



Hybrid world: sustainable world

How hybrid working can help to
build a better future



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The tipping point

The coronavirus pandemic has had a dramatic impact on the way that we live and work. After lengthy periods in lockdown, hundreds of millions are now adapting to working in a different way, dividing their time between home, a local flexspace and a central office HQ.

We believe that we have now reached a tipping point, and the hybrid working model has the potential to promote sustainability and transform the world for the better as we move towards a post-pandemic future. Last year, the blue skies over formerly smog-blighted major cities were a graphic demonstration of how the environment – and our own health – can benefit from reduced commuting, for example. Other aspects of hybrid working can bring benefits in areas such as wellbeing, inclusion and economic growth.

Sustainability is now an issue of pressing concern. Nations are committing billions of dollars to green recovery measures. The sustainable investment sector is currently booming, with record sums being invested in ESG funds. And a global survey by Accenture last year found that consumers have

'dramatically evolved', with 60% making more environmentally friendly, sustainable or ethical purchases since the start of the pandemic.

Companies and brands are following suit. Despite revenues being precarious in the current economic slowdown, many are making an increased strategic and financial commitment to sustainability: not just in terms of the climate emergency but also in the way that they interact with employees, customers and the wider community.

In this white paper we show how hybrid working can play a major role in achieving ESG goals, and how companies can support six of the United Nations' 17 Sustainable Development Goals for 2030 simply by adopting the hybrid model. Multiple surveys have shown that this is the preferred option for the majority of workers around the world. Now we can also demonstrate that it has a host of inbuilt sustainability benefits.

It's time to embrace a new way of working that has the welfare of people, business and the planet at its heart.

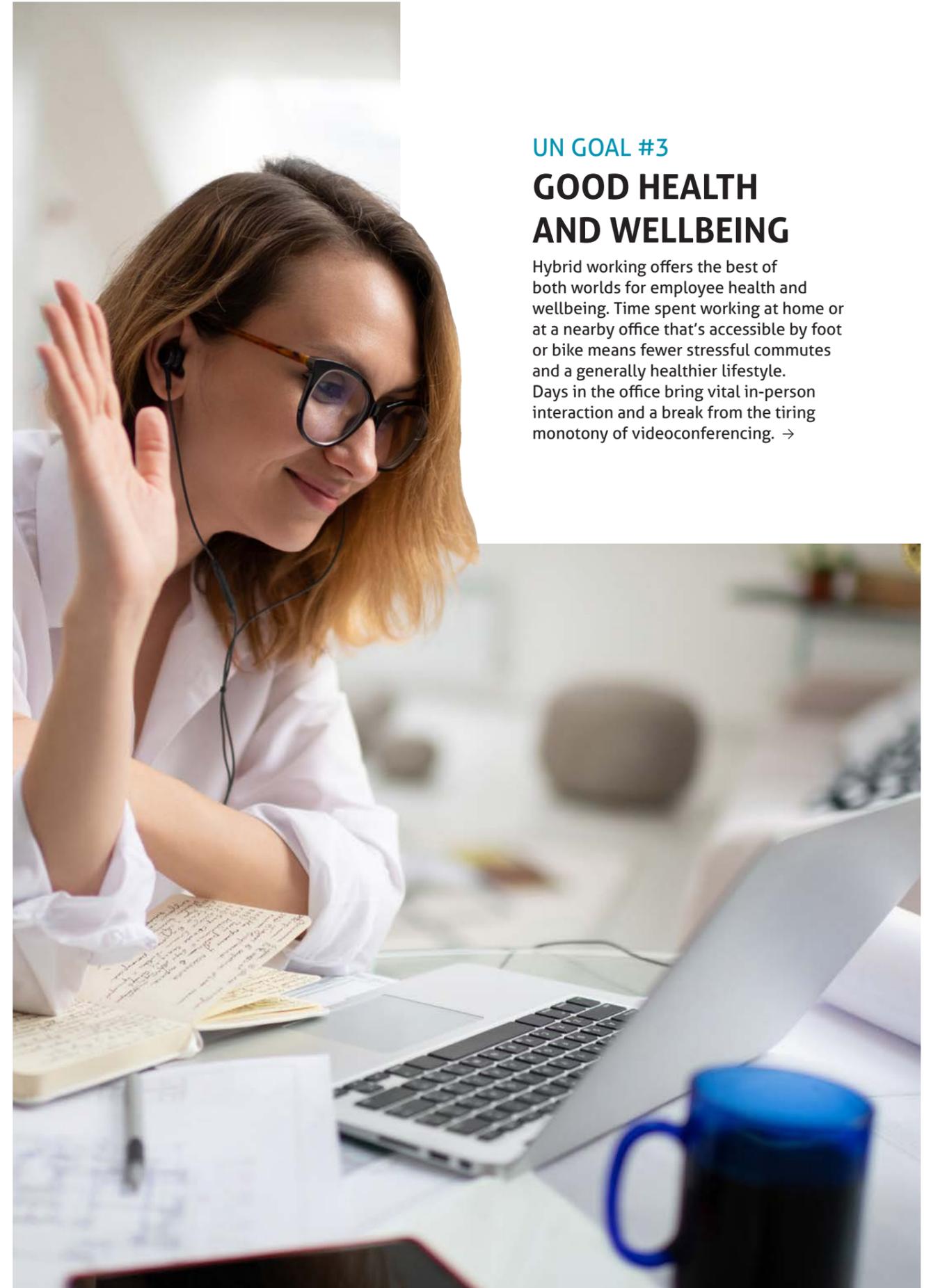
“As a result of the pandemic, there's no doubt that sustainability is now very much front of mind for companies around the world – and they know this is something their customers expect. At IWG, we believe that the adoption of a hybrid working model brings considerable sustainability benefits and can be a major pillar in any company's ESG agenda. And it can also be the foundation of a new approach to work and life that benefits both the planet and its people.”

Mark Dixon, Founder and Chief Executive, IWG

UN GOAL #3

GOOD HEALTH AND WELLBEING

Hybrid working offers the best of both worlds for employee health and wellbeing. Time spent working at home or at a nearby office that's accessible by foot or bike means fewer stressful commutes and a generally healthier lifestyle. Days in the office bring vital in-person interaction and a break from the tiring monotony of videoconferencing. →





In 2019, Americans lost an average of 99 hours and \$1,377 sitting in traffic congestion

SOURCE: 2019 GLOBAL TRAFFIC SCORECARD FROM INRIX (TRANSPORTATION ANALYTICS)

Cutting down on commuting

Everyone hates commuting, whether it's in a car stuck in gridlocked traffic or on a packed bus or train. It uses up precious time and also costs money we'd prefer to spend elsewhere.

And it's bad for us. A report by the UK's Royal Society for Public Health in 2016 highlighted the health impacts of commuting by rail, bus or car, showing that longer commute times are associated with increased stress, higher blood pressure and BMI, and reduced time available for health-promoting activities such as exercising and sleeping.

A reduction in commuting, even for just two or three days a week, can lead to a significant increase in wellbeing. And if companies adopt the 'hub-and-spoke' workplace model, offering employees the opportunity to work in a satellite office close to their homes, the short journey is likely to be undertaken on foot or by bicycle, with added benefits to health.



HOW COMMUTING HARMS OUR WELLBEING



Over half of commuters say the commute increases their stress levels



Over one-third say the commute decreases the time they spend sleeping



More than two in five say the commute decreases the time they spend being physically active

SOURCE:

HEALTH IN A HURRY REPORT, RSPH

PRE-PANDEMIC COMMUTING TIMES AROUND THE WORLD

London		47 mins
Paris		50 mins
Berlin		50 mins
Rome		48 mins
New York		54 mins
Madrid		45 mins
Sydney		46 mins
Dubai		45 mins

TIME SPENT COMMUTING BY PUBLIC TRANSPORT EVERY DAY. SOURCE: MOOVIT

TOP BENEFITS OF WORKING CLOSE TO HOME



No commuting



Saving money
(food, travel
costs, etc.)



Improved work-
life balance



Less stressful
working
environment



More time with
family



Local benefits

Having an extra half hour in bed, calmly getting up and seeing the kids off to school and then sitting down at your home desk or strolling to a nearby flexspace... The peace of mind that comes from working locally can't be underestimated. A global survey of 9,000 knowledge workers by Slack found that as well as more time and less money spent on commuting, respondents valued an improved work-life balance and a less stressful working environment as perks of working close to home. "With more time and fewer office stressors, on average, they seem to experience a boost in their quality of life," it reported.

The chance to spend more time with family and loved ones (not to mention pets: see below) has obvious positive affects on mental wellbeing. And errands that previously could only be done by taking time off work can more easily be fitted into a daily schedule, as can caring for a relative or loved one, or even just finding the time to see a child play a key basketball game.



Office benefits

While there are benefits to working at home, there are also potential negatives. During periods of lockdown during the pandemic, many complained of a sense of isolation: those who live on their own, in particular, can suffer from loneliness when their only contact with colleagues comes via a screen. And the screen itself can become a burden: so-called 'Zoom fatigue' is a common complaint, referring to the sense of exhaustion that can result from hours of video calls.

This is why time spent in an office by hybrid workers is crucial to wellbeing, offering the opportunity to see and interact with colleagues in the real world. Collaboration and team-building are far more practical in an office scenario, leading to greater job satisfaction and

a feeling of being more connected to company culture. A survey of 12,000 professionals in the US, Germany and India by Boston Consulting Group (May-June 2020), found that during lockdown they missed the connectivity they had with colleagues in the office, especially "being able to spontaneously walk to a coworker's desk and discuss an issue" and "social gatherings at work". Those social moments and chance encounters at the watercooler, which are almost impossible to recreate when working at home, offer the opportunity for idle gossip, creative discussion and the growth of personal relationships. And this can be particularly crucial for new entrants to the workplace.

"It is a particular problem for young new graduates moving to an unfamiliar city on their first job," says Robin Dunbar, Emeritus Professor of Experimental Psychology at the University of Oxford. "With no family or friends nearby, work is the only place they can find friends and arrange social events. 'We come in to work to see our friends!' has been their response to surveys."

Office time isn't just about professional collaboration – it's also essential for our need to connect as human beings.



THE PET BOOST TO HEALTH

There are significant benefits to our wellbeing when we spend more time with our pets. Cuddling or stroking a pet releases the hormone oxytocin in our brains, which has a calming and soothing effect, as well as significantly reducing our levels of the stress hormone cortisol.

"Remote working is a particular problem for young new graduates moving to an unfamiliar city on their first job"

Robin Dunbar, Emeritus Professor of Experimental Psychology, University of Oxford

ALL ABOUT THE PEOPLE: THE TOP REASONS PEOPLE WANT TO COME TO THE OFFICE



Socialising with colleagues: 54%



Impromptu face-to-face time: 54%



Scheduled meetings with colleagues: 54%



To be part of the community: 45%



Access to technology: 44%



To focus on my work: 40%



Scheduled meetings with clients: 40%



Professional development/coaching: 33%



Access to amenities: 29%

SOURCE: GENSLER US WORK FROM HOME SURVEY 2020

UN GOAL #5 GENDER EQUALITY

The pandemic has proved disproportionately hard for women, but hybrid working potentially offers a future of more equal opportunities and a more equitable sharing of family responsibilities. →



Women at risk

Over the past year there has been much talk of a 'she-cession', with women affected much harder than men by pandemic-enforced closures in sectors such as hospitality, entertainment, leisure and retail. According to McKinsey, women's jobs were 1.8 times more vulnerable to the pandemic crisis than men's. And while women make up 39% of global employment, they accounted for 54% of overall job losses. A recent study by the Economic Policy Institute found that black women were over 30% more likely to be out of work during the pandemic than white men. As Melinda Gates put it, "When the world's economies were pushed to the brink, it was women who fell over the edge."

Women have also long suffered from the effects of working a 'double shift' – a full day of work followed by hours spent caring for children and doing household chores. And as the principal carers in relationships, they are often stigmatised in the workplace for

leaving the office early or taking time off for family reasons.

The future for women in the workplace is now in the spotlight as the world moves out of the pandemic, with both governments and employers looking to introduce measures to address what has become a very hot topic, with one in four women reported to be contemplating downshifting their careers or leaving the workforce completely. As McKinsey puts it, "The choices companies make today will have consequences on gender equality for decades to come."

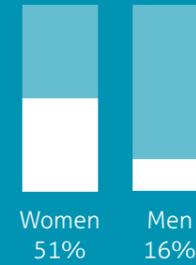
"When the world's economies were pushed to the brink, it was women who fell over the edge"

Melinda Gates

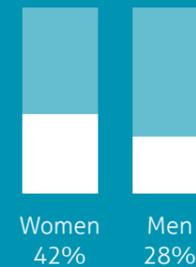


WOMEN AND FAMILIES: AN UNEQUAL STRUGGLE

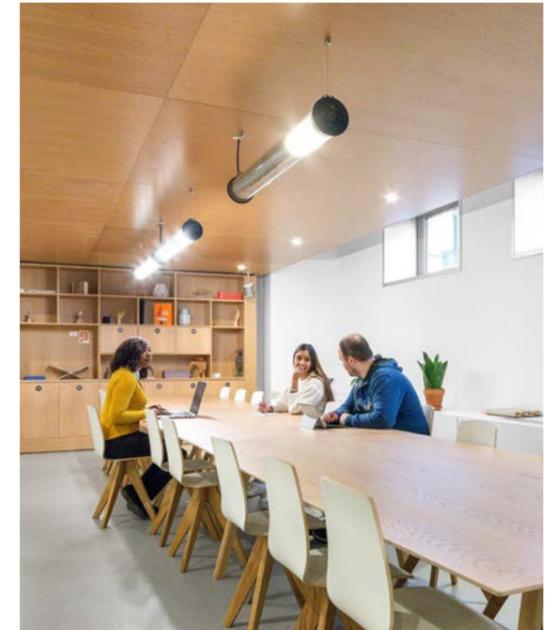
Percentage of US professionals who say that being a working parent makes it harder to advance in their career



Percentage of US professionals who have reduced their hours at some point in their working life in order to care for a child or other family member



SOURCE: PEW RESEARCH CENTER



Evening things up

The hybrid working model can play a key role in evening up the gender imbalance. Before the pandemic, there was already a push to encourage remote and flexible working as a way of keeping women in the workplace while allowing them to look after young children. Yet this also brought challenges. So-called 'distance bias' means that those who work from home full-time often find themselves left out of the informal networking that happens in an office, which can in turn result in poorer pay and promotion prospects.

"If going to the office becomes a status symbol, at least among knowledge workers, our concern is that men will be gifted more exclusive or privileged access to it than women," says the *Harvard Business Review*.

In the hybrid working world, however, everyone gets a turn in the office and a chance to shine. And if both parents in a family work in a hybrid way, they can split household responsibilities, with men taking their fair share of picking up kids from school or caring for toddlers.

"Our data shows that for women and men (especially caregivers) a hybrid workplace matters most – one that blends work and home and allows them autonomy to work in a way that suits them," says Michelle Nettles of ManpowerGroup.

UN GOALS #7 AND #13 CLEAN ENERGY & CLIMATE ACTION

Hybrid working can lead to significant reductions in fossil fuel use and green house gas emissions thanks to fewer car and plane journeys, while companies can reduce their carbon footprint by downsizing offices.

Blue sky thinking

In the early days of the pandemic, as offices closed and nations went into lockdown, the clear blue skies reported in major cities, from Los Angeles to New Delhi, were a striking demonstration of the connection between commuting and global warming.



Covid-19 lockdowns in 2020 caused fossil carbon dioxide emissions to decline by an estimated 2.4 billion tonnes

According to Future Earth's Global Carbon Project, the Covid-19 lockdowns in 2020 caused fossil carbon dioxide emissions to decline by an estimated 2.4 billion tonnes – a record drop, with the largest share of the global decrease coming from reduced emissions from transport, both on the ground and in the air.

It's clear that the reduced levels of commuting connected to hybrid working in the future will have a significant (if smaller) effect. Global Workplace Analytics has estimated that if all US residents who could and wanted to work from home started doing so for half the week, it would be the greenhouse gas equivalent of taking the entire New York State workforce off the road.

Also factored in should be the decrease in emissions as a result of less business air travel, as hybrid workers continue to use videoconferencing. Even a small reduction in air travel can have significant benefits in terms of air pollution: a return flight between San Francisco and London produces more than twice the greenhouse emissions produced by a family car in a year.

Getting the balance right

As well as individual workers, companies will also be responsible for fewer emissions in the hybrid world. Reducing employee commuting is the most effective way they can reduce their environmental impact. And with staff working partly from home or close to home, firms will also be able to downsize their office headquarters, with a consequent reduction in energy use.

Of course, reduced emissions at the office and from commuting have to be balanced against increased energy use in the home. However, most studies show that home or local working results in a net reduction, with one suggesting it can be as much as 77%.



Home or local working can result in a net reduction in emissions of as much as 77%

Taking action

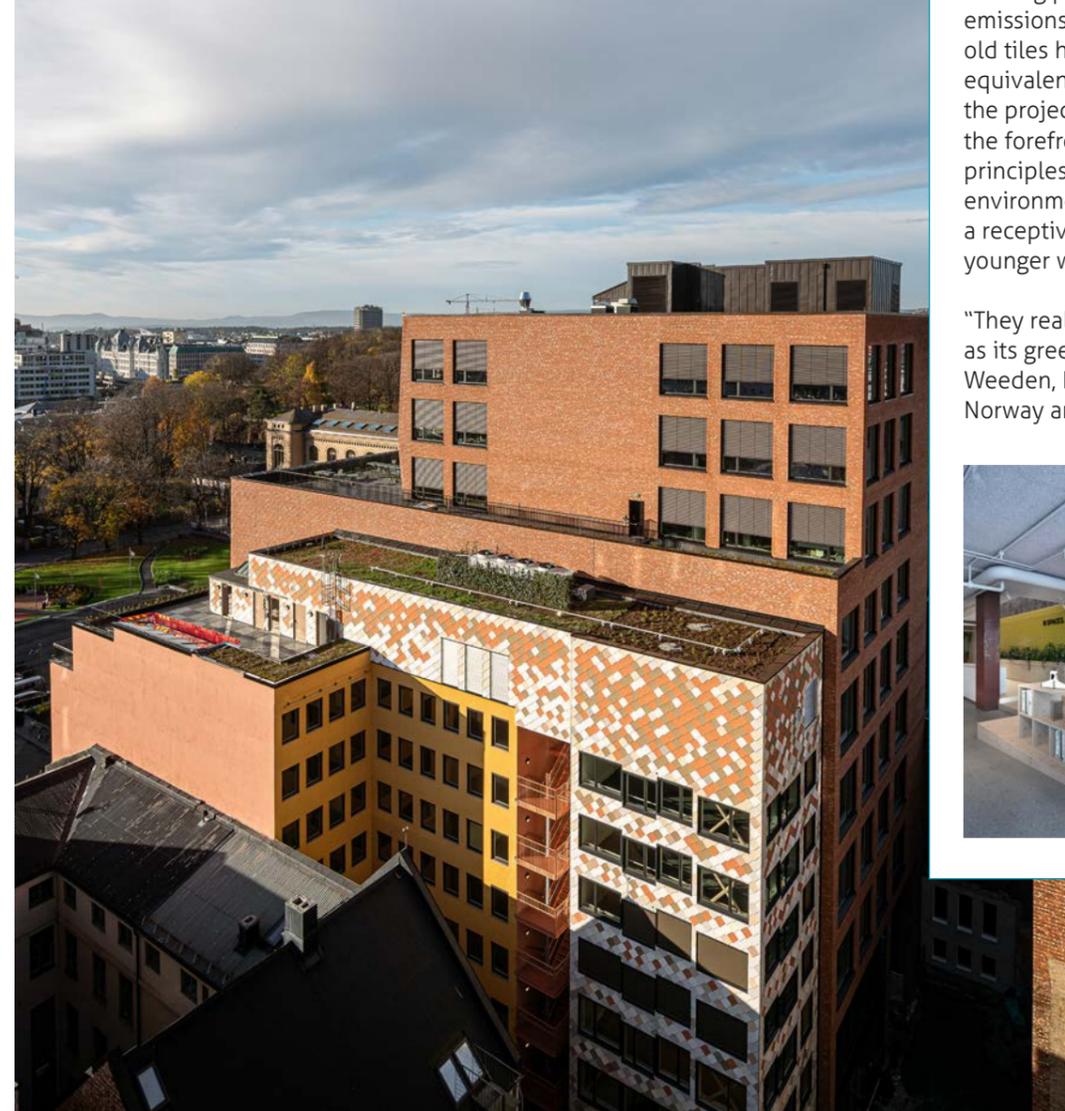
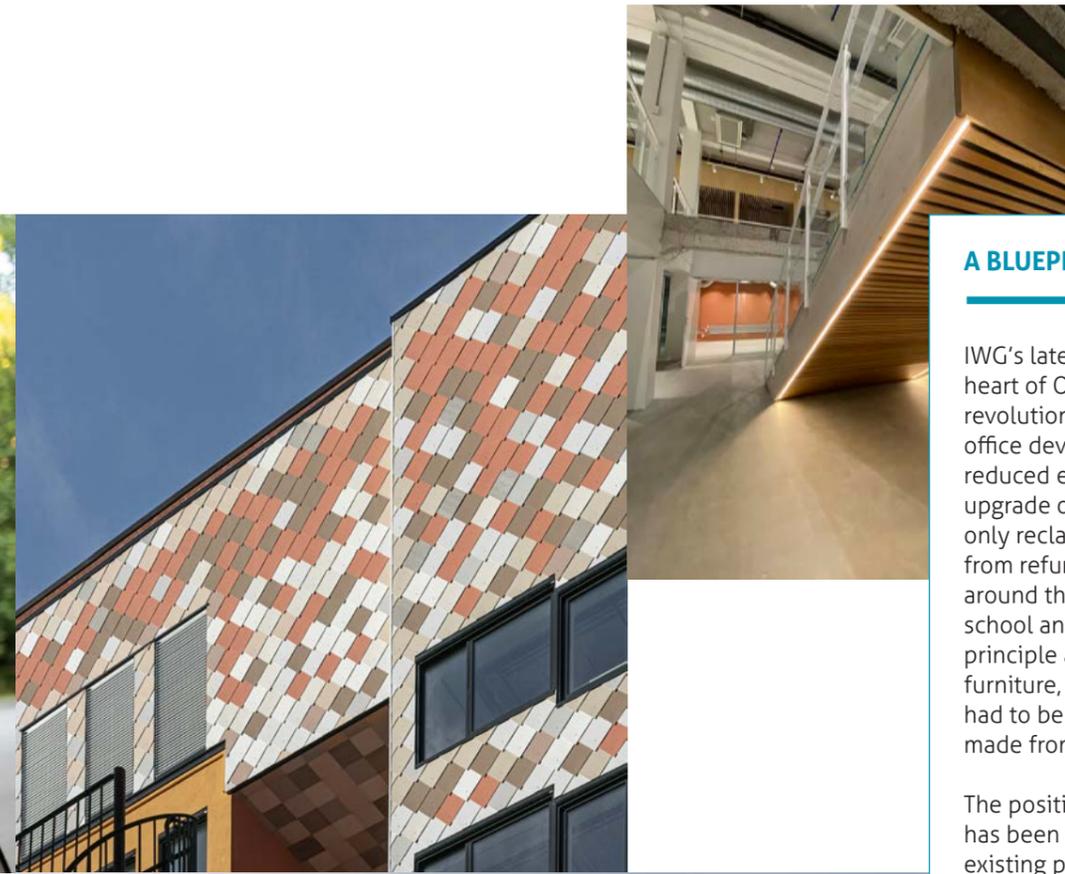
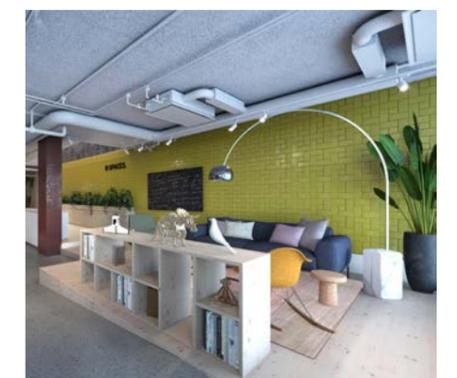
In its own way, hybrid working can be seen as an indirect form of climate action. As the UN has pointed out, although greenhouse gas emissions dropped in 2020, emissions are likely to return to higher levels once the global economy begins to recover from the pandemic. By adopting a hybrid work model, companies can significantly reduce their own carbon footprint and those of their employees. On its own, this isn't the answer to the climate emergency, and other measures will need to be taken but, nevertheless, switching to hybrid working is a step that can clearly bring positive results.

A BLUEPRINT FOR THE FUTURE

IWG's latest Spaces location in the heart of Oslo is helping to define a revolutionary new approach to future office development, with a massively reduced environmental footprint. The upgrade of a tired 1950s building used only reclaimed or recycled materials from refurbished or demolished sites around the city, including offices, a school and even a care home. The principle also extended to reusing furniture, and whenever new items had to be created, they were also made from repurposed materials.

The positive environmental impact has been immense. The use of existing products has reduced CO2 emissions by up to 95%. Just using old tiles has saved 34,000kg of CO2, equivalent to 8,500 burgers. Overall, the project is recognised as being at the forefront of circular construction principles. And its look, feel and environmental credentials have found a receptive audience among Oslo's younger workers.

"They really like its quirkiness as well as its green heritage," says Thomas Weeden, IWG's Country Manager of Norway and Finland.



UN GOAL #8
ECONOMIC GROWTH

Economic growth can come from increased productivity, and the hybrid model gives workers the opportunity to choose when and where they're likely to be at their most effective.



The hybrid dividend

Hybrid working saves money. According to Global Workplace Analytics, a typical employer can save around \$11,000 every year for every person who works remotely half of the time. When multiplied across a whole organisation, this can amount to a significant amount of cash that can be redirected into growth or training, for example.

And hybrid working also boosts productivity. Research by IWG found that companies are realising that their workforces can be both highly engaged and productive while working according to a hybrid model of home, local office and corporate HQ. According to IWG's survey, three times the number of FTSE 250 companies are currently looking to employ a hybrid office model compared to those looking to carry on in the same way as pre-pandemic. A study by Forrester in May predicted that 70% of US and EU companies are planning a full shift to hybrid working.



Interruptions to employees' work in the office cost the US economy more than \$500bn a year, says research by Basex

The productivity boost of hybrid working comes from combining the best of both worlds. On the one hand, some work requires quiet and focused thinking free from interruption. Sometimes the home can be the best place for this but, if there are distractions such as children or other family members on hand, the quiet areas of a local flexspace are more appropriate. A large corporate HQ tends to have too many distractions.

But we also need times when we get together for brainstorming and collective problem solving. Nicholas Bloom, Professor of Economics at Stanford University, believes this kind of collaboration is essential for companies to thrive. "I fear this collapse in office face time will lead to a slump in innovation," he said of the effects of lockdown. "The new ideas we are losing today could show up as fewer new products in 2021 and beyond, lowering long-run growth." Bloom's research has shown that face-to-face meetings are essential for developing new ideas and keeping staff motivated and focused.



Nearly half (46%) of 1,500 senior managers surveyed by law firm CMS felt that a mixture of home and office provided the best work environment for employee

productivity, while only 32% felt the office alone was best. Less than a quarter (23%) felt that working exclusively from home was best for productivity.

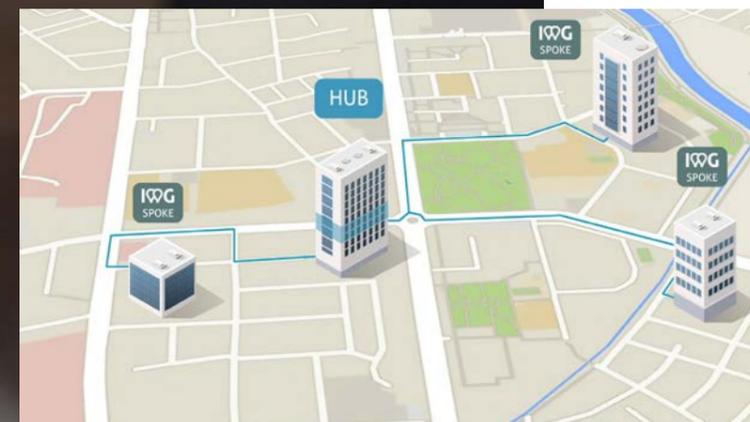


UN GOAL #11
SUSTAINABLE CITIES
AND COMMUNITIES

Hybrid working has the potential to revitalise communities, as workers spend more time working at home or close to home. The 'hub-and-spoke' model and an increase in the number of flexible workspaces can also contribute to an increase in wellbeing and community spirit.



In a survey of workers by IWG last November, 77% said a place to work closer to home would be a must-have for their next job move



Bringing local to life

The 'hub-and-spoke' workspace model is already changing communities. "Big enterprises are moving away from relying on a single, central HQ and increasingly basing employees outside of the major metropolitan hubs in flexspaces in what we're calling 'outer-city' locations: smaller cities, towns and suburban locations," says IWG's Mark Dixon. "In the near future, we believe that there will be a professional workspace available everywhere – from the largest city to the smallest village. This transformation will unlock unprecedented value for workers, businesses and local economies, while providing an important contribution to improving the environment. With people working locally, local amenities and retail outlets will receive a boost and new jobs will be created to service a national network of workspaces."

Dixon points out that IWG's workspaces outside London's orbital M25 motorway have surged in popularity during the pandemic, with towns on the outskirts of the capital emerging as working 'hot spots', while demand for space in the City of London has dropped 26%. In the last two years, almost all new IWG centres have been opened in non-city environments and regions away from major urban areas.

Life during lockdown also seems to have given many people a greater appreciation of their local area and a desire to spend more time there. "People want to work close to where they live," says Dixon. "It's going to stick. The most valuable real estate in the world may well be in Gerrards Cross [a Buckinghamshire town just beyond the M25], not Central London."

BREATHING NEW LIFE (AND MONEY) INTO LOCAL COMMUNITIES

According to IWG's report on The Flex Economy, the economic and social benefits to local communities of new flexible workspaces are significant in terms of both job creation and value creation.



218

The report calculates that 218 new jobs are created by the opening of one new flexible workspace.

3,424,283

Globally that would equate to 3,424,283 million local residents finding work.

\$16.47m

At the same time, \$16.47m per annum of gross value add is created by an 'outer-city' flexible workspace.

\$9.62m

Some \$9.62m of that is retained by local economies.

\$254bn

This adds up to a potential \$254bn globally.

The 15-Minute Commute

The hub-and-spoke workspace model twinned with hybrid working also plays a key role in the development of the so-called '15-Minute City'. An urban planning concept developed by French academic Carlos Moreno, its central idea is that work, home, shops, entertainment, education and healthcare should all be within 15 minutes by foot or bicycle from where we live. It has already been brought to life in Paris, where mayor Anne Hidalgo is currently engaged in an 'ecological transformation' of the French capital into a collection of neighbourhoods. Many other cities, including Milan, Edinburgh and Madrid, are working on developing the concept.



in the concept: Hidalgo has pledged that nearly a third of the city's housing stock will be in the public domain by 2030 – even in more wealthy neighbourhoods.

However, as Moreno himself has admitted, "Not all people have the possibility of having jobs within 15 minutes." But if people can work at a nearby flexspace, that problem is solved, leading to what IWG has termed the '15-Minute Commute', as workers embrace a working day that fits seamlessly into a local ecosystem catering for all of their needs.

15 mins away



A brighter future

As we have seen, there are considerable environmental, social and economic benefits that companies and organisations can achieve by switching to a hybrid working model. For any business looking to increase its ESG commitments, it makes sense to follow this route, which surveys also show most employees favour.

As IWG's Founder and Chief Executive Mark Dixon says, "It's hard to argue with a strategy that helps to reduce carbon emissions, improves employee health and wellbeing, aids economic growth and makes local communities more sustainable."



To help your business navigate the new world of work, speak to IWG today iwgplc.com