International Workplace Group

The Future of Work: a trends forecast for 2022

HYBRID WORKING: AN ERA-DEFINING REVOLUTION

The world of work is in a constant state of flux. But change has usually been slow over the centuries, taking years or decades rather than months or weeks.

Every now and again, however, something really dramatic happens that changes things for ever. The Industrial Revolution. The railway. The motor car. The desktop computer. The internet.

Today, we are witnessing another of these seminal moments with the hybrid working phenomenon – where people can work either at home or in a local flexible workspace, with an occasional visit to the head office.

We mustn't underestimate the significance of what we are witnessing. In years to come, the 'hybrid revolution' will be recognised as every bit as important as anything that has gone before.

The original catalyst for this shift is the digital revolution, which started in the 1970s with the launch of the first personal computers. Today, digital technology puts into every white-collar worker's hands all the tools they need to do their job. But it has only been in the last four or five years with advancements in technology that the shift towards hybrid working has gathered pace.

The office today is no longer a defined physical place. Rather, it is a digital construct. Often, data saved in the Cloud isn't even in the same country as the staff accessing it.

So why should workers go to the effort and expense of dragging themselves into work to spend the day working on a device they have brought with them, and will take back home at the end of the day?

While the Covid-19 pandemic is set to only be a temporary phenomenon, it's clear that its effects on how millions of people work will be with us for good. And I say that if the massive acceleration we're seeing in the uptake of hybrid working is the pandemic's ultimate legacy, then at least part of its impact can be said to be positive.

First, millions no longer need to make a daily commute, slashing carbon emissions and helping us collectively drive our way to net zero. Then there is that parallel increase in the numbers of people working at or close to their homes in flexible workspaces, seeing more of their families and friends and doing more to support local economies and participate in their communities.

Companies are also benefiting from significant falls in their real estate costs, along with tangible productivity gains and an increased ability to attract the best talent no matter where they are located. Hybrid working is no longer a nice to have: more than 70% of candidates are now insisting that companies have a flexible work policy.

Firms have also come to realise that they no longer need a sea of desks in a single, expensive city-centre location. Instead they are reconfiguring their office footprint, bringing offices closer to their people and adopting the hub-and-spoke model.

Work in the future will be happening in the heart of local communities everywhere – cities and suburbs, towns and villages – and IWG's focus is on providing local workplaces that people can access close to home, no matter where they live.

This is just the beginning of something truly era-defining that will have a tremendously positive impact on future generations, freeing so many up to lead less stressed and more enriched lives.

Offices are here to stay, but it is a new breed, **the hybrid office**, that will prevail.

Mark Dixon, Founder and CEO, IWG plc

"Work in the future will be happening in the heart of local communities everywhere, so our focus at IWG is on providing local workplaces that people can access close to home, no matter where they live"

The ten trends shaping work in 2022

1

Human relations

At last, there is recognition that people are not commodities. Rather than HR standing for human resources, in the hybrid world it can be rebranded as 'human relations'. This is because companies are realising that happier employees are more productive, and they are therefore investing in mental health, employee wellbeing and improved lines of communication.

At its best, hybrid working embodies respect and personalisation, meaning that no matter what an employee's needs are, they will always have a place to work that best suits them and the flexibility to deliver what is required of them outside the confines of a traditional 9-5 working week. With this in mind, the hybrid model naturally aligns with better mental health because people are less frequently forced to compromise their own needs for those of the company's.

We have already seen employers such as Nike, Bumble, KPMG, *The New York Times* and LinkedIn giving staff impromptu 'pop-up' paid leave to reboot or spend some time on a passion project in a bid to avoid mass burnout. This is because they are realising that stress is a major problem not just for individual workers but for businesses as well (and the pandemic has been highly stressful for almost everyone).

According to the American Institute of Stress, companies in the US lose US$300bn per year as a result of absenteeism, so things really need to change. In years to come, many firms will be proud to say they are part of the 'Caring Economy'.

2

Hyper flexibility

Not so long ago, being able to work from home was something that had to be negotiated with employers, and more often than not they were hesitant for people to do so in case it set a precedent for others in the same company. Having an inflexible blanket rule that compelled everyone to be at their desk was the default way of operating.

Pre-pandemic, some forward-looking companies were beginning to embrace flexible working but, in 2022 and beyond, hyper flexibility will be an expectation. And if companies don't allow it, people will look elsewhere for a job. Last year, an IWG survey revealed that almost half of all office workers would quit if asked to go back to the office five days a week, while nearly three quarters said they would prefer the option of hybrid working to a 10% pay rise, if offered the choice. According to the US Labor Department, a record high of 4.4 million people (3% of workers) left their jobs in the US in September 2021, reflecting a global upheaval in the recruitment market. Following the 'Great Resignation', as the phenomenon has been called, there will be a swing the other way as companies compete to attract talent with ever-more compelling policies and perks, as employees seek the hours, days and locations that suit them best.

Last year, an IWG survey revealed that almost half of all office workers would quit if asked to go back to the office five days a week

Whereas before the pandemic employers were the ones setting the agenda, during the 'Great Rehiring', it will be employees who determine what work looks like and how it should be balanced with their personal lives. And canny companies are realising how to attract talent in this new world of work. According to flexible working consultancy Timewise, the proportion of job adverts offering flexible working has almost doubled to 26% since the beginning of the pandemic.

With the new focus on output and performance rather than time spent at a desk, there could even be more widespread adoption of initiatives such as a four-day work week, which has already been successfully trialled in countries such as Iceland and New Zealand.

3

Workforce dispersion

With employees able to work from anywhere, recruiting from a national or even global pool of candidates (rather than purely local) will become the norm for companies, giving them the chance to find the very best candidates for a job vacancy. At the same time, it will open up even greater possibilities for employees who, before the hybrid working boom, would have needed to commute long distances or move to the city to perform their role in a central office.

Of course, there will still be demand for company HQs as places for people to come together and collaborate, but the hybrid model also allows for people to work remotely both from home and local flexible workspaces. For example, a company in California could hire someone living in London to do a job that previously would have needed them to relocate to San Francisco. In the hybrid world, they can simply check in via Zoom from a coworking site in Mayfair and visit the transatlantic head office two or three times a year.

Workforce dispersion is happening within borders, too, for two main reasons. Thanks to the ability to work from anywhere, employees are moving out of cities to more rural and coastal areas where they can have a better work-life balance, while companies can recruit talent from more remote locations than would previously have been possible.

In this way, having a network of suburban flexspace hubs that act as convenient 'satellites' around a city centre HQ can allow companies to adopt the 'hub-and-spoke' model, whereby employees have access to workspace closer to where they live, driving down the need to be a 'super commuter'.

Workforce dispersion is also a great way of building diversity into organisations, as well as providing socio-economic uplift to people and places that might otherwise have remained on the margins. According to Tamas Varkonyi, People and Operations Manager at equity management platform Ledgy: "Current and future employees can come from and live in completely different situations every day. By not restricting the location of work to expensive cities, you open up to people from less privileged backgrounds."

4

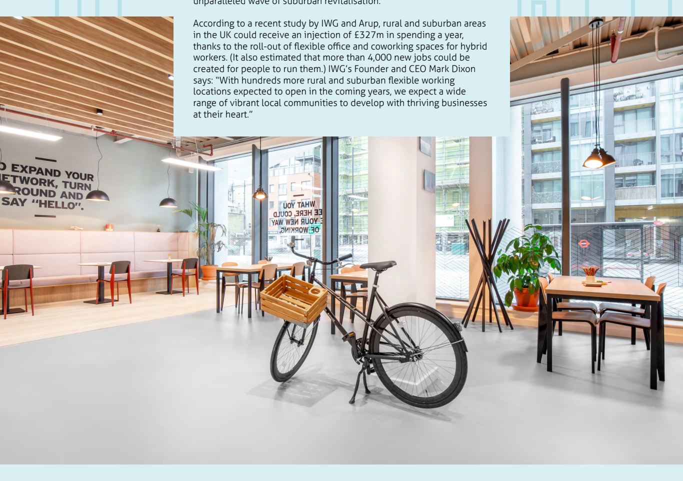
Suburban revitalisation

Hybrid working is revolutionising the make-up of entire countries, turning once dormant local towns and villages into vibrant places to live and work, and boosting spending outside of major urban hubs. This is happening because people are no longer obligated to attend a central office on a daily basis, which not only enables them to move out of cities to better-value areas in terms of housing (or spend more time in suburban communities), but also motivates companies to invest in local coworking spaces that are more convenient and less costly than expansive HQs at premium city addresses.

In Britain, IWG has seen the highest increase in demand for its flexible workspaces in suburban areas such as Bromsgrove (+153%), Andover (+86%) and Havant (+79%). This paradigm shift paves the way for a new work/life reality in which people inhabit a 'Model Village' where everything they need – such as schools, restaurants and workspaces – are in close proximity to where they live (no more than 15 minutes on foot or by bike).

In this new world, towns and villages will no longer experience an exodus of people (especially young people) to the city to find work. On the contrary, there will be an influx of people, who will work at a combination of home and community flexspace. Not only will this create more jobs but it will also increase spending, triggering an unparalleled wave of suburban revitalisation.

According to a recent study by IWG and Arup, rural and suburban areas in the UK could receive an injection of £327m in spending a year, thanks to the roll-out of flexible office and coworking spaces for hybrid workers. (It also estimated that more than 4,000 new jobs could be created for people to run them.) IWG's Founder and CEO Mark Dixon says: "With hundreds more rural and suburban flexible working locations expected to open in the coming years, we expect a wide range of vibrant local communities to develop with thriving businesses at their heart."



5

Part-time commutes

59 mins

The average daily commute in the UK in 2019

45%

The rise in 'super commutes' of 90 minutes or more each way between 2010 and 2019

With greater flexibility around when and where people work, the hybrid model spells the end of the rush hour – at least on some days of the week – because people don't have to travel to and from a city-centre office every morning and evening. Not only does this save employees money, it also leads to less stress and allows more time for health-promoting activities such as exercising and sleeping: a further sustainability benefit.

And the amount of time saved is considerable – in 2019, the average daily commute in the UK was 59 minutes, according to findings from trade union body the TUC. In the US, before the pandemic there had been a 45% rise in 'super commutes' of 90 minutes or more each way between 2010 and 2019 (according to a report in *The New York Times*). And not all were due to distance from the office – in many cases the time it took to get to work was due to congestion on the roads and insufficient public transport.

In a strange twist of fate, the pandemic has been a catalyst for the part-time commute. It also means that people are deciding to move further away from big cities in favour of more rural or coastal lifestyles, knowing that if they do need to travel into the office, they can manage it now and again on an ad hoc basis and combine it with a night or two away from home.

Responding to this trend, hotel giant Accor launched a 'Commute and Stay' package in November 2021 for hybrid workers. Accor says this enables people to have a city base for the night in a central location, as well as a venue for evening entertainment with clients, colleagues and friends.

6

Experience design

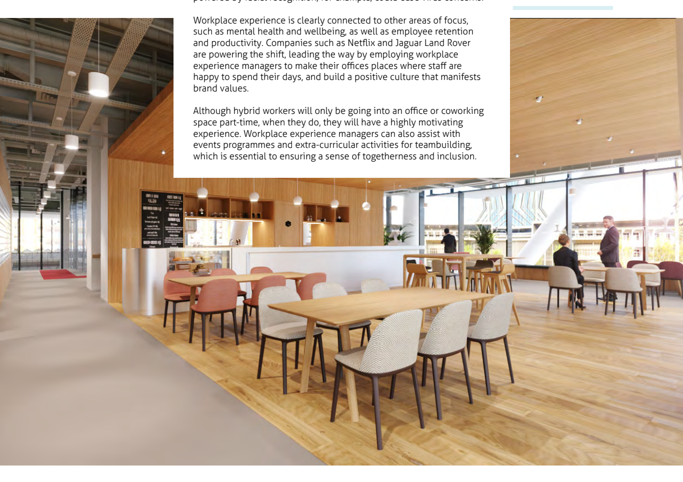
Despite the rise of the metaverse and online working platforms, the vital role of the physical office as a place for collaboration and collective creativity will continue. But what will offices of the future look like? Many experts believe they will become social hubs, suggesting we could see the integration of bars, wellness spaces, expansive communal tables and residential-style lounges. Spaces will be adapted to enhance creativity, relationship building and face-to-face communication between professionals, while the hybrid working model will allow workers to use these new facilities in ways that best fit their own lifestyles and working needs.

Cubicle farms are out. In 2022 and beyond, workspace providers will be delivering hubs that exhibit everything from biophilic design and seamless video-conferencing suites to convivial social spaces, recording studios, hot desks that can be booked by app and al fresco forums for team gatherings.

For many companies, cutting-edge experience design will be used to boost motivation, creativity and a sense of 'culture'. Even fun will have an important part to play – just think of tech giants such as Google, which, even pre-pandemic, had Lego zones, slides and bowling alleys built in. Access to green space will also become a major boon, suggesting that major companies could invest in surrounding parks and gardens for employees. Within the building, touchless technology powered by facial recognition, for example, could ease virus concerns.

Workplace experience is clearly connected to other areas of focus, such as mental health and wellbeing, as well as employee retention and productivity. Companies such as Netflix and Jaguar Land Rover are powering the shift, leading the way by employing workplace experience managers to make their offices places where staff are happy to spend their days, and build a positive culture that manifests brand values.

Although hybrid workers will only be going into an office or coworking space part-time, when they do, they will have a highly motivating experience. Workplace experience managers can also assist with events programmes and extra-curricular activities for teambuilding, which is essential to ensuring a sense of togetherness and inclusion.

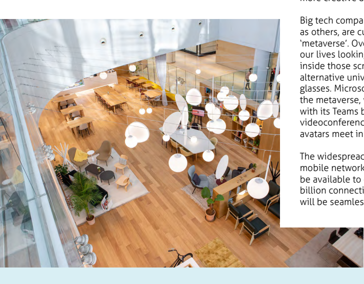


7

Virtual collaboration

At the end of 2019, Zoom had around 100 billion annual meeting minutes – then the world went into lockdown and use of its videoconferencing technology skyrocketed. By October 2020, it was hosting 3.3 trillion meeting minutes (that's the equivalent in time to 6.3 million years). Microsoft Teams has experienced similar growth – acquiring 40 million new daily active users between February and October 2020, taking the total to 115 million. In July 2021, it hit 250 million.

With cloud-based technology central to the success of hybrid working, everyone from independent entrepreneurs to big corporations will be adopting a variety of online tools for virtual collaboration. From virtual whiteboard Miro to workflow platform Monday, there is already a growing raft of innovative digital platforms to help hybrid workers be more creative and communicative. But this is just the beginning.



Big tech companies Microsoft and Meta (formerly Facebook), as well as others, are currently promoting the transformative concept of a 'metaverse'. Over the coming years, they believe, rather than spending our lives looking at our screens, we will instead spend time effectively inside those screens, working, playing or just hanging out in an alternative universe via virtual reality headsets and augmented reality glasses. Microsoft, in particular, is pushing a work-centred vision of the metaverse, which integrates the company's Mesh VR platform with its Teams business communications platform. This means videoconferences will become a very different experience, as our avatars meet in whatever virtual setting we think is appropriate.

The widespread roll-out of 5G will help to power this shift. By 2025, mobile network industry organisation GSMA says that 5G is likely to be available to one third of the world's population (equivalent to 1.2 billion connections). When this is the case, mobile virtual collaboration will be seamless and high quality with no lag.

8

Green dividends

The blue skies seen over previously smog-bound global cities during periods of lockdown were a graphic demonstration of how the environment – and our own health – can benefit from reduced commuting. But cleaner air is not the only sustainability benefit that comes from hybrid working. In fact, it can play a major role in supporting a number of the United Nations' 17 Sustainable Development Goals for 2030, allowing businesses to easily achieve substantial green dividends in areas such as sustainable cities and communities, clean energy and climate action, gender equality, and good health and wellbeing.

As Mark Dixon, Founder and CEO of IWG, says: "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."

In 2022 and beyond, greater flexibility around how often it's necessary to commute to a city-centre office will be just one of a number of ways companies will be able to reduce their overall carbon footprint. As many companies downsize city-centre offices and incorporate shared flexspace into their real estate portfolio, hybrid working will also reduce corporate energy consumption.

According to Global Workplace Analytics, 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. Even a modest reduction in business travel by air in favour of video conferences can make a significant difference, which is probably why executive jet-setting will need to be carefully considered in the decade ahead.

The hybrid working model can also play a key role in evening up the gender imbalance in many offices, where women are often forced to do a 'double shift', doing a full day of work while also caring for children or other family members. If both parents in a family are working in a hybrid way, they can split household responsibilities, with men doing their fair share of picking up kids from school or looking after toddlers.

9

Reduced overheads

Office rent is typically one of a company's biggest costs. According to global real estate consultancy JLL, the most expensive premium office rental markets in the world are Hong Kong, New York, Beijing and London, costing as much as US$313 per square foot in 2020. One of the many benefits of hybrid working is that offices no longer have to accommodate all employees at the same time, meaning companies can downsize their workspace. This results in leaner corporate real estate (CRE) footprints, giving businesses the opportunity to increase profit margins.

Although some companies are getting rid of offices entirely, moving to a combination of working from home and local flexspaces, the prevailing trend will be for a hybrid model, whereby an HQ still plays an important part in operations. However, when it comes to expanding either domestically or internationally, providing employees with access to satellite flexspace allows businesses to contract or expand directly in line with how many employees they have, rather than taking out long, rigid office leases that can end up being cripplingly expensive.

A typical employer can save about US$11,000 every year for every person who works remotely for half of the week

Having a lower CRE footprint also means lower utility bills, cleaning fees and office equipment costs – again contributing to reduced overheads. According to Global Workplace Analytics, a typical employer can save about US$11,000 every year for every person who works remotely for half of the week.

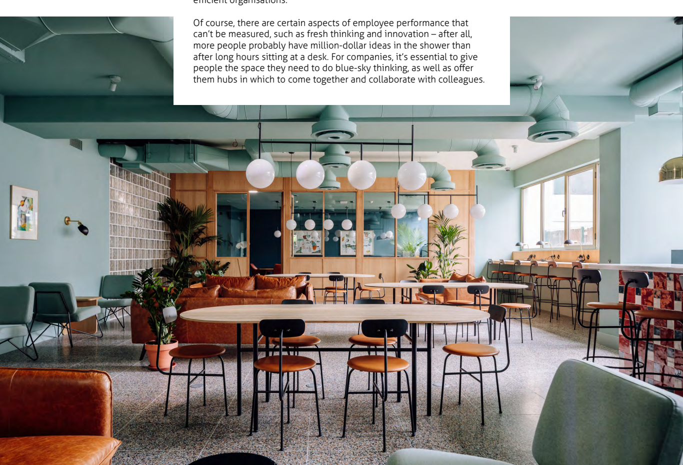
10

Productivity metrics

Instead of focusing on presenteeism as a measure of employee commitment, companies are now more likely to evaluate effectiveness based on an individual's output. From an employee's perspective, they would probably prefer it if employers simply trusted them to do their job but, from the point of view of a business, measuring productivity will be a logical next step in the hybrid revolution.

With cloud-based workflow tools such as Quixy, Hive and Nintex integrated into company operations, it will become much easier to monitor, track and assess who is doing what and whether or not deadlines are being met. Reams of real-time data will soon give rise to new productivity metrics that will be used to build highly efficient organisations.

Of course, there are certain aspects of employee performance that can't be measured, such as fresh thinking and innovation – after all, more people probably have million-dollar ideas in the shower than after long hours sitting at a desk. For companies, it's essential to give people the space they need to do blue-sky thinking, as well as offer them hubs in which to come together and collaborate with colleagues.



THE FUTURE IS HYBRID

BUSINESS LEADERS' ADVICE FOR THE YEAR AHEAD

MEET YOUR PEOPLE'S NEEDS

"Hybrid work represents the biggest shift to how we work in our generation and it's clear there is no single standard or blueprint for it. Every organisation's approach will need to be different to meet the unique needs of their people. According to our research, the vast majority of employees say they want more flexible remote work options, but at the same time also say they want more in-person collaboration, post-pandemic."

Satya Nadella, CEO, Microsoft

GIVE THEM THE RIGHT TOOLS TO DO THE JOB

"In terms of tech, the big hybrid work experiment officially begins now. Digital infrastructure will continue to be the foundation for hybrid working going forward and there's an onus on organisations to provide the tools to help employees securely communicate and collaborate from home – and that's going to have to be a little more thought out than just a webcam on a laptop. Ultimately, the right technology in a hybrid world means delivering employees with as rich a set of collaboration tools as possible, ones that don't exclude people on the basis of their physical location, and ones that can be trusted 100%."

Chintan Patel, Chief Technologist, Cisco UKEI

ALLOW THEM WORKSPACE FLEXIBILITY

"Covid has helped us redefine how people work and who should come to an office, especially in countries such as India, where people can be stuck in traffic for three or four hours a day. We want to ensure employees have a place to work that is closer to where they live. In the past, we would just go out and get a long-lease office with 50 seats or 100 seats, but flexibility is very important in this current environment and access to IWG flexspace gives us that."

Arvind Kumar, Global Vice President, NTT Global Sourcing

KEEP THEM HAPPY

"At Avaya, we talk about 'hybrid happiness'. Employees are happy when they can choose where to work, and their happiness leads to productivity, which is beneficial for the company. With our new hybrid model, employees can choose if they want to work side by side with the customers, meet the partners in one of our meeting rooms, spend a day with colleagues in the office or focus on a specific subject at home. The pandemic has shown that hybrid collaboration and home offices are here to stay."

Ourania Odermatt, Managing Director, Avaya Switzerland and Austria

A NEW WORLD OF OPPORTUNITY

As we enter a third year of the pandemic, there are signs that an end may be in sight. There are certainly reasons for optimism.

What cannot be doubted is that the pandemic has already changed forever the way most of us work. The hybrid revolution has begun in earnest, and in this white paper we have identified and explored 10 trends shaping its future.

We believe that companies can make the most of the hybrid working future by adopting new processes and policies today to bring positive outcomes for their employees, for their bottom line and for the planet on which we all live.

Our top six tips for the year ahead

Recognise the crucial importance of technology in the new world of work, and ensure you have systems in place to allow employees to work effectively from wherever they are.

Take advantage of the new 'work from anywhere' paradigm to widen your recruitment net in terms of both geography and diversity.

Take time to fully investigate the many potential sustainability benefits for your business associated with hybrid working.

Invest in employee wellbeing and reap long-term loyalty and productivity.

Explore suburban flexspace opportunities, with a view to reducing CRE overheads and expensive leases.

Think of offices and coworking spaces as places for creativity, fun and human connection, helping to build and maintain a resilient company culture.

"One of the lasting legacies of the pandemic will be the ability to work in different ways, in different places – and more companies will have distributed workforces empowering their teams to work closer to or from home"

Mark Dixon, Founder and CEO, IWG plc

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

iwgplc.com