

THE IWG GLOBAL WORKSPACE SURVEY

*Welcome to Generation Flex
— the employee power shift*



March 2019

FOREWORD

by Mark Dixon, IWG Founder and CEO

In the eleven years since we first published our annual Global Workspace Survey, the world of work has changed dramatically. The idea of commuting for hours to work 9-5 in a dreary office is fast becoming as about as relevant as a fax machine in the working day.

At the start of 2019, we canvassed the opinions of more than 15,000 business people across 80 nations asking them about the key drivers for flexible working, how it is being used by international businesses, and what perceived obstacles to introducing and increasing it still remain.

In last year's report, we talked about reaching a tipping point in the uptake of flexible working and the workspace solutions that facilitate it. In 2019, with half of business people globally reporting that they work outside one of their main office locations half the week or more, it is safe to say that we are way beyond that. Flexible working is the new norm.

Although flexible workspace has a number of strategic and financial benefits for businesses, this is a people-driven movement – business leaders worldwide told us about the need to attract and retain the best talent, while 4 out of every 5 respondents stated that, given two similar job offers, they would turn down the one that didn't offer them flexible working.

It's no surprise then that 62% of businesses worldwide currently have a flexible workspace policy.

There has been a power shift. In many sectors, bosses no longer dictate what a regular working day looks like. The employees, this so-called 'Generation Flex' are calling the shots.

Business leaders have fully acknowledged the further benefits achieved by early adopters and are keen to get in on the action; not only are they fully aware that flexible working has made their business more productive (85%), but a remarkable 67% think that flexibility can improve productivity by at least a fifth.

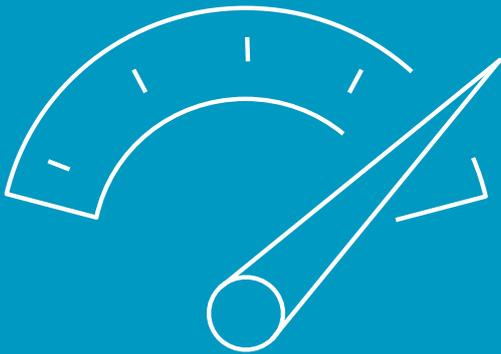
Once the reserve of small to medium-sized businesses, large global corporates are increasingly converting to flexible working to become more agile and mitigate risk.

The evidence is stacking up that modern businesses simply must embrace a flexible working culture on at least some level in order to stay competitive. Of course, we've seen that for many organisations there are critical obstacles that need to be addressed, such as the provision of conducive workspace and the appropriate technology to get the job done. But those that don't embrace this 'new normal' risk lagging behind and missing out on all the many benefits it can bring.

I'd like to thank all those who took the time to share their thoughts with us for this report. At IWG we believe that business success is underpinned by the effectiveness of its people, so we will take the opinions you have shared forward as we strive to help millions of people have a great day at work.

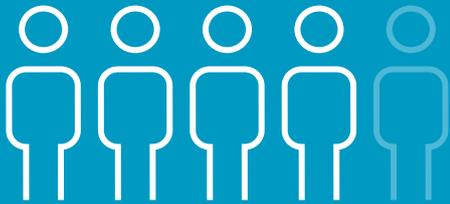


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85%

OF RESPONDENTS CONFIRM THAT PRODUCTIVITY HAS INCREASED IN THEIR BUSINESS AS A RESULT OF GREATER FLEXIBILITY

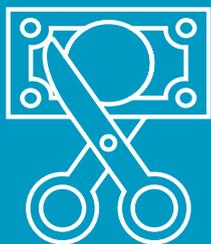


OVER 4/5

OF RESPONDENTS CONFIRM THAT, WHEN FACED WITH TWO SIMILAR EMPLOYMENT OFFERS, THEY WOULD TURN DOWN THE ONE THAT DIDN'T OFFER FLEXIBLE WORKING

OVER HALF

OF EMPLOYEES GLOBALLY ARE WORKING OUTSIDE OF THEIR MAIN OFFICE HEADQUARTERS FOR AT LEAST 2.5 DAYS A WEEK



65%

OF BUSINESSES SAY FLEXIBLE WORKSPACE HELPS THEM REDUCE CAPEX/OPEX, MANAGE RISK AND CONSOLIDATE THEIR PORTFOLIO



65%

OF RESPONDENTS BELIEVE THAT BUSINESSES THAT TAILOR THE WORK ENVIRONMENT TO THE WORK FUNCTION OF STAFF ARE MORE PRODUCTIVE

INTRODUCTION

Flexible working – the global context

In today's dynamic and diverse workforce, it is clear the demand for flexible working is increasing year on year; worker demand is up to 75 per cent from 70 per cent in 2017¹. More and more organisations are allowing staff to work where they want, in remote locations as well as in co-working spaces, and are even relying on more flexible workforce arrangements such as using more freelancers and contractors. In this multi-faceted environment, the regular 9-5 is a thing of the past and many types of workers are using various combinations of workplace solutions that include home working, business lounges and remote offices, as well as traditional office locations, rather than espousing a single solution.

Flexible working has become so engrained into modern working practices globally that many countries have included it in their legislation: in the Netherlands, employees with at least one year of service with an employer with at least 10 employees are entitled to ask for a change, increase or decrease in their working hours as well as the ability to work from another location;² In Norway the Working Environment Act establishes the right

to flexible working hours if this can be arranged without major inconvenience to the employer; the Australian Fair Work Act 2009 s.65, 144 and 202 allows employers and employees to make arrangements about working conditions that suit them; in the UK all employees that have worked for the same employer for at least 26 weeks may 'make a statutory application' for flexible working; while in Italy Law no. 81/2017, regulates "smart working," and establishes the equality of workers performing the same duties even if remotely. Belgium also recently approved the "Workable and Flexible Work" Act which regulates teleworking.

The spread of flexible workspace of course is not merely driven by increasing worker demand but also by an increasing awareness among business leaders globally of its pivotal role in achieving success.

One critical factor is the ability to use flexible working as a benefit to attract and retain top workers. Reports in the UK indicate that the cost to replace an employee earning the average UK salary of £27,721 reach £11,000 every time, equivalent to roughly 6 -9 months' salary on average.³

Clearly, replacing more senior director level staff could prove extremely expensive, so savvy businesses are using flexible working to improve retention and overall satisfaction through improved work-life balance and reducing commuting.





\$4.5 TRILLION

Forecast economic boost that the US could see annually as a result of flexible working

Flexible working is also being used as a strategic way of improving diversity within the workplace. Although some best-practice examples stand out – since 2005 Norwegian legislation has focused on gender diversity on the boards of public limited companies and 42% of board seats are held by women in Norway – many countries are still struggling to conform. In South Korea only 4% of board seats are reportedly taken by women and this rises to a meagre 9% in China.

Diversity in the workplace, however, is not an issue limited to including more women and affects various sectors of society.

Flexible working can specifically help improve the inclusion of groups that struggle to balance personal and work life such as carers, people with mental health issues such as depression, or older workers.

Not only are pensioning ages rising across the board, but the contribution of older workers to the economy is becoming critical to sustaining countries where increasingly aging populations risk putting a strain on the national pension and contribution system.

Businesses also report they are continuing to implement a number of measures that are complementary to flexible workspace to become more successful. Some such measures are pursuing greater agility by shedding unnecessary business assets, looking to engage more outsourced contractors, freelance staff and consultants as well as choosing to buy business administration (IT, Finance, Marketing etc.) 'as a service' to free up capital.

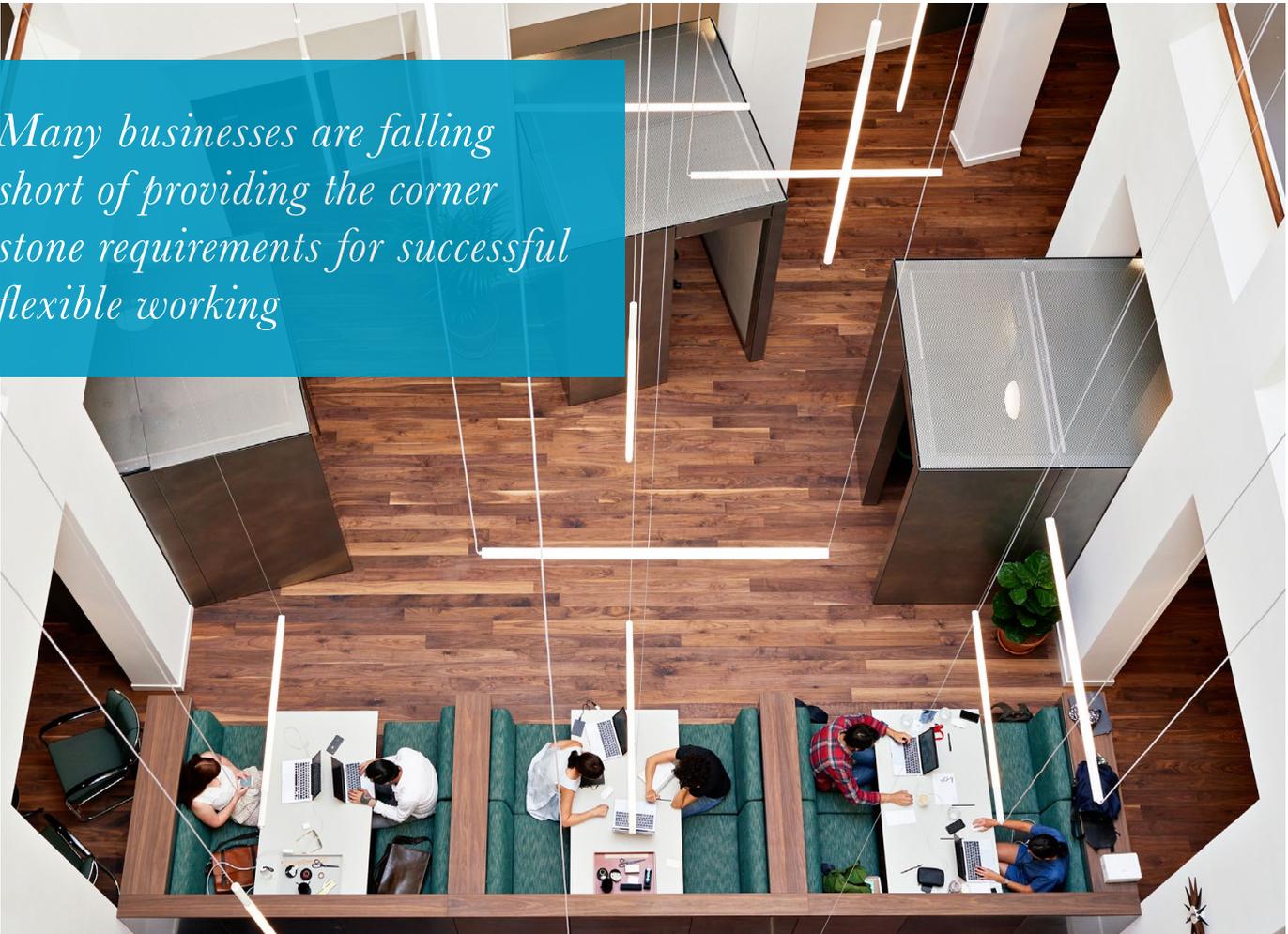
Similarly, flexible working is expected to help businesses extract more value out of their operations by reducing fixed overheads, increasing agility and improving productivity. A recent Regus report estimated that by 2030, the US could see an economic boost of as much as \$4.5 trillion annually from flexible working, while China and India could gain respectively \$1.4 trillion and \$376 billion extra annually.⁴

But flexible working is a term that covers a number of solutions, not all of them suited to every worker, and not all able to bring about the bumper benefits typically expected unless specific conditions to achieve productivity are respected. In South Africa for example, reports show that while 37% of people work for organisations that encourage flexible or remote working, only 19% of their employers provide them with smart devices to enable them to work anywhere.⁵

Similarly, other organisations such as the Canadian Centre for Occupational Health and Safety, have raised the issue of ensuring remote workers have access to an environment that is suited to professional work and highlight that home working should only be carried out when the following conditions can be met: “a space or room where it is easy to concentrate – preferably separate from other living areas and away from the television, a level of

security as required by the workplace... household members who will understand you are working and will not disturb you unnecessarily”.⁶

Far too many businesses are in fact still falling short of providing the corner stone requirements for successful flexible working, such as providing access to a conducive work environment or the right tools for the job, and are putting increased pressure on employees to work professionally in non-professional environments. Businesses looking to grow, expand nationally or internationally and become more agile need to ensure employees and management are aligned on a flexible working approach: what it means for their different workers, what they need to provide and how best to establish a flexible working culture for all-round maximum gains.



Many businesses are falling short of providing the corner stone requirements for successful flexible working

KEY FINDINGS



THE RIGHT TO FLEXIBILITY

Businesses leaders globally clearly indicate that the bell has tolled for the regular fixed-office 9-5pm with more and more combinations of flexible working having become mainstream.

Not only do more than half of workers globally report that they regularly spend half the week or more outside one of their main office locations, but three out of four report that flexible working is now 'the new normal'. Interestingly, one country where flexible working has most firmly replaced the regular 9-5 in the eyes of workers is Japan where, however, fewer than average businesses have implemented a flexible workspace policy, indicating a misalignment between worker expectation and business provision for flexible work.



The new normal

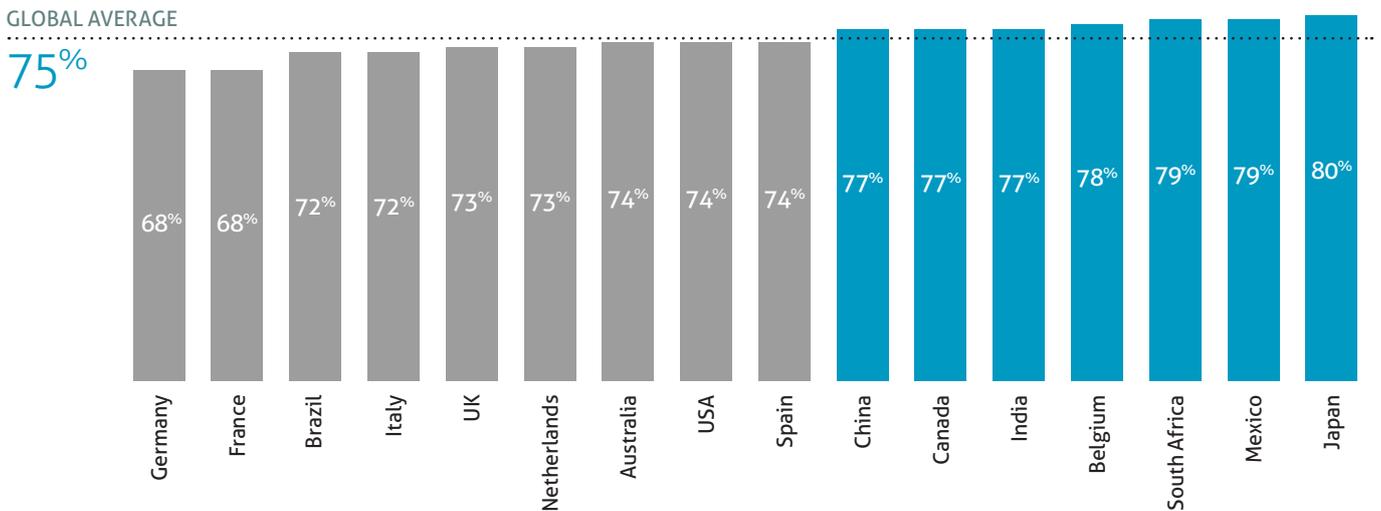


Fig.1 | % of people who consider flexible working to be the new normal

We currently have a flexible workspace policy

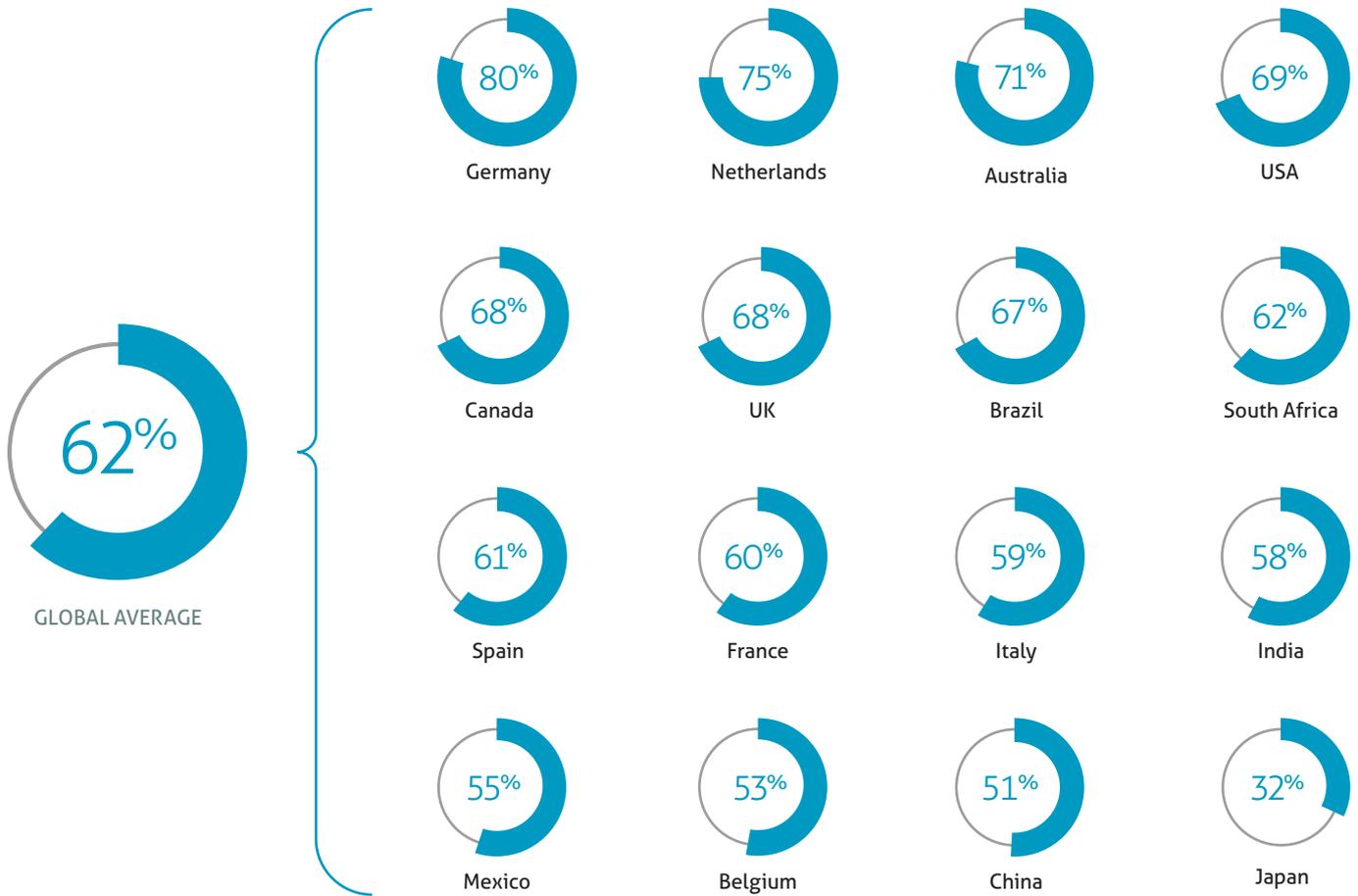
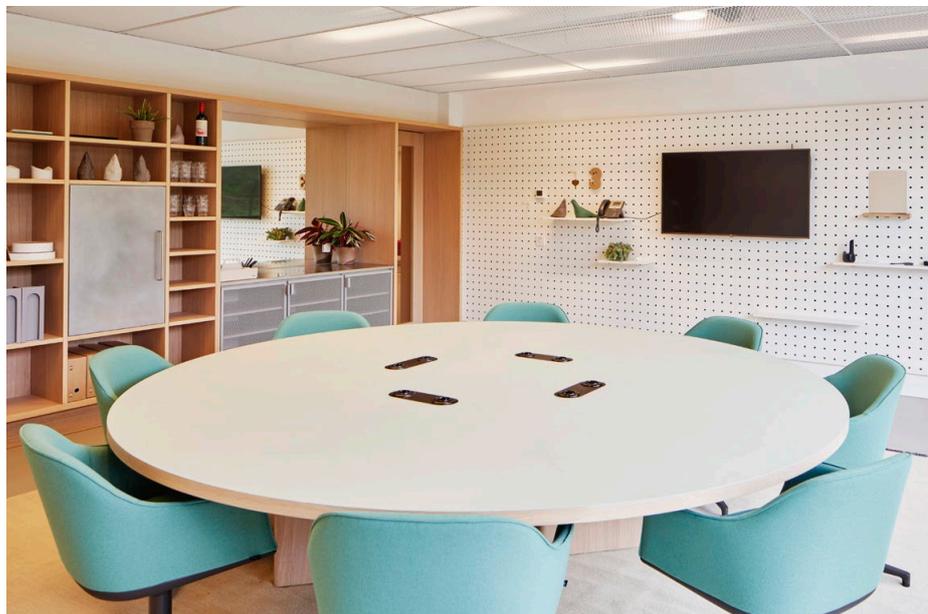


Fig.2 | Businesses currently with a flexible workspace policy

It is therefore unsurprising that 62% of firms globally report that they have a flexible working policy in place.

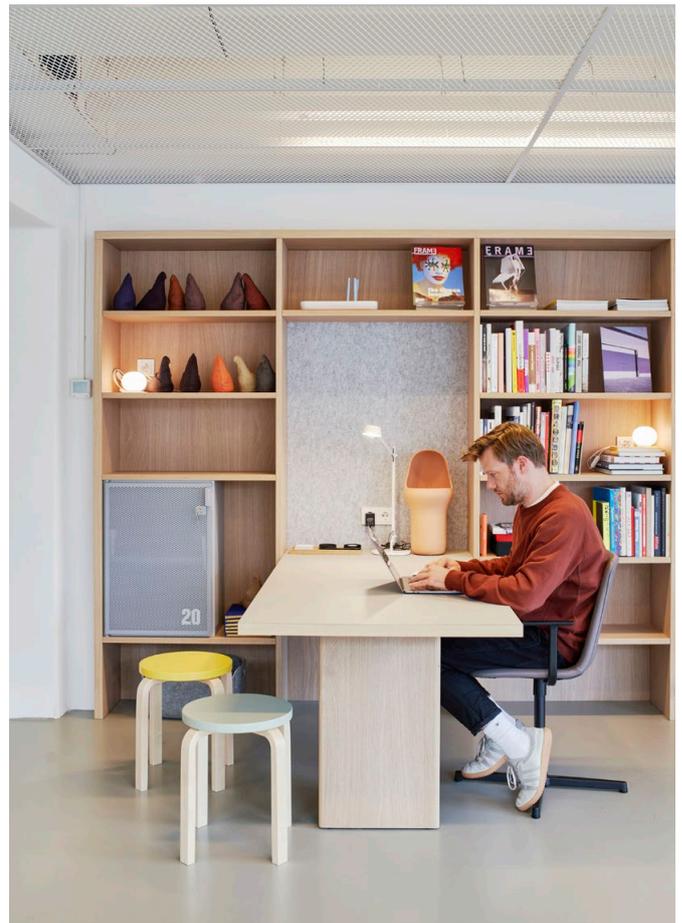
German and Brazilian companies who don't have a policy, nor plan to implement one, are particularly scarce (10% or under).



Although this data indicates that attitudes towards flexible working have radically shifted, business leaders are still working on ways to tackle a key definition issue: flexible working means different things to different people.

Around a fifth of global workers describe flexible working as the ability to make some decisions regarding their working hours, a quarter equate it with being able to manage workload, but more than half relate it to being able to choose the type of work location, thus highlighting how important where they work is to how they define flexibility and their attitudes towards the achievement of a degree of mastery over their professional life.

Location is therefore critical to today’s definition of flexible working.



Definition of flexible working

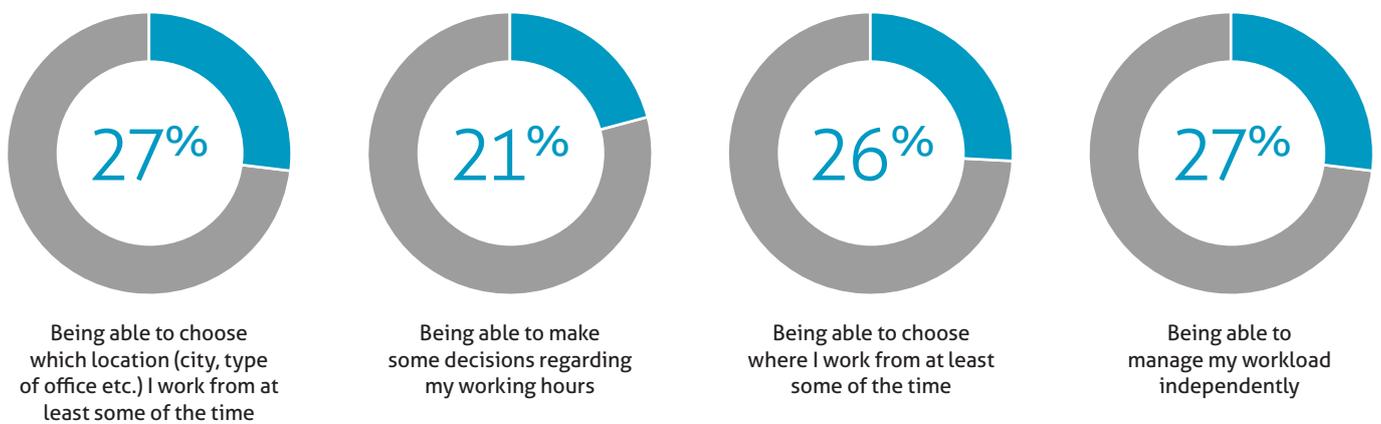


Fig.3 | Business people’s varying definitions of flexible working

A PEOPLE'S REVOLUTION



The major driver that has accelerated this revolution in workspace mentality is worker demand. Particularly, flexible working is helping businesses become more successful by enabling them to attract and retain top talent (77%).

This strategy seems vitally important to the future of businesses given that 83% of global respondents report that the ability to work flexibly at least some of the time would act as clincher in case of indecision between two similar job offers. In particular, businesses are using the offer of flexible working to attract younger workers (75%).

UK, USA, Australian and Indian businesses are particularly likely to use flexibility to attract and retain top workers in an increasingly competitive talent market, although in Poland a staggering 92% report they are using this strategy. German and Belgian workers are even more likely to reject a job offer that does not provide a degree of flexible working, indicating that businesses in these geographies may be failing to fully leverage a critical tool.

Flexible working to attract and retain top talent

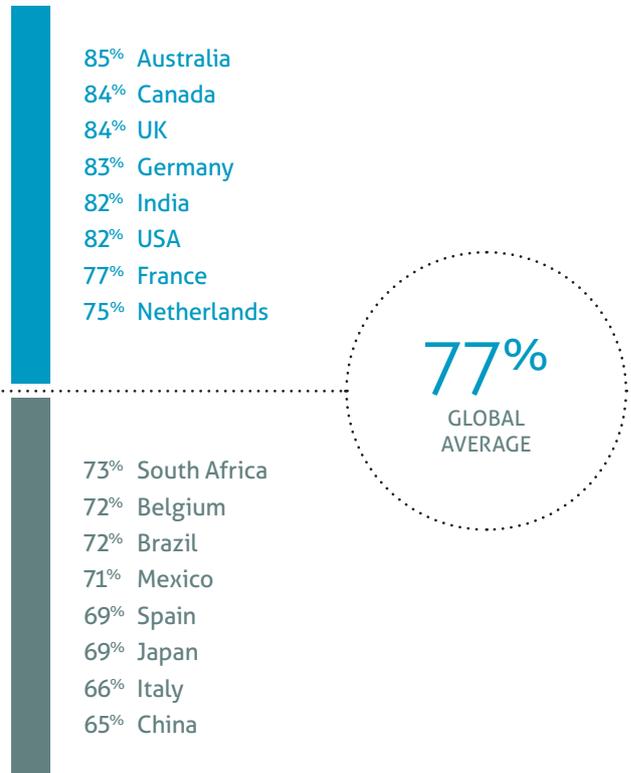


Fig.4 | *Businesses are using flexible workspace policies to attract and retain top talent*

Even sectors that historically tend to be more location-delimited such as manufacturing (70%) with industrial plants and factories, or retailers (67%), with stores and warehouses, are seeing more than half of businesses using some degree of flexible working to retain and attract staff.

Consultancy and ICT businesses are making the most of the fact they are knowledge-based industries and therefore mostly location agnostic to secure top talent with flexible working.

Businesses believe that flexible working can play a critical role in widening the talent pool and workers confirm that having a choice of work environment plays a key role in evaluating work opportunities (70%). More than half of global business people place so much importance on location that they regard it as more important than working for a prestigious company, while almost a third think it is more important than a prestigious role.

Interestingly, two out of five workers place having a choice of location and being closer to where they want to be higher than never having to work overtime, indicating that location is more important than having to put in reasonable extra hours when required.

Importance of work location

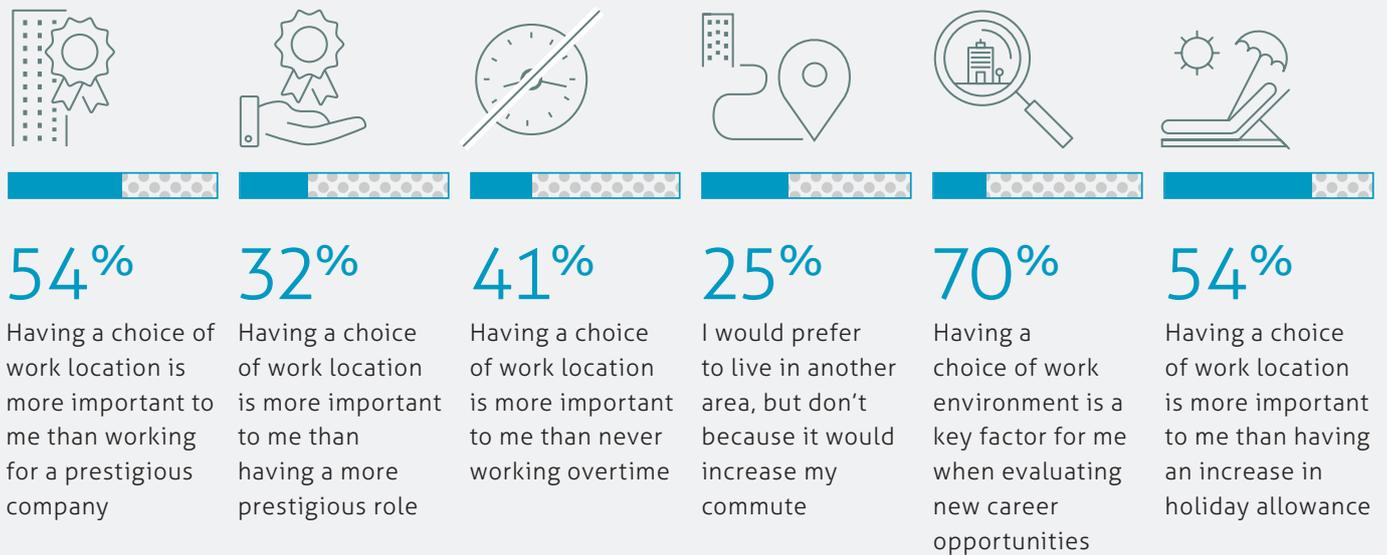


Fig.5 | Importance of choice of location

Reducing the stress of commuting is a benefit to both businesses and staff



The role played by flexible working in improving work-life balance is also a key element: when people can choose to work closer to home or to wherever they want to be, they struggle less with combining their personal and professional lives. Reducing the stress of commuting, particularly when these would involve lengthy commutes in traffic or on crowded public transport, is a benefit both to businesses – whose workers arrive fresh and punctual – but also to staff.

Specifically, 75% of businesses report that they are introducing flexible working to reduce commute times.

This is a welcome measure because, although a third of workers report they try to make the best of their commute by performing some work tasks (48%) or simply reading a book (33%), two out of five define commuting as 'the worst' part of their day. Fortunately though, the majority of workers report they think that most people will no longer have to commute daily by 2035, with South African respondents highly optimistic on this front (79%).

Introducing flexible working to reduce commuting

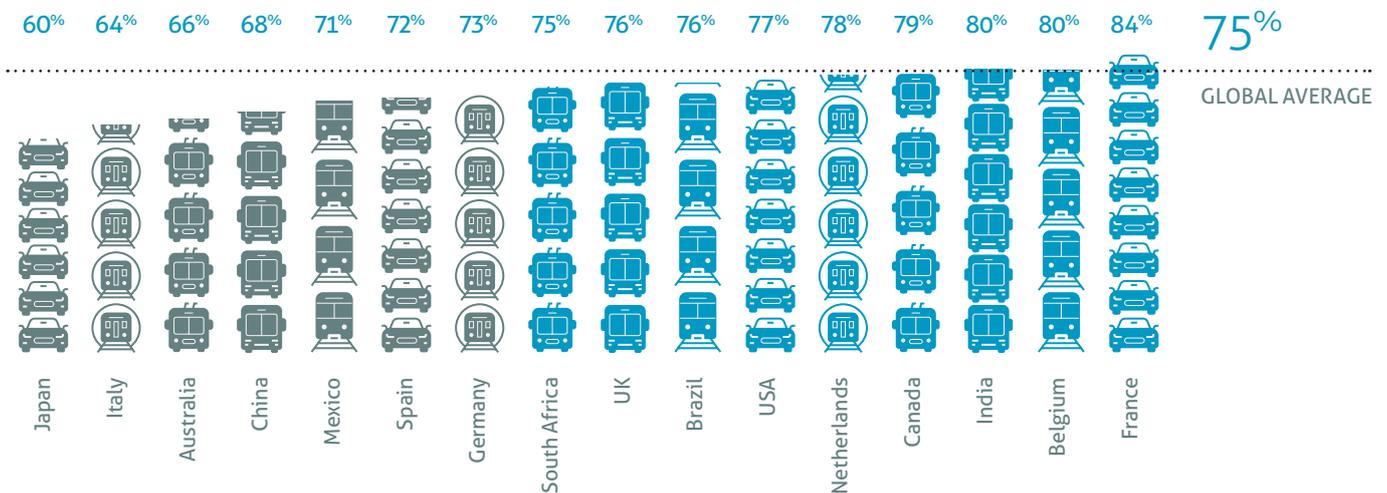


Fig.6 | Flexible working used to shorten commute times

IMPROVING DIVERSITY

Flexible working, therefore, enables workers to improve their work-life balance and reduce stressful commutes – all these factors are hugely important for workers with young families, health issues, older workers and many others.

In this light, it is easy to see how important offering some degree of flexibility is to improving diversity in the workplace and favouring inclusion. Not only is it high time that businesses stepped up and raised the diversity stakes, but research shows that companies that have inclusion and diversity policies are actually more successful: McKinsey reports that in 2017 companies in the top quartile for gender diversity on their executive teams were

15 per cent more likely to experience above-average profitability than companies in the fourth quartile.⁷ Four out of five respondents in this survey confirmed that flexible working plays a critical role towards improving diversity.

Returning mothers in particular are thought to benefit from flexible working as they juggle a career and young children, but other categories can benefit too and respondents report that part-time carers and older workers past pensioning age would also be retained more effectively. By 2024, the Bureau of Labor Statistics projects people over age 55 will include 41 million workers or roughly 25 per cent of a total 164 million strong U.S. labour force and according to Eurostat, in Europe 2016, the employment rate for older workers aged 55–64 in the EU stood at 55.3%.⁸⁹

Diversity

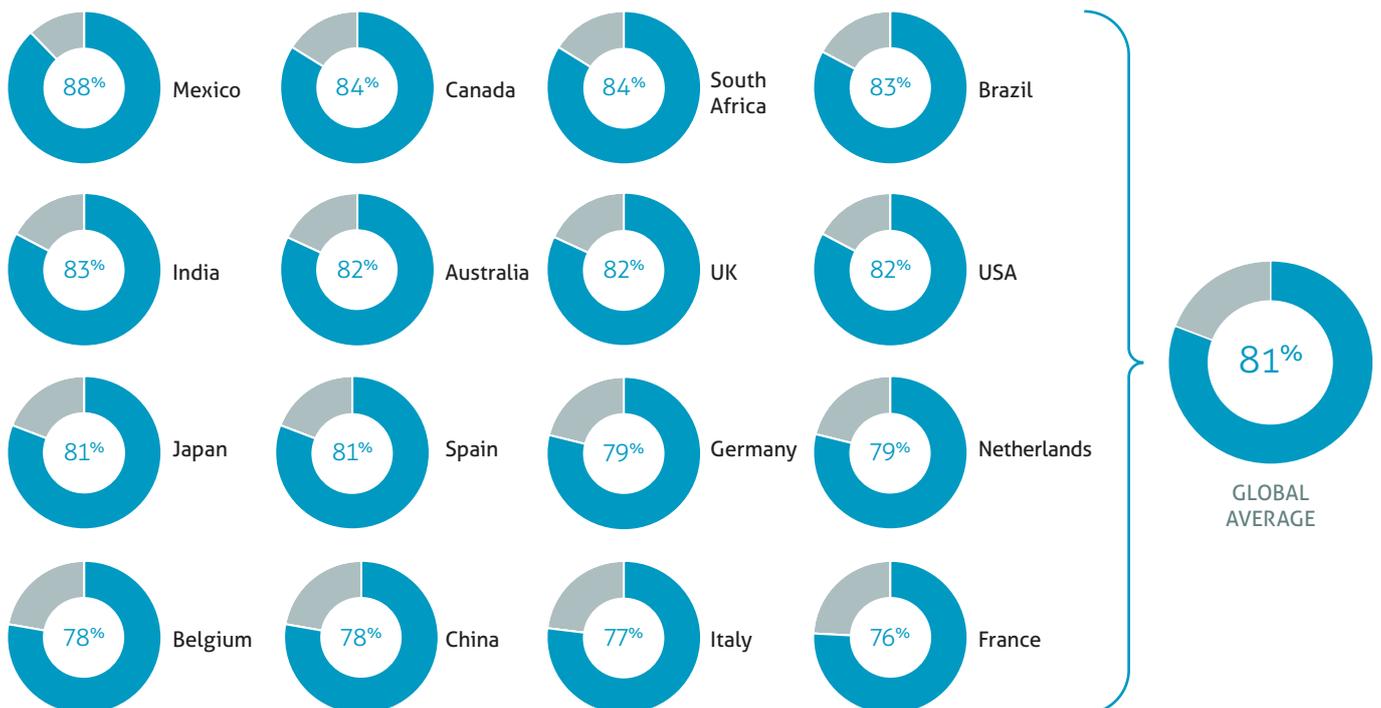


Fig.7 | A flexible workspace policy enables businesses to employ a diverse range of workers, increasing diversity across the business

FLEXIBILITY: THE DIFFERENTIATOR OF COMPETITIVE BUSINESS

Flexible workspace plays a critical role in making businesses more competitive and efficient: fully 85% of respondents report that their business is more productive as a result of introducing flexible working.

Companies in Mexico and Belgium are amongst those most likely to acknowledge this fact, perhaps as they both have topped charts for worst commutes and traffic jams in recent years.¹⁰ An impressive 67% of global business leaders are willing to quantify the increase in productivity brought to their firm by flexibility as 20% or above. Almost two fifths of businesses think the productivity achieved can be above 40%, a figure that rises to 70% in Spain and 74% in Canada

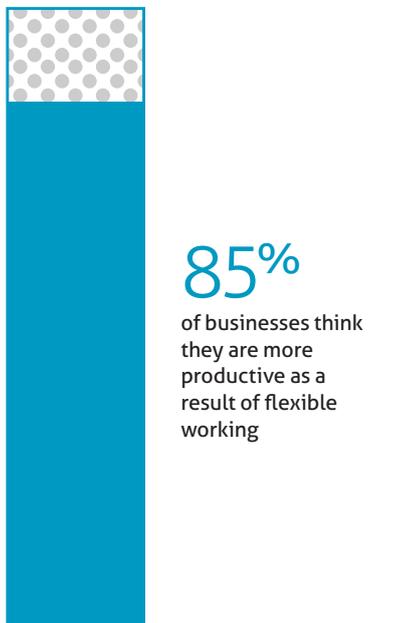


Fig.8 | Implementing a flexible workspace policy has made my company more productive

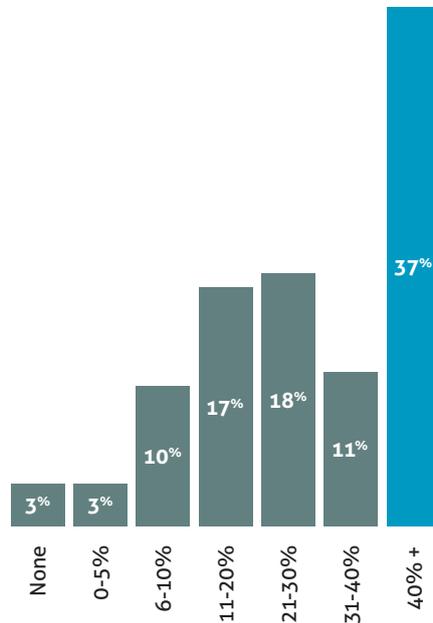


Fig.9 | % increase in productivity believed to be made by a flexible workspace policy

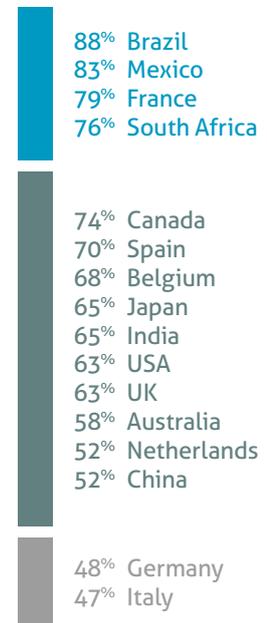


Fig.10 | Having a flexible workspace policy means businesses see a 20% or more increase in productivity

Businesses are now acknowledging that one size really doesn't fit all



Businesses are also now acknowledging that in the work environment one size really doesn't fit all, rather providing specific types of environments to different work functions is key to achieving greater¹¹ productivity.

For example, this could mean providing creative teams with large meeting rooms to brainstorm in or giving project managers semi-secluded desks to take phone calls and work on tough financial calculations.

Type of location

Businesses that tailor the work environment to the work function of staff (i.e. Marketing, sales, HR, admin) are more productive

65%

Project management would be more productive if they had access to a range of various locations in the same city/different cities

50%

Creative teams are more productive in open space areas

56%

Semi-secluded desks would help project managers take calls more privately

46%

Semi-secluded desks would help sales people take calls more privately

43%

Businesses that tailor the work environment to the work function of staff (i.e. Marketing, sales, HR, admin) are more productive

65%

Fig. 11 | *Work location choice by business function*

Agility and scalability

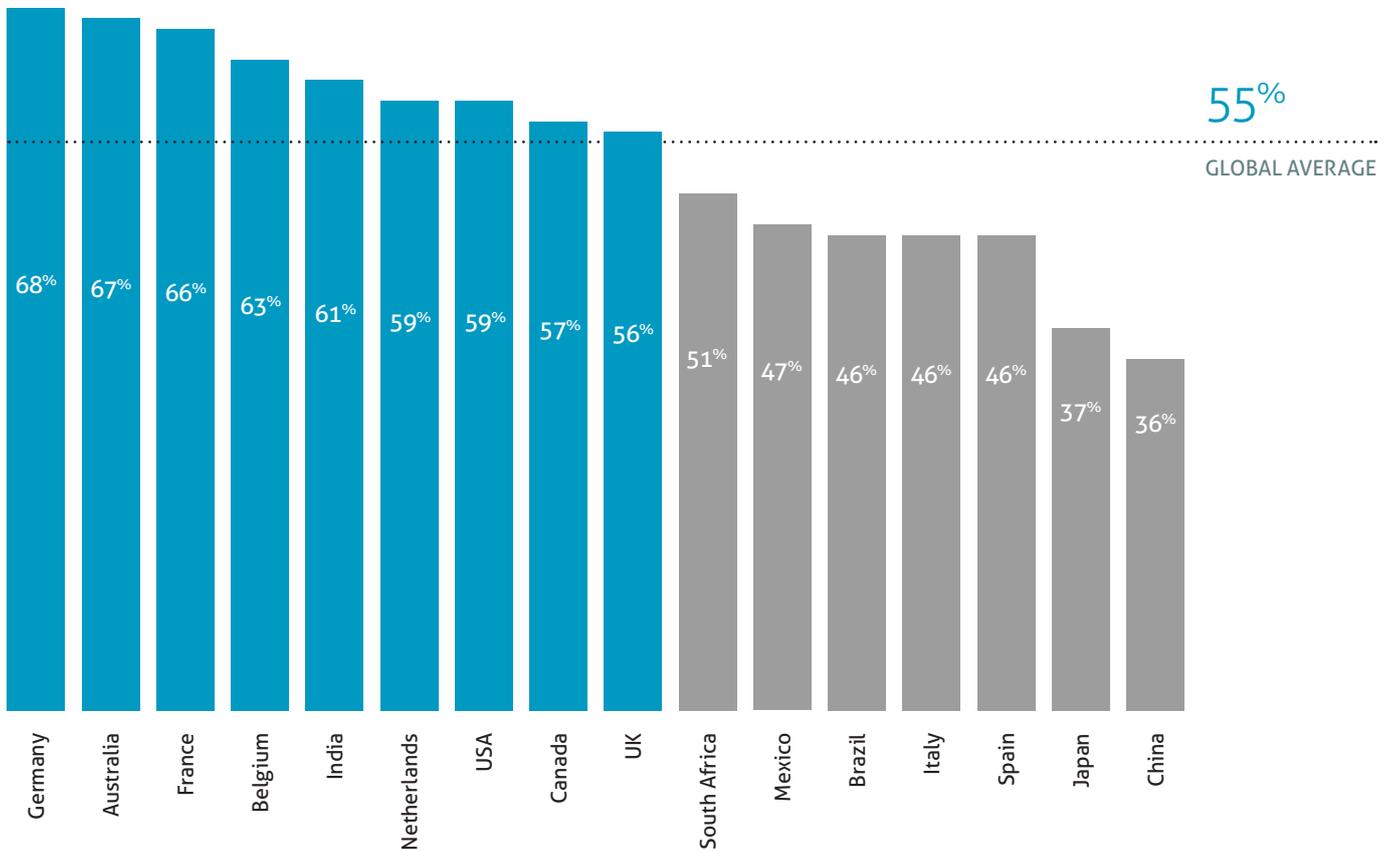


Fig.12 | *Businesses focusing on becoming more agile and rapidly scalable*

While becoming more productive is a huge driver for any type of business, respondents also clearly indicate that their objectives for 2019 could not be complete without improved business agility. Agility will be a key driver in 2019 for businesses in Australia, France and Germany.

From a sector by sector perspective, global ICT businesses will be most likely to seek measures to improve agility and scalability followed by consultancy and Financial Services businesses, while media and marketing will be making more use of freelancers and contractors.

An interesting strategy to improve scalability in addition to opting for more flexible workspace options is that of using more and more 'as a service' providers even for administration services.¹²



Flexible working itself is seen by businesses as a driver to success (79%) and specifically many are using it to reduce CapEx/OpEx or choosing flexible working locations to help them shed unnecessary assets, manage risk and consolidate their portfolio.

This is especially relevant as over a third of businesses report that they are looking to expand

nationally or internationally and therefore become more exposed to risk and local market volatility. Flexible working will benefit businesses expanding into new markets and locations as they set up operations too, as respondents report it helps improve speed to market. Only a meagre 24% think that the cost of rental for flexible workspace could be an issue when weighed up against these benefits.

Business drivers

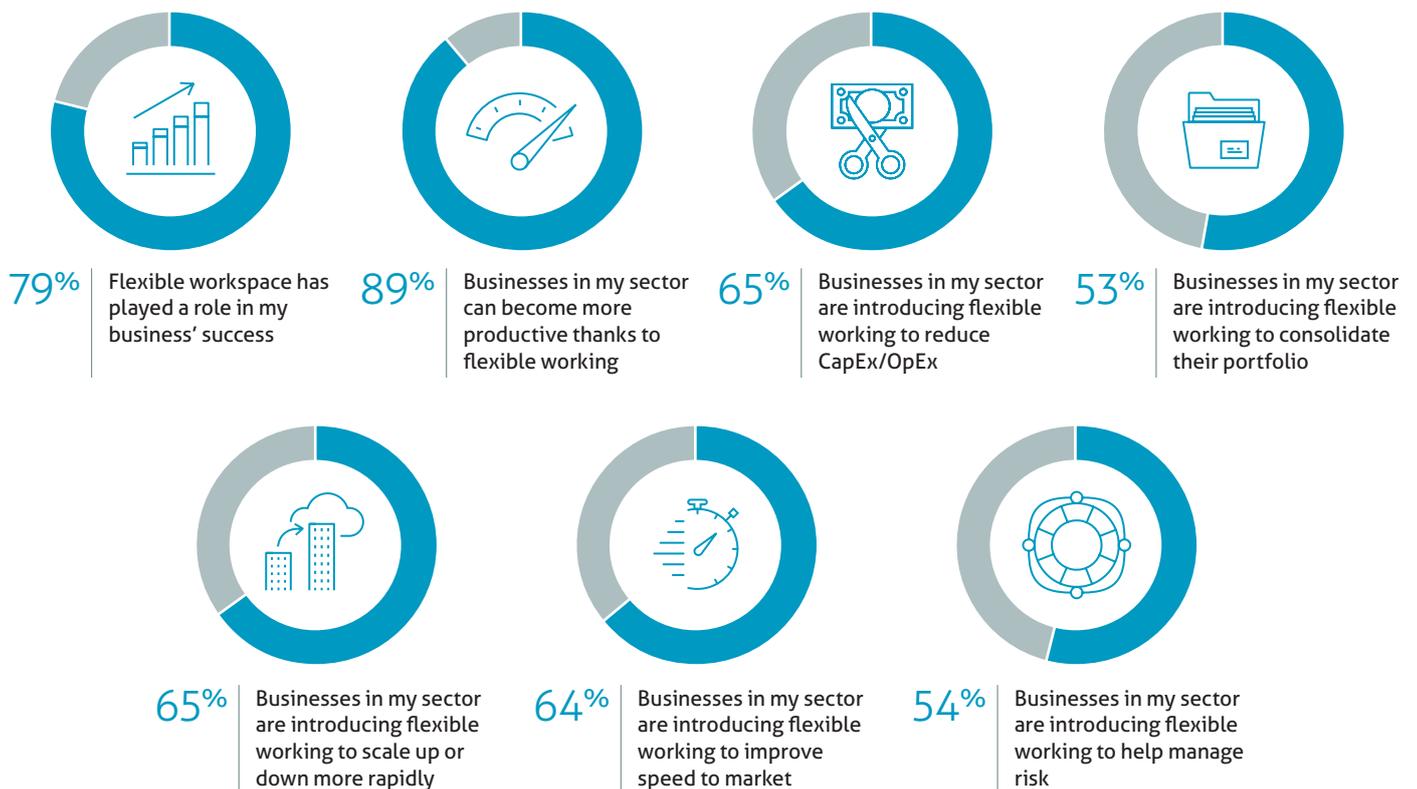


Fig.13 | Business drivers behind flexible working

CHALLENGES

Although global business people report that flexible working is now 'the new normal', providing workers with a truly productive and conducive workplace can for some be a complex task that requires businesses to evaluate the needs of each team or individual worker and their optimal set-up.

In an increasingly hybrid workspace environment where people typically work from a main office location, home and other flexible solutions such as business lounges, it is important that businesses get the mix just right to ensure that flexible working delivers on its promises.



Changing attitudes towards flexible working

Globally, 60% of business people still report that changing a long-standing non-flexible working culture is an obstacle to introducing flexible working, with business leaders in Spain, Argentina, Mexico, South Korea and Italy particularly highlighting this issue.

A fear of how company culture could be impacted and lack of understanding of the benefits is highlighted by two out of five respondents.

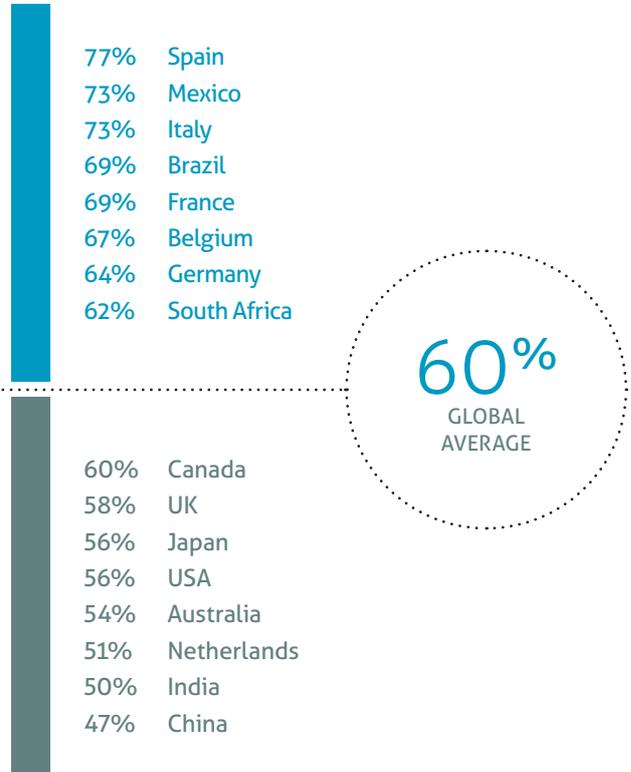


Fig.14 | Shifting the culture in a company with a long-standing, non-flexible working policy is a major obstacle

One of the biggest challenges businesses face is changing a long-standing attitude towards flexible working





Business challenges

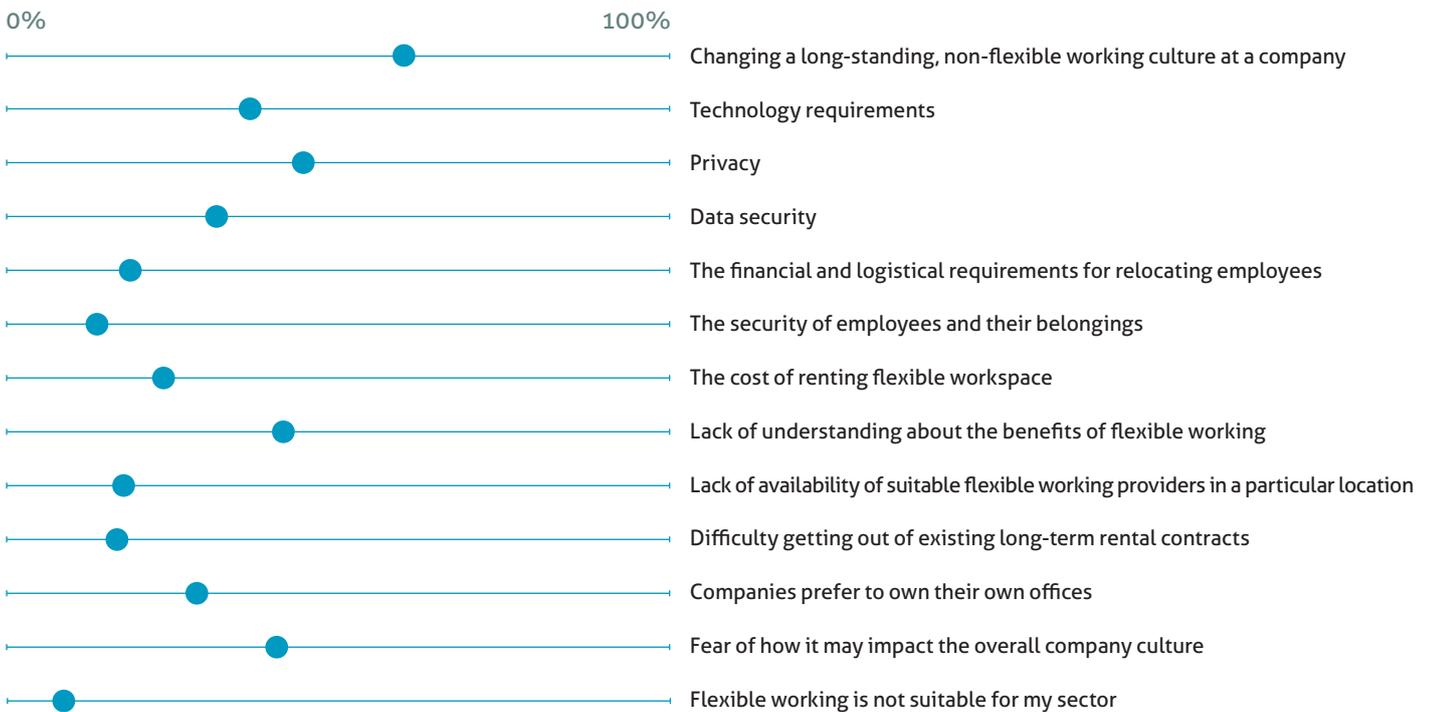


Fig.15 | *Biggest obstacles for businesses looking to implement a flexible workspace policy*

Respondents also highlight how concerns over safety and privacy of people and their belongings, but also of information and, critically now, data, can cause resistance to the need to move to flexible working. 45% of workers report businesses are concerned about data security and 37% more broadly report that ensuring workers have access to all the technology they require to work productively and securely can prove an obstacle.

Specifically, businesses report that the following technology requirements are typically carefully considered by businesses in their sector when introducing or expanding flexible working practices. (*see Fig.16*)

It is interesting to note that although the basics of hardware and software, access to printing and scanning are taken care of, cyber security systems are not at the top of the agenda.

Key technology considerations



Fig.16 | *Technology requirements businesses typically take into account when introducing/expanding flexible working practices*

This inconsistency is notable but may be due to the fact that many businesses are still equating flexible working with home working, in fact, 57% of workers report they have a fully equipped home office (although only 28% confirm their business contributed to its set up costs).

Business people report that homeworking is less likely to cause data security worries (30%) but that distractions ranging from family demanding attention to household noises, difficulties accessing printers and a slow internet connection are detrimental to productivity. All these factors undercut the value that flexible working has been proven to bring businesses when the right conditions are provided.



CONCLUSION

The results show that employers and employees have converged on flexible working in the quest to, on the one hand reduce expenses and increase productivity, and on the other achieve a better work-life balance.

Flexible working is clearly fully rooted in workplace mentality with the majority of workers seeing it as the 'new normal' and business leaders firmly acknowledging its key role in driving business success.

Yet, while the majority of workers think that commuting will soon be a distant – and unhappy – memory, the survey uncovered that there is still a degree of unrealistic mutual understanding of the definition 'flexible working.'

The result of this misalignment between workers and businesses far too often results in neglect of the key conditions (such as access to technology, data security and a professional environment) that make a workspace productive. Workers that struggle with a noisy environment or are unable to access a secure and strong internet connection cannot be productive even if they are able to reduce their commute time.

Not every workspace is created equal or indeed suited to every worker, but if businesses wish to reap the bumper benefits that flexible working is already bringing some of their competitors, they will need to carefully address worker needs and how they respond to them. Only when this alignment is achieved will businesses be able to fully harness the agility, productivity and talent retention benefits that flexible working can provide, while at the same time providing workers with a better work-life balance.



Regional highlights

ARGENTINA

87%
of business
people

feel their company is more productive thanks to flexible working, with 45% claiming it makes their business **over 40% more productive**

AUSTRALIA

84%

of businesses are using flexible working to improve talent retention

BELGIUM

98%
of workers

when faced with two similar job offers, would turn down the one that didn't offer flexible working for one that does

BRAZIL

54%

Over half of workers claim to carry on working (making phone calls, checking emails etc.) whilst commuting to and from work

CANADA

68%
of business
people

have a fully-equipped workspace set up at home yet **only 35% of those workers' employers** have paid for the equipment in their home offices

CHINA

57%
of business
people

believe that branded and prestigious locations are key in helping sales teams increase productivity

FRANCE

70%

of employees feel that businesses that tailor the work environment to the work function of the staff are more productive

GERMANY

80%

of businesses already have a flexible working policy in place or are planning to implement one



Regional highlights

INDIA

85%

of business people think that flexible working helps returning mothers remain in the workforce as well as workers that are past pensioning age (77%)

ITALY

73%

of believe that people will no longer be commuting to the office by 2035 or sooner

JAPAN

74%

of workers say that having a choice of work environment is a key factor when evaluating new career opportunities

MEXICO

88%

of respondents believe flexible working helps businesses employ a more diverse range of workers

THE NETHERLANDS

66%
of business people

think businesses should subsidise the cost of commuting for their employees

UK

42%

of business people cite technology requirements as one of the biggest barriers for companies wanting to switch to flexible working

USA

82%
of businesses

are using flexible working as a mechanism to improve staff work:life balance

SOUTH AFRICA

81%

of business people have the view that flexible working is a key enabler to relocate internationally

Methodology

Over 15,000 professionals from a range of different industries in 80 countries were surveyed in the IWG Global Workplace Survey. Respondents were canvassed online in January 2019 and contacts were drawn out of a pool of customers, prospects and business leaders. The survey was independently managed by MindMetre Research. Respondents were asked for their views on the changing workplace and flexible working.

About IWG

We believe that business success is underpinned by the effectiveness of its people. So we made it our mission to help millions of people have a great day at work – every day.

We do this by creating a fantastic working environment, providing a platform that unlocks productivity, and enabling connection to a valuable business community.

Our customers are large multinationals, small and medium-sized enterprises, and start-ups. With unique business goals, people and aspirations, they want the freedom to choose a way of working that works for their business.

We provide that choice through our operating companies; Regus, Spaces, HQ, Signature by Regus and No18 – each designed to serve the unique needs of businesses of every size. From some of the most exciting companies and well-known organisations on the planet, to individuals and the next generation of industry leaders. All of them harness the power of flexible working to increase their productivity, efficiency and agility, whilst enjoying a happier, healthier way of working.

Join them at www.iwgplc.com

¹ Powwownow, Flexible working statistics 2017, January 2018

² Overheid.nl, Wet flexibel werken, Art 2. <https://wetten.overheid.nl/BWBR0011173/2016-01-01>,

³ Society for Human Resource Management's (SHRM's) new Human Capital Benchmarking Report, 2016

⁴ Regus, The added value of flexible working, 2018

⁵ Targus, NoMoreExcuses Survey, 2018

⁶ Canadian Centre for Occupational Health and Safety <https://www.ccohs.ca/oshanswers/hsprograms/telework.html>

⁷ McKinsey, Delivering Through Diversity, January 2018

⁸ Bureau of Labor Statistics, Older workers, Labor Force Trends, <https://www.bls.gov/careeroutlook/2017/article/older-workers.htm>

⁹ Eurostat, Ageing Workforce, January 2019 <https://www.eurofound.europa.eu/topic/ageing-workforce>

¹⁰ ICAS, 10 worst commutes in the world, April 2018; INRIX traffic scorecard

¹¹ Impact of Feng Shui on Chinese Business, December 2015, Shanghai University of Finance and Economics; Feng Shui and Its Role in Corporate Reputation and Image: A Review from Business and Cultural Perspectives", Journal of Architectural and Planning Research. 27(1): 1-14

¹² Research and Markets, Global Anything-as-a-Service Market 2016-2020, May 2016