



# New ways of work:

## Spotlight on workplace transformation in North Asia

SUPPORTED BY 

Economist Impact, supported by Google Workspace, conducted a survey of more than 600 knowledge workers across Asia Pacific about their experiences with hybrid or flexible work.

The research shows that the pandemic has changed the way organisations are looking at the nature of work. Some form of flexible work is here to stay, and organisations continue to find new ways of work that provide them with solutions that are flexible, collaborative, and productive and secure. This article—one of a four-part series examining the future of work in the region—focuses on North Asia (Hong Kong, Korea and Taiwan).

The series complements Economist Impact's 2021 global study on the future of hybrid work, "Making hybrid work human", which can be accessed [here](#).

### Key findings

- Only 34% of Korean and 30% of Taiwanese knowledge workers will spend part of their week working remotely after 2022, less than elsewhere in Asia Pacific
- Smaller companies expect less flexibility owing to the inadequacy of technical infrastructure and remote work tools among smaller companies. Only 19.4% of small companies expect to see flexibility in their work weeks compared with 37.7% of larger companies.
- In Hong Kong, companies are embracing hybrid working models as a key benefit to attract and retain talent. Exorbitant commercial rental costs in the city state have also driven the popularity of hybrid work.
- Companies across the region are grappling with the sunk costs of empty offices, but many are still not planning to downsize.

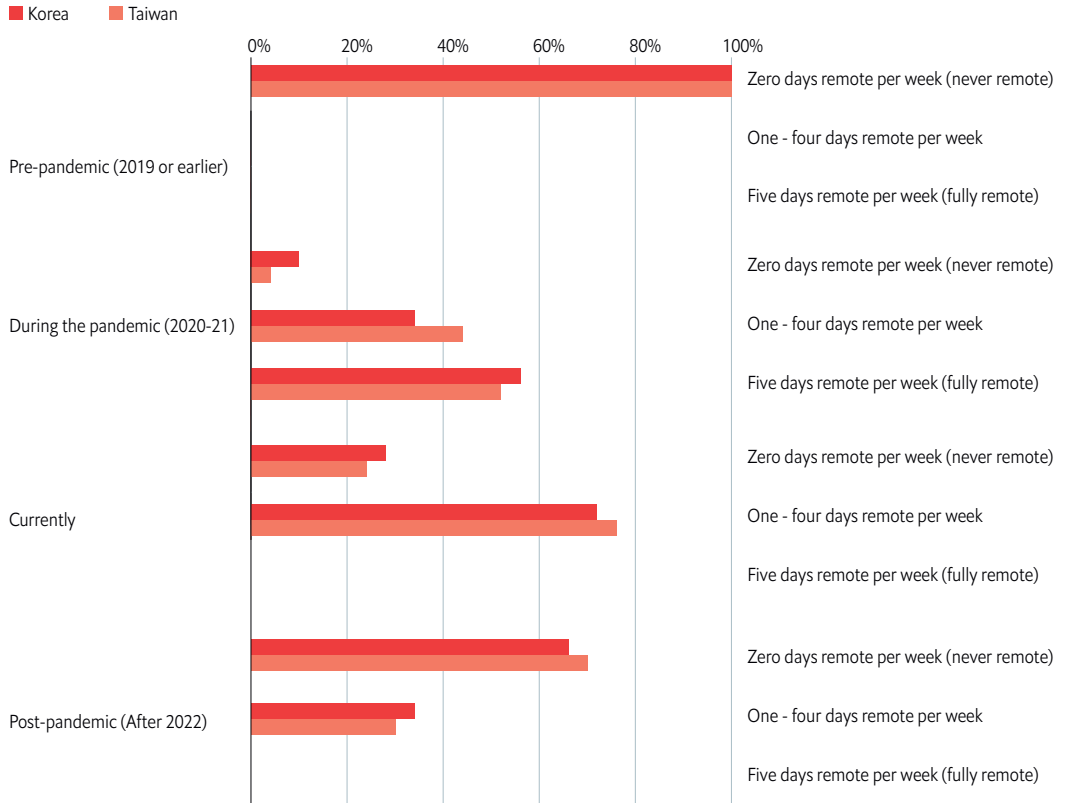
### North Asia takes a peek into the future of work

Markets in North Asia including Hong Kong, South Korea, Taiwan and Japan are among the most developed in Asia Pacific, equipped with some of the most advanced technologies. Yet, companies in the region broadly demonstrate rather conservative attitudes towards hybrid and flexible work models.

According to a survey by Economist Impact on Asia Pacific countries' experience with hybrid work models, prior to the pandemic, hybrid work arrangements were non-existent in Korea and Taiwan, while a small share of Japanese respondents (12.5%) were able to work remotely.

**Figure 1: Increased prevalence of remote work in South Korea and Taiwan during covid-19**

Considering a typical five-day work week, please indicate how many days you work(ed) remotely, or expect to work remotely, during the following time periods? (% respondents)



Source: Economist Impact.

**Hybrid work in flux**

However, with the impacts of covid-19, those attitudes shifted: nearly all respondents in Korea and Taiwan say the pandemic resulted in their organisation issuing policies on remote working arrangements where previously none had existed. Today, a majority of Korean (72%) and Taiwanese (76%) respondents spend at least a portion of their week working remotely.

As companies look towards a post-pandemic reality, another shift is under way as workforces move en masse back to the office space. After 2022, only 34% of Korean and 30% of Taiwanese respondents will continue spending part of their

week working remotely, while fully remote work (five days a week) will disappear entirely.

These sentiments reflect a general office-bound culture in a majority of Asian societies, including those in South-East Asian markets, in stark contrast to the attitudes of organisations in Australia and in the West. However, North Asian markets also appear to be far more “conservative and uncertain of the hybrid trends”, notes Truddy Cheung, a senior director at real estate consultancy JLL. For example, 70% of Taiwanese respondents will return to full-time office work, the highest in the region. In comparison, only 41.9% of Japanese respondents will continue to work in-person full-time, while the number is even lower for those in Australia (30.4%).

Japan offers an interesting perspective on the success of hybrid work in Asia Pacific. It has demonstrated a greater willingness to experiment with remote and hybrid work options than its other North Asian neighbours, despite the centrality of the office space to Japanese corporate culture. Motoya Kitamura, founder and CEO of investment firm Northvillage Investment, lays this at the feet of Japan's "more evident big-corporation culture where community and harmony are more cherished than in other Asia Pacific countries".

Despite the fact that a smaller proportion of Japanese respondents (61.9%) were able to work somewhat remotely during the pandemic compared with their Korean and Taiwanese

counterparts, 38.1% of Japanese respondents expect hybrid work models to persist after 2022.

Ms Cheung draws attention to the fact that these differences in attitudes could be due to variances in how fast people are returning to the office as countries are opening up post-pandemic. For example, where Japan took a looser approach to lockdowns and social-distancing policies, Korea and Taiwan instituted widespread social restrictions and vaccination requirements that managed to shield their populations for much longer.

Mr Kitamura concurs, warning that more shifts are likely to be under way as what is currently being expressed "may only be a snapshot as we still see varying recovery levels".

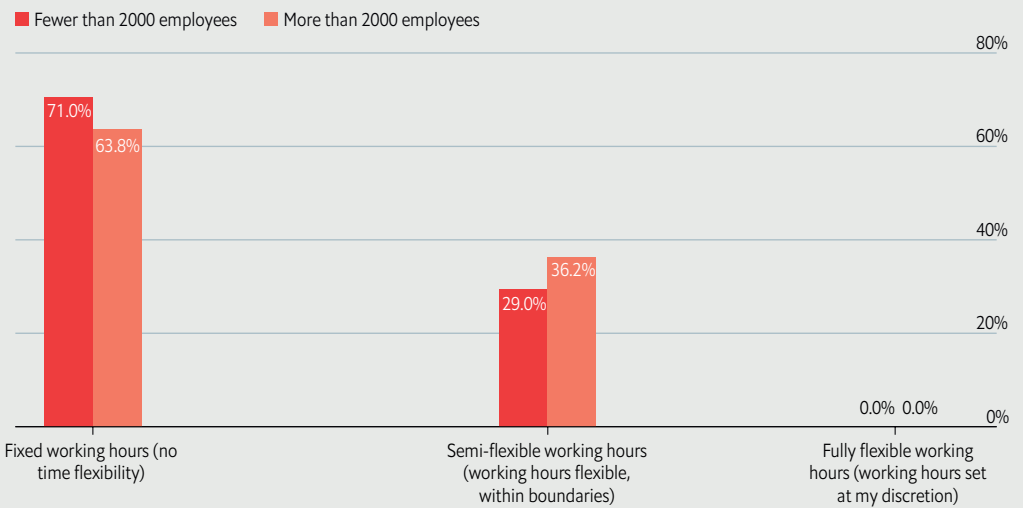


**Smaller companies expect less flexibility**

Company size also has an impact on how organisations are thinking about flexible work models. For example, small-to-medium-sized firms in North Asia (with the exception of Korea) were less likely to adopt flexible hours or remote work than their larger counterparts. This could perhaps be an issue of resources, as larger firms can invest more in remote work tools and are likely to have more experience with hybrid models.

**Figure 2: Larger firms likelier to offer more flexibility post-2022**

How would you describe the flexibility of your expected working hours in the case of 2022 or later? (% respondents)



Source: Economist Impact.

Moreover, while only 19.4% of smaller companies expect to see some flexible hours (between one and five days remote per week) on the other side of the pandemic, the number shoots up to 37.7% among larger companies.

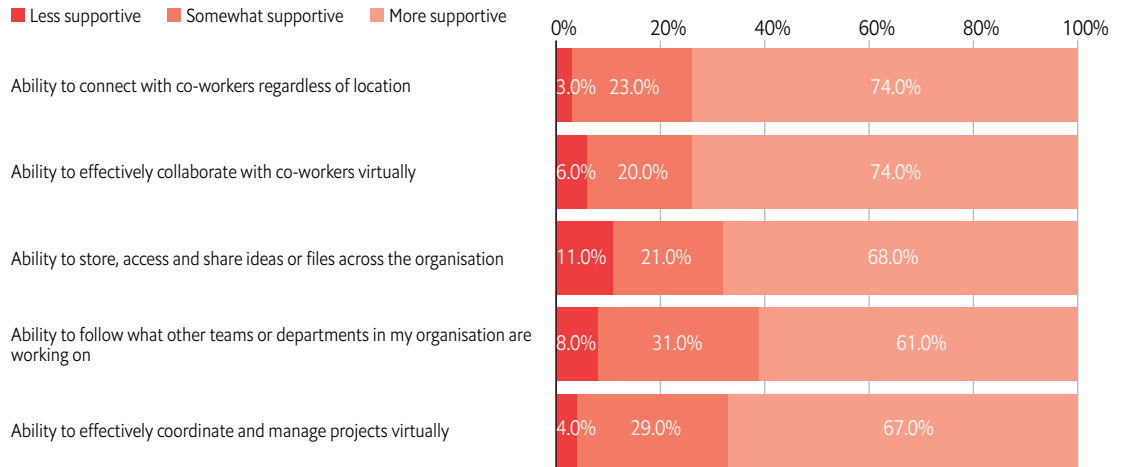
This is likely to be down to resources, as larger firms have the ability to invest more in remote work tools and are likely to have more experience with hybrid models. Survey findings bear this out—48.4% of those working at small and medium-sized enterprises in North Asia say their companies need substantial improvement in technical infrastructure and remote work tools in order to implement a hybrid model that is successful and sustainable, compared with only 30.4% of those at larger companies.

Overall, North Asian respondents are bullish on the potential of hybrid work. Most respondents claim that their firms have performed well on the issue so far, and a clear majority (76% from

Korea, 70% from Taiwan and 68.8% from Japan) expressed confidence that their organisations would successfully implement flexible models within the next three years.

**Figure 3: Tech stacks largely able to support flexible work**

To what extent does your organisation’s current technology stack support the following work processes? (% respondents)



Source: Economist Impact.



When asked whether their organisations' tech stacks were equipped to enable flexible work, respondents suggest that Korean organisations (80%) are far ahead of their counterparts in enabling virtual collaboration between co-workers. Despite Japan's tech-savvy reputation, Japanese (34.4%) respondents suggest that the country lags behind Korea (2%) and Taiwan (6%).

#### *Focus on flexible work in Hong Kong*

Similar trends are reflected in Hong Kong, where many organisations have become open to implementing hybrid working models. "Right

now, with or without covid, a lot of our work with occupiers is about helping them balance the desires of employees to enjoy hybrid flexibility and maintain reasonable in-person experiences in the office." Ms Cheung says.

According to Jackson Kam, regional career solutions leader (Asia) at the world's largest human resources consulting firm, Mercer, although Hong Kong workers had access to flexibility in terms of their working hours before the onset of the pandemic, they were limited in terms of location. However, the pandemic has pushed many companies to embrace hybrid working models as not just a perk of seniority but as a benefit to attract and retain talent.

Mr Kam points out that despite Hong Kong's relatively strict approach to covid-19, organisations are applying a more "cyclical" attitude to hybrid work, switching between different modes in an agile way.

**"I think we are constantly aware that the next wave can strike, so the key word is agility"**

Jackson Kam, Regional Career Solutions Leader (Asia), Mercer



“I think we are constantly aware that the next wave can strike, so the key word is agility,” he says. “Hong Kong companies’ ability to adapt their work models will be critical for the city to remain an international financial and business centre.”

A key issue that has helped push the popularity of hybrid work models is the exorbitant cost of commercial rentals in the city state—Hong Kong consistently ranks as having one of the most expensive real estate markets in the world.<sup>1</sup> In Mr Kam’s view, the realities of the market have motivated companies to take advantage of hybrid models like hot desking to reduce the number of people in the office at any given time, but also to introduce more flexibility into the system.

On the other hand, Sam Gourlay, head of tenant representation at JLL, states that looking only at direct cost savings can result in employee dissatisfaction. “Offices are all about people retention, talent retention and employee engagement,” he says.

Ms Cheung says that many organisations, not just in Hong Kong but across the region, are grappling with the sunk costs of empty offices; however, this will not necessarily translate into a massive

move away from in-person spaces. In fact, she says that in a survey of JLL’s Asia Pacific clients, although 41% of surveyed organisations claimed they are downsizing, there is still 19% looking to upsize their real estate footprint.

“In the past, downsizing or adopting flexible working spaces was driven by long-term cost savings. Since the covid outbreak and the great resignation, we have learned lessons on the needs to treat real estate or office space differently. Now the urgency is in balancing WFH flexibility and redefining office spaces to meet new employee needs,” says Ms Cheung. “People costs are more significant and the ability to retain talent far outweighs the benefits of saving costs on real estate.”

Both Ms Cheung and Mr Kam agree that the success of hybrid working models in Hong Kong boils down to an issue of leadership and policy. Technology-enabled hybrid work can create more productivity overall, but without the right attitude towards flexibility, creating the ideal culture can be a challenge. “Culture is fostered by behaviours led by leadership. Behaviours are shaped by office environments,” says Ms Cheung, highlighting the importance of the relationship between culture, leadership, behaviours and space.

<sup>1</sup> <https://www.knightfrank.com/research/article/2021-04-27-hong-kong-is-the-most-expensive-city-to-rent-a-prime-property>

**Conclusion:**

With the onset of the pandemic, all markets covered in this research quickly moved first to fully remote, and then to hybrid and flexible work models. A majority of knowledge workers feel positively about the benefits of hybrid work, be it in terms of their physical, mental, social or financial wellbeing. However, company policies on return to office depend on their size and

vary widely between countries. Some are using flexibility as a way to retain talent and manage real estate costs, but many others are calling their employees back to the office full time.

As organisations develop policies around new ways of work, experts highlight the need for strong leadership that is focused on creating a work model that is inclusive and agile, ably supported by capable infrastructure.



---

While every effort has been taken to verify the accuracy of this information, Economist Impact cannot accept any responsibility or liability for reliance by any person on this report or any of the information, opinions or conclusions set out in this report. The findings and views expressed in the report do not necessarily reflect the views of the sponsor.

---

Google Workspace is a solution for organisations of all sizes to connect, create and collaborate. It's the single, integrated home to apps for over 3 billion users—Gmail, Calendar, Docs, Drive, Meet and more.