age (in their 20s or younger, 30s, 40s, 50s and 60s). The percentage of each group is the same as that of people with job in the greater Tokyo based on the employment structure survey conducted by the Ministry of Internal Affairs and Communications.
- The filtering of respondents in this survey is also based on what types of place the person works (office, factory, store, etc.) and occupation. In more specific, if the person said he mainly works at office, he is included in our respondents regardless of his occupation. If the person said he works at a place other than office, he is included in our respondents only if his occupation is either of the followings: administrative, personnel, accounting or planning department; administrative assistant or secretary; sales representative, face-to-face services; research and analysis, patent legal; research and development, design or system engineer; editor, designer or writer; medical or educational professionals; on-site manager or supervisor.
- Of the 3,094 respondents, the graphs contained in this report are based on those who said they mainly work at office.

Contact for further information on this report

Xymax Real Estate Institute

<https://soken.xymax.co.jp>

Phone: +81 3 3596 1477 | FAX: +81 3 3596 1478 | E-MAIL: info-rei@xymax.co.jp