

FLEXIBLE WORKING, SOLID FACTS

A summary review of the
socio-economic benefits of
flexible working in 16 countries

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SUMMARY

As flexible working is proving increasingly popular the world over, Regus commissioned research into the growing importance of flexible workspaces and flexible working in 16 countries: Australia, Austria, Canada, China, France, Germany, Hong Kong, India, Japan, Netherlands, New Zealand, Poland, Singapore, Switzerland, United Kingdom and the United States.

The Regus research results are sub-divided into the economic, personal and environmental benefits of flexible work practices, assessing the state of flexible work at present, as well as the likely picture in 2030. Economic output and job estimates are based on business sectors representing more than 99% of activity in the 16 economies.

The Regus research explored growth in flexible and remote working by 2030 across 16 countries under two scenarios.

The 'growth as usual' scenario assumed flexible working will increase up to 2030 in line with current uptake. This accounted both for growth in use of flexible workspaces and the proportion of the workforce working flexibly or remotely.

The 'accelerated growth' scenario predicts that proportionately more people will work flexibly and remotely by 2030. The assumptions of this greater increase in flexible workers vary from sector to sector as well as between countries and were calculated on available statistical evidence. The reasons for an acceleration in flexible work could be a broader recognition of the productivity increases flexible work can inspire, as well as the environmental and personal gains. Further leaps in technology could also dramatically multiply the number of people able to work flexibly in future.

The research was commissioned by Regus and carried out by economist Steve Lucas at Development Economics in July 2018.



ABOUT THE RESEARCH

- 16 countries analysed: Australia, Austria, Canada, China, France, Germany, Hong Kong, India, Japan, Netherlands, New Zealand, Poland, Singapore, Switzerland, United Kingdom and the United States.
- 3 research areas looked at: Economic benefits, Personal benefits, Environmental benefits
- 2 research scenarios: 'growth as usual' and 'accelerated growth'



People working flexibly are happier and express greater levels of job satisfaction. There is evidence that flexible working has a positive impact on workers' health, well-being and productivity.

\$10

TRILLION



Flexible working will contribute more than \$10 trillion to the economies of the 16 countries analysed by 2030

3.5

BILLION HOURS



Flexible working could save more than 3.5 billion hours of commuting time across the 16 economies by 2030

214

MILLION TONNES OF CO₂



This is the amount of CO₂ that could be saved annually in carbon emissions by flexible working by 2030

5.5

BILLION TREES



How many trees that would need to grow over 10 years to offset that amount of carbon

INTRODUCTION



Not so long ago, work meant commuting to a nine-to-five job at the same desk in a conventional office. But working in the early 21st century looks quite different. Increasingly, companies and individual workers are choosing flexible workspaces where desk space and offices are leased for a short period of time, with a range of business services on offer. The market for flexible offices has tripled in size globally since 2006 and annual growth is around 13%, according to international real estate company CBRE. As much as 30% of corporate real estate could be flexible workspace by 2030, predicts JLL, the commercial real estate services group. Flexible working in general is on the rise, as more people seek a better way to manage their professional lives, whether that means starting or finishing a job at an unconventional hour, working from their kitchen table or using a shared work hub closer to home.

So, what is driving this shift in the way we work? Global workspace provider Regus has conducted research in 16 countries to uncover the drivers and possible impacts of flexible and remote working. It seems several factors are at play. Business collaboration is on the increase between companies of all sizes and shared workspaces facilitate this. As businesses cluster, more individuals from different organisations are working together for a finite period, hiring in freelancers or contingent workers on a short-term basis.

Digital industries, professional services and business support services are spurring job growth in major economies. These typically office-based businesses are increasing demand for flexible workspaces and methods. Recruitment is another factor. To remain competitive in the knowledge-driven economy, employers must offer attractive, stimulating – and flexible – work environments to recruit, retain and motivate skilled talent. Flexibility can also open up jobs to a wider range of candidates, including those who currently struggle to gain access employment, such as women with caring responsibilities and those with disabilities.

There is also the economic argument. Flexible workspaces and remote working improve productivity. Evidence shows workers take fewer breaks, commuting time is reduced, plus employees are happier, more motivated and less likely to have time off sick. In financial terms, the savings for businesses of flexible working versus fixed real estate can be anything between 5% and 75%.¹ Greater productivity and lower operating costs equate to improved economic output.

Then there is the role of technology, which has revolutionised remote and flexible working. Super-fast broadband, cloud computing and the ubiquitous use of smartphones and tablets means individuals today can work on the move, remotely and more flexibly. Future technological innovation and further digital convergence – artificial intelligence, virtual and augmented reality, data analytics and the fifth generation of mobile telephony – will make flexible working even easier and will give rise to additional sources of productivity.

The world of work is changing fast. Greater flexibility at work looks set to become even more commonplace in years to come as more people recognise the benefits – economic, personal and environmental – that flexible working can bring.

A group of business professionals in a meeting. A woman in a light blue shirt stands and smiles, leaning over a table where others are seated. The scene is dimly lit with warm bokeh lights in the background.

THE ECONOMIC BENEFITS OF FLEXIBLE WORKING

THE ADVANTAGES

There are material gains for businesses that embrace a flexible style of working, as well as for the economies within which they operate. These benefits will increase in the future as more people work flexibly, while others will be persuaded by growing evidence of the advantages this style of working can bring.

Several economic drivers have spurred demand for flexible office space. Knowledge-intensive sectors, such as telecommunications, IT, media, professional services and business support, are driving uptake in flexible work practices. These companies have experienced a period of strong growth and are typically office-based. This looks set to continue, as does the increase in job creation by start-up or early-stage businesses (including freelancer roles). Smaller, fast-growth enterprises prefer premises secured on short-term agreements, which gives them the capacity to expand or contract in size with ease and minimal cost.

SMEs are increasingly collaborating with peers and larger companies, which is resulting in more companies congregating in business clusters. These inter-connected enterprises, often within a specific sector, want to be close together to pool knowledge, expertise and resources. Multi-business teams are becoming the norm, as companies work together for a finite period on discrete projects, hiring in contingent workers as they are needed. Flexible workspaces facilitate this. Plus, a more flexible and attractive work environment is increasingly in demand by new recruits, particularly millennials. This can be a recruitment and retention tool, saving businesses money on hiring and training costs.



GROSS VALUE ADDED

Greater levels of flexible working will save businesses money (with flexible workspace solutions being 5-75% cheaper than traditional fixed real-estate alternatives), reduce operating costs and boost individual worker and overall company productivity. Many of the companies championing flexibility are nimble, knowledge-intensive enterprises, but the combined benefits of flexible offices and flexible work - lower operating costs, improved productivity, time saved and better staff recruitment and retention - are not lost on larger businesses. More than nine out of ten professionals believe flexible workspaces have enhanced workforce productivity, according to recent research by Regus parent group IWG. And many big organisations planning for domestic and international expansion recognise this. The direct economic benefits – the Gross Value Added (GVA) - have the potential to provide a great boost both to companies and their national economies. This GVA varies between companies, sectors and countries. The greatest benefits will be seen by those businesses and economies using office workspace most intensively and adopting flexible working arrangements most quickly.



KEY FINDINGS

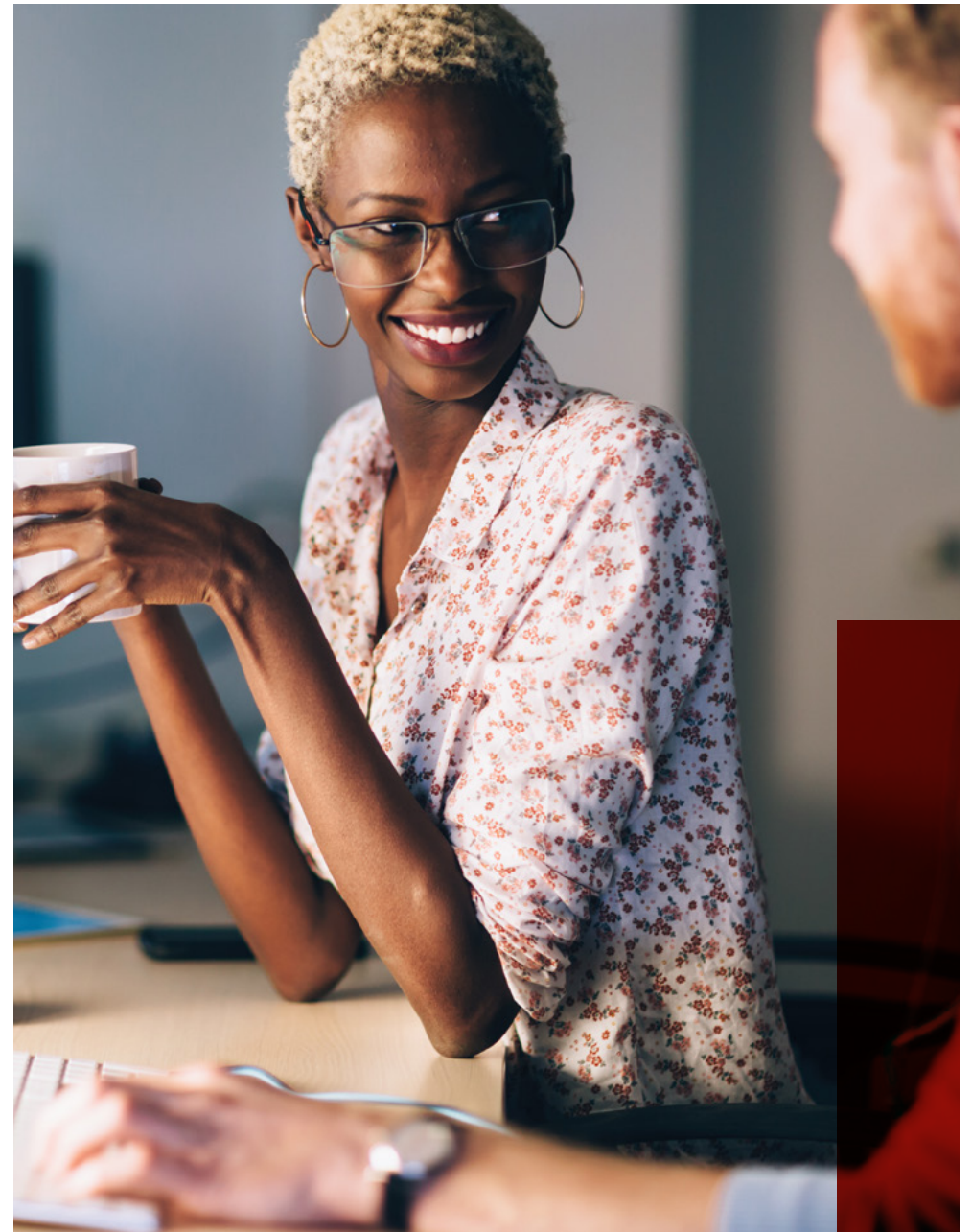
- The economic impact of flexible working – direct and indirect – expected by 2030 across all 16 countries could be as much as **\$10.04 TRILLION**.
- Between **8% AND 13% OF ALL EMPLOYMENT** will be associated with flexible workspaces in most developed economies by 2030. Under 'growth as usual', the United States (13%) and the Netherlands (12.3%) will lead the way.
- Even more people are expected to work flexibly under 'accelerated growth'. This will be especially true in countries such as China and Poland.
- The United States currently gains the most economically from flexible working – GVA of **\$1.8 TRILLION** in 2017, roughly 9% of the current value of the US economy.
- By 2030, the US could see an economic boost of as much as **\$4.5 TRILLION** annually from flexible working - more than 20% of its current GDP and more than the entire current GDP of Germany.
- The proportion of people working flexibly in China will remain relatively small, but it will see the greatest associated gain in economic output – as much as **193%** in 2030 compared to 2017. This could equate to a huge overall GVA of **\$1.4 TRILLION**.
- India should see the next greatest benefit, with an estimated annual GVA increase of as much as **141%**. By 2030, that could be worth almost **\$376 BILLION** extra annually to the Indian economy.

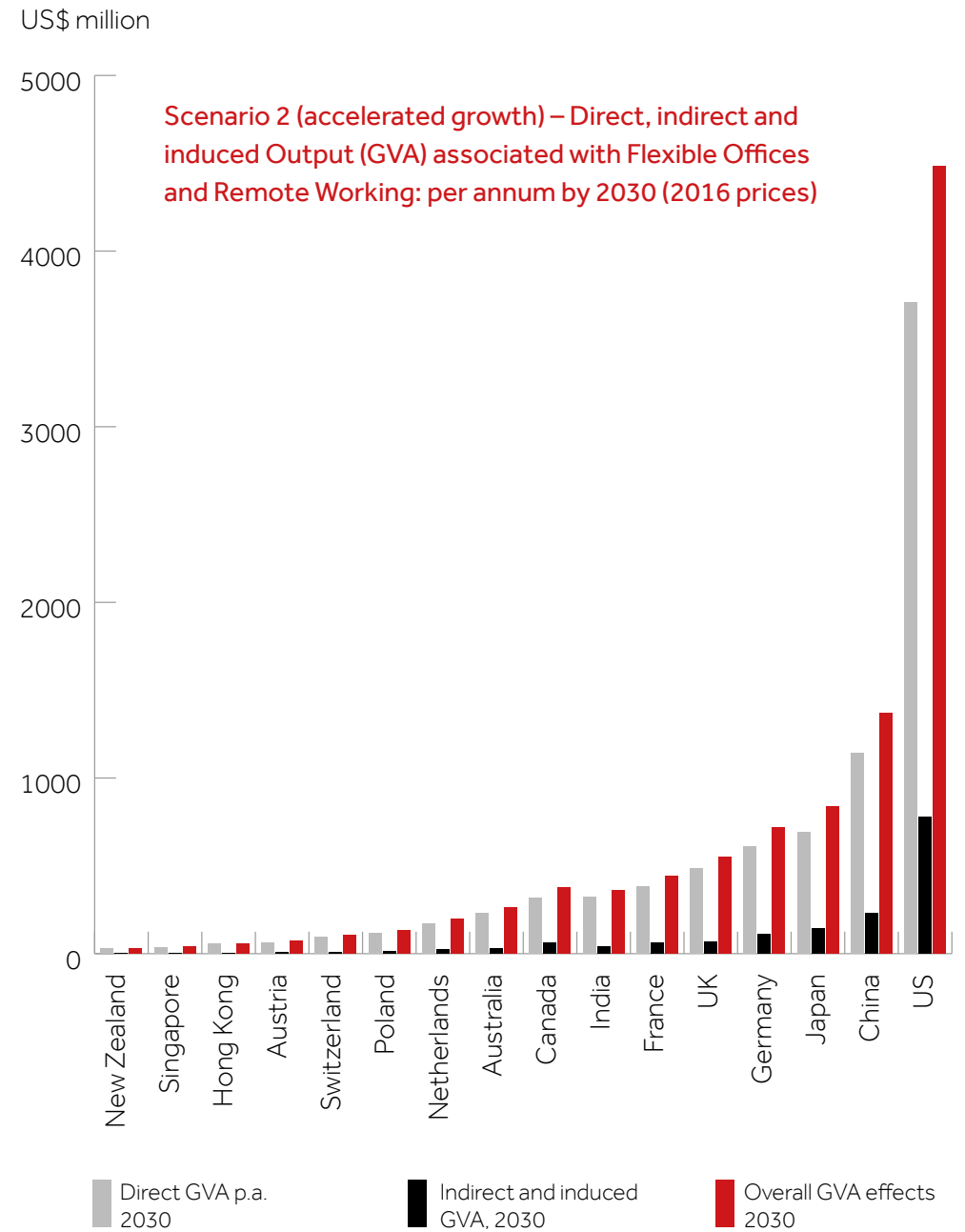
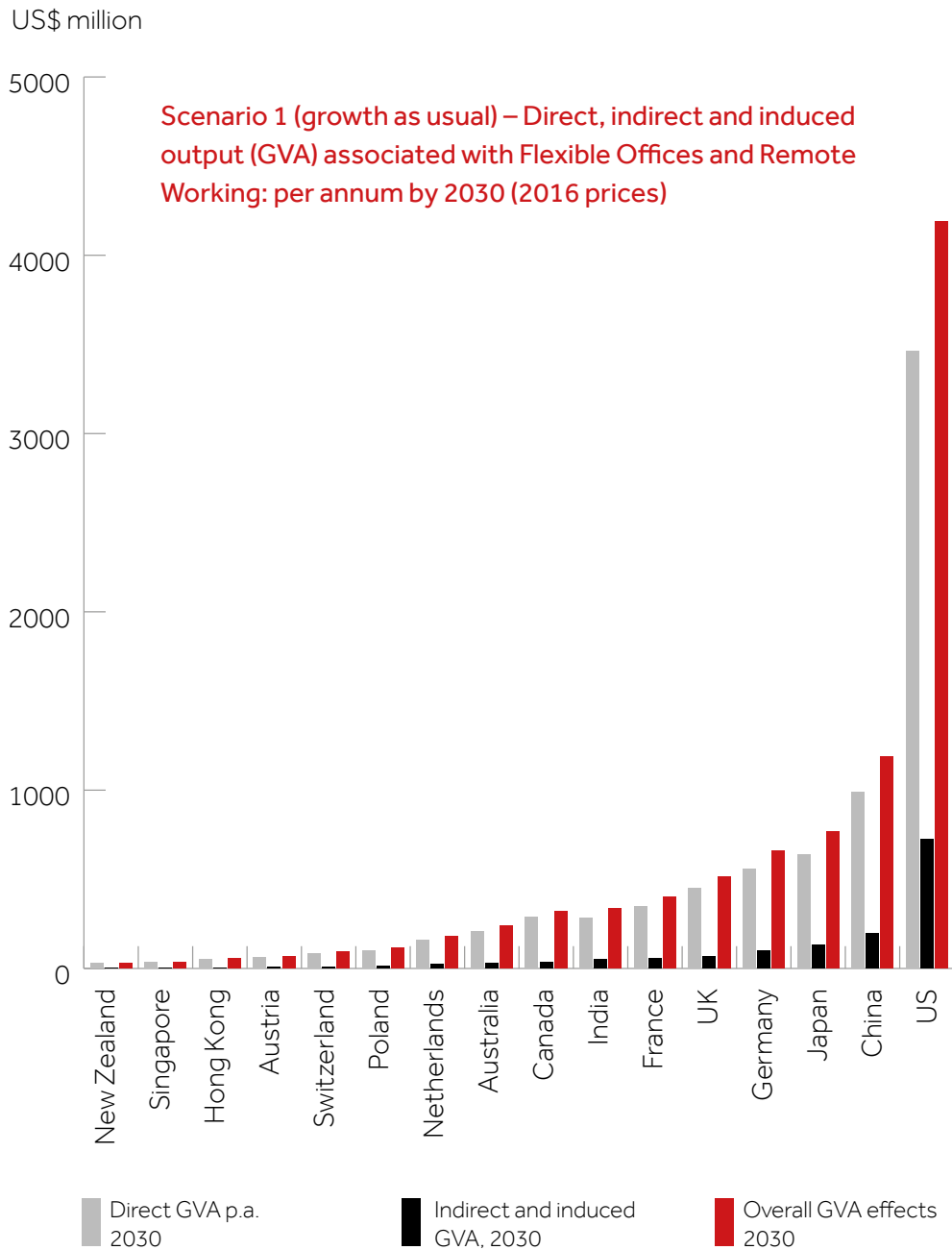
In our research we differentiated between direct GVA (the productivity benefits that companies and economies will get directly from flexible working) and indirect GVA. The indirect economic benefits for businesses and countries from adopting greater levels of work-related flexibility come from a number of sources:

- Flexible work affects other areas indirectly, such as supply chains.
- When revenues or profits increase due to improved productivity or lower overhead costs, businesses can procure more and invest at greater levels.
- There can be a knock-on effect on income and expenditure from flexible working, with enhanced supply chain activity and a boost to the economy from workers' income growth. More people working flexibly can also fuel increased economic activity via higher employee earnings.

Larger, self-contained economies tend to see a stronger economic benefit from this kind of indirect influence. Japan is a good example, being predicted to see direct annual GVA of \$636.7 billion by 2030 and an impressive indirect gain of \$134 billion.

Smaller countries with weaker links between different parts of the economy tend to see fewer indirect benefits. For example, Singapore experiences more leakage of supply chain and other expenditure via imports than larger economies. It is estimated to gain a direct annual economic contribution of \$35.2 billion by 2030 from flexible working, but indirect GVA of just \$2.1 billion.





2017 VERSUS 2030

Flexible working is already commonplace in many nations. But the picture today is often quite different to that predicted for 2030.

Almost 11% of the UK's economic output in 2017 was associated with flexible working, the highest proportionately among the 16 countries and worth \$287 billion. However, the UK is expected to lag behind other countries by 2030. Sectors including financial services, information and communications, and business services are currently driving uptake in flexible working practices, but these industries are among those expressing uncertainty about the probable outcome of Brexit. This pessimism could slow future job growth in flexible working in Britain.

Poland (10.5%) and the Netherlands (10.3%) also ranked highly in 2017, while Canada (9.7%) was not far behind. Poland is set for a significant future boost in flexible working alongside a larger-than-average growth in its economy, much of it fuelled by the service sectors, which favour flexible work.

China, which is expected to experience a great economic gain from increased flexible working in future, currently comes last in the 16-country ranking. Just 3.2% of its national output for 2017 was linked to flexible working. There are many drivers of economic growth in China at present, including manufacturing as well as consumer-facing parts of the economy such as leisure, retail and entertainment. So, while flexible work is on the rise, proportionately growth is lower than in many western countries.

India, another predicted future winner from flexible working, has almost as far to climb as China. Just 5% of its economic contribution in 2017 was from flexible or remote working.



KEY FINDINGS

- Canada would see an increase in direct and indirect economic benefit by 2030 of almost **\$359 BILLION ANNUALLY** if flexible work grows rapidly.
- Under 'accelerated growth', European countries are calculated to see increases between **64% AND 102%**, with the Netherlands leading the field and the UK seeing the smallest growth.
- The Netherlands is the country in Europe set to gain the most from flexible working practices. It could experience an increase in economic output of as much as **102%**. In terms of overall GVA that equates to up to an extra **\$198 BILLION BY 2030**.
- Germany is predicted to rank high amongst European countries in terms of financial gains if it embraces higher-than-expected levels of flexible working. Germany could gain as much as **\$720.6 BILLION** annually in both direct and indirect enhanced annual economic output by 2030 from greater flexibility.

A smiling man in a blue button-down shirt and jeans stands in a bright office, holding a white sheet of paper. He is wearing a watch on his left wrist and a pen in his right hand. The background is a bright window with sunlight streaming in, creating a warm, bokeh effect. In the foreground, the back of a person's head and shoulders are visible, looking towards the man. A laptop and some papers are on a desk to the right.

THE PERSONAL BENEFITS OF FLEXIBLE WORKING

A BETTER WAY OF WORKING

People who work flexibly report increased levels of job satisfaction. They have improved mental and physical health and demonstrate higher levels of productivity. Put simply, they are happier, which leads to them doing better work.²

Remote workers are almost twice as likely to say they love their job as those in the same industry working in a traditional workspace, research has found.³ The correlation between increased happiness and motivation when working flexibly emerges from research time and again – workers who feel a greater level of autonomy over their professional lives and who have more control over how and where they work are more satisfied and are less likely to suffer stress or take time off sick. They also tend to stay with employers for longer, therefore reducing recruitment and training costs for businesses.

More than nine out of ten professionals think workers are more productive when operating from a flexible workspace, research from Regus's parent group IWG has found.⁴ Other studies calculate the boost to productivity can be between 12% and 16%.⁵ As much as 9% of this difference in productivity is linked to employees taking fewer breaks, as well as less time being lost to ill health, a Stanford University study has concluded.⁶ Those not working in a conventional work environment tend to be less distracted by colleagues, meetings and office small talk. One study by the University of California Irvine found it can take a worker 23 minutes to get 'back on task' after being interrupted.⁷



TIME SAVINGS

One area where flexible working can make enormous savings is in the time spent travelling to work. Remote workers commute no distance at all if they are home-based, while those who work from a flexible hub often choose a workspace close to home, reducing commuting time to a minimum.

In each country, Regus used national data, such as annual transport surveys, to calculate how many hours might be saved if more people were to adopt flexible working. Using estimates of the projected number of flexible workers by 2030, preferences of types of transport, plus the average length of commute by mode of travel, the Regus report calculated the amount of time saved both under the 'growth as usual' and 'accelerated growth' scenarios.



KEY FINDINGS

- If uptake of flexible working progresses at an accelerated pace, more than 3.53 billion hours would be saved annually across the 16 economies by 2030. That is equivalent to the time spent at work every year by just over two million people. Put another way, this amount of time is enough for 817 million people to run a marathon, or for 34 million people to get to the moon and back.⁸
- China sees the greatest potential gain in time saved, with as much as 1.4 billion commuting hours claimed back via flexible working.
- The US also benefits hugely from the time saved commuting by flexible working. American workers could claim back 861 million hours annually. If growth in flexible working is accelerated, this leaps to almost 960 million hours saved – which would mean nearly an entire extra day of holiday for each working person in the US.⁹
- People working flexibly are happier and express greater levels of job satisfaction. There is evidence that flexible working has a positive impact on workers' health, well-being and productivity.¹⁰



THE ENVIRONMENTAL BENEFITS OF FLEXIBLE WORKING

A GREENER WAY OF WORKING

It should come as no surprise that flexible work practices are often more green than traditional ways of working. In flexible work hubs, equipment, resources and services are shared, which can cut down individuals' and companies' energy use, as well as reducing waste and improving levels of recycling. But it is the reduction in commuting time for those who work remotely or who use flexible workspaces closer to home where a significant environmental benefit is found.

When people travel a shorter distance to work – or do not leave home at all – overall fuel consumption is reduced, carbon emissions fall and fewer pollutants, such as particulates, are produced. The opportunity to reduce carbon emissions is larger in some countries than others due to greater use of private cars for travel, poor public transport infrastructure and a bigger and more dispersed population.



KEY FINDINGS

- Across all 16 countries, **182 MILLION TONNES OF CO2** could be saved per annum by 2030 under the 'growth as usual' scenario. That equates to the amount of carbon captured by **4.7 BILLION TREES** growing over a ten-year period.
- If growth in flexible working is accelerated, up to **214 MILLION TONNES** could be saved annually.
- To offset the same amount of carbon would take **5.5 BILLION TREES** growing over a decade.
- The US is the country with the greatest potential to reduce its carbon emissions through flexible working because of its large population and dependence on cars to travel to and from work. More Americans working flexibly could save more than a **HUNDRED MILLION TONNES OF CO2** being released into the environment annually by 2030. That is equivalent to the carbon sequestered by **142 MILLION TREES** over ten years.
- Singapore and Hong Kong, where the populations are comparatively small and public transport is widely available, would only see modest carbon emission savings comparatively – about 0.1 million tonnes each year by 2030 if growth in flexible working continues at current rates.

CONCLUSION

Flexible working, whether it is someone working from home or a person operating from a shared, flexible workspace nearby, is increasing in countries all over the world. That trend is only set to continue in the decades ahead. There is every possibility that the accelerated rate of uptake suggested by the Regus research is the more probable outcome as persuasive evidence mounts of the benefits of flexible work practices. Innovation could also mean technology opens up further flexible opportunities in ways that are impossible to imagine at present.

Some economies have been quick to adopt flexible work practices, but these are not necessarily the countries that will see the greatest gains from flexible working in the future. The UK, for example, currently boasts a proportionately high number of flexible workers, but by 2030 it is predicted to lag behind new converts such as China and India, with their vast populations. Other European economies, including Poland and the Netherlands, look set to be big winners from adopting more flexible work. But the US will continue to dominate in flexible working practices and the contribution it will make to the sheer numbers of flexible workers worldwide by 2030 is truly remarkable.

The business case for embracing flexibility is clear – greater economic output, higher productivity and more motivated and loyal staff. But the advantages for the environment and individual workers cannot be ignored. All evidence suggests a happier workforce produces better work, which is to their benefit, as well as that of the companies for whom they work and national economies. Plus, remote and flexible working saves both valuable time and natural resources.

Technology has driven much of the change in working methods and will continue to be very influential in terms of how flexible work evolves. However, in many respects,

businesses and individuals will propel the next phase of flexibility. Companies have already adapted their working behaviour to embrace greater fluidity in work practices and flexible workspaces. Many are attracted by the opportunities to work collaboratively and more efficiently this style of working can bring. Workers themselves see the merit in working on the move, from home or in a stimulating, dynamic and flexible office environment. This is becoming an expectation from the experience of work from people of all ages, from older workers right through to new joiners.

The evidence of the broad benefits of flexible work is compelling and will only become more so in the years ahead. Offering employees flexibility is not a fad, merely relevant to niche sectors or to be treated as a luxury or bonus. It has a real, tangible and material value for workers, businesses, economies – and the planet – alike.



FOOTNOTES

¹ Regus own data.

² For example, a 2016 study of US workers found that remote workers scored about 10% higher when asked “how happy are you at work” compared to all workers. https://cdn2.hubspot.net/hubfs/443262/TINYpulse_What_Leaders_Need_to_Know_About_Remote_Workers.pdf?t=1462203875281

³ <https://www.forbes.com/sites/markmurphy/2016/01/24/youre-87-more-likely-to-love-your-job-if-you-work-from-home-i-e-telecommuting/#5d46ab1a463d>

⁴ More than nine out of ten professionals think workers are more productive when operating from a flexible workspace, according to the IWG Flexible Working Survey (2018).

⁵ National Bureau of Economic Research, Working Paper 18871, March 2013

⁶ National Bureau of Economic Research, Working Paper 18871, March 2016

⁷ <https://www.ics.uci.edu/~gmark/chi08-mark.pdf>

⁸ According to [Universe Today](#), Apollo 11 reached Lunar Orbit in 51 hours, 49 minutes. (3109 minutes) 43 minutes is 83% of an hour, so 3.35 billion hours divided by 51.83 hours = 68107273.7797 trips to the Moon. This divided by two provides the number of return trips to the moon, which is 34,053,636= 34 million return trips to the moon. According to Runner’s World, the average finishing time for the 2018 London Marathon was 4 hours, 6 minutes or 246 minutes. 3.35 billion hours = two hundred one billion minutes. divided by 246 minutes = 817,073,170.732 marathons = 817 million marathons

⁹ According to the [World Bank](#), there are 163,463,760 working people in the US, which means each working person gains back 5.88 hours each year – nearly a full traditional 8-hour working day’s worth of holiday.

¹⁰ For example, a 2016 study of US workers found that remote workers scored about 10% higher when asked “how happy are you at work” compared to all workers. https://cdn2.hubspot.net/hubfs/443262/TINYpulse_What_Leaders_Need_to_Know_About_Remote_Workers.pdf?t=1462203875281



ABOUT

This report is a summary of research commissioned by Regus and carried out by economist Steve Lucas at Development Economics in July 2018.

Regus is a global provider of workspaces and related communities and services, with almost 3,500 locations in 1,100 towns and cities across 120 countries.

The research focuses on the evidence that is available so far on the increasing significance of flexible workspace and flexible working in 16 major economies. It also highlights the linkages between flexible workspace and the functioning of the labour market in those countries.

The findings were calculated using economic models fed with data from available sources for each of the 16 countries analysed, as well as a review of the available literature.

The gross value-add (GVA) figures, such as the combined total of \$10 trillion, were calculated by creating an economic model which uses pre-existing data about productivity and flexible working (in different sectors) and combines this with projections for the uptake of flexible working in order to calculate what the potential addition to each economy surveyed would be. These projections were based on factors including time saving; enhanced staff efficiency and effectiveness; and enhanced staff recruitment and retention, including savings on the recruitment and retraining of replacement staff. Estimates were made for the impact in 2017 and then for 2030, allowing for the growth of flexible working in different sectors in the 16 countries and based on two scenarios (a baseline scenario and an accelerated scenario).





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