CONCEPTUAL PAPER: IMPACT OF COVID-19 ON NEW WORK PRACTICES IN COMMERCIAL FIRMS: EVIDENCE FROM AUSTRALIA

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ABSTRACT:

To accommodate the challenges in today’s competitive business environment, impressive changes have been observed in the way work is organized within commercial business organizations around the world. Many business organizations have embraced new work practices (NWPs) in reorganizing workplace strategies to enhance performance and face global competition. While this research aims to broadly explore the types of NWPs happening and to what extent they are being implemented in office-occupying firms in Australia, the main aim is to explore whether there is any impact of COVID on NWPs in Australia. The intended methodology includes a comprehensive literature review and a questionnaire survey of offices occupying commercial firms across Australia. The preliminary literature review suggests around 15-20 NWPs are happening around the world. The proposed study will enrich the growing body of international literature on the implementation of NWPs in global commercial business organizations. The research findings are expected to inform policymaking towards the better planning ahead of commercial properties to incorporate NWPs effectively.

Note: This paper is a part (initial stage) of an ongoing broader project.

Keywords: new work practices (NWPs), Workplace strategies, COVID, office-occupying firms, Australia

BACKGROUND:

Global businesses face intense competition in the current business environment. Hence, efficient use of expensive real estate / office spaces is crucial in modern competitive business At the same time, the technological advancement and globalization have brought significant changes to the business sector – in terms of expansion of businesses, and office space usage patterns. These two influential drivers in turn have brought about changes to the organizational structure of firms of business firms (Cattell, 2002; Harris, 2015) in the form of new working practices (NWPs) such as teleworking, team-work, hot-desking and flextime (Haynes, Fawcett, & Rigby, 2009; Rabianski & Gibler, 2007).

These various work practices have brought significant changes on office workplace and space usage over the last 2 decades (Harris, 2015). For example, some recent research state that certain advanced tech-driven work practices do exert huge impact on office space management by way of firms use space, for instance, territorial offices are increasingly being replaced with more communal space (Dixon, Marston, Thompson, & Elder, 2003; Harris, 2015; Miller, 2014). It is apparent that business organisations around the world tend to use variety of flexible working practices (NWPs) such as teleworking, team-work, hot-desking and flextime (Haynes et al, 2015, Harris, 2015). To face global competition, most global business organisations embrace these flexible work practices and enhance firms’ productivity through restructuring and reorganising workplace strategies. These NWPs can drive businesses worldwide to adopt new models and practices to organise their work systems (Cagliano, Caniato, Golini, Longoni, & Micelotta, 2011).

The literature reveals that national culture plays an important role in understanding the differences in the adoption of new work practices (Cagliano et al., 2011; Crosby, Gibson, Lizieri, & Ward, 1998). Especially, national culture has huge effect on managerial practices or their strategic organisational adaptations (Metters, 2008). A very recent study provided a new insight that cultural differences play an important role in adapting to a new working environment (Wadu Mesthrige & Chiang, 2019). This also necessitates the need to explore
the adoption of NWPs at a country level. It is certain that various types of NWPs, such as Activity Based Working (AWB), hotelling, hot-desking, flexible working etc. are happening in Australia. However, it is unclear what types of NWPs (and to what extent) are being implemented in the commercial sector firms in Australia. Most importantly, the paper aims to explore whether there is any major effect of COVID pandemic on these various types of NWPs. As the pandemic has significantly changed how people look at shared spaces (for that matter even items such as computers and other electronic items in offices), it is timely that we explore this issue. Besides, the factors that drive NWP implementation will also explored. Given the dearth of empirical research in this area, especially the doubt concerning the impact of COVID19 on implementation of NWPs, this study is set out to bridge this research gap. By identifying the NWPs happening in the FIREB firms and their drivers, a common point of reference can be created to help the firms direct and measure resource utilisation, such as space usage and productivity.

LITERATURE REVIEW

With the development of information and communication technologies (ICT), spatial designs and organizational practices have undergone a significant transformation. Specialized consulting firms that provide pre-defined best business practices for new material-virtual organizational arrangements are increasingly being used to assist in the implementation of these organizational transformations. In the Middle Ages, most individuals worked from home; but, in the seventeenth century, professionals in cities such as Amsterdam, London, and Paris began to work from offices. In order to differentiate between the office as a workplace and the house as a haven of comfort, privacy, and intimacy, a cultural division was made (Rybczynski, 1986). The office is more than a location; it is a strategic asset that may help firms obtain competitive advantage and maintain operational efficiency (Khamkanya et al., 2012). Utilizing space to increase profitability, businesses must make efficient use of their resources, particularly space (Hills and Levy, 2014). However, organizational workplaces and workspaces are always evolving and adapting in tandem with the evolution of the business. The beginnings of the contemporary office may be traced back to the middle of the nineteenth century as a response to the industrial revolution, which caused a major increase in information-related issues and necessitated a level of control that was unavailable at the time (Bradley, 2007). As firms began to experience pressures to establish and maintain a competitive position, the need emerged to develop new work practices in which workspace managers shifted from a reactive, conventional focus to a proactive, strategic approach to managing space (McGregor, 2000).

Initiation of alternative office methods in the early 1990s was accompanied by dramatic developments that led workspace managers to predict the demise of the office by the year 2000. (Madsen, 2001). While businesses began redesigning their office premises to suit new working habits such as collaboration and teleworking, it was unclear if this represented a cultural revolution or merely a cost-cutting measure (Meyer, 1997). Consequently, the emergence of NWPs has changed office space in the direction of downsizing in order to reduce occupancy costs and increase worker productivity (Tagliaro and Ciaramella, 2016). Thus, there is a global tendency toward a larger occupational density defined by less allotted space and more shared space for employees (Hills and Levy, 2014). In Europe (including Germany, France, and Switzerland) and Asia (particularly Singapore, Hong Kong, Japan, Korea, and Taiwan), office sizes are decreasing more rapidly than in the United States, where the majority of office spaces still exceed the international density recommendation of 225 ft² per person (Knapp et al., 2009). Adopting NWPs has limited value if space reduction negatively affects staff morale and, consequently, performance/productivity. As staff productivity is the primary driver of firm productivity and organizational success, it is crucial to explore how NWPs influence employee productivity. However, the literature has few research of this sort.

Many companies that use NWPs are solely concerned with saving costs on pricey real estate rather than enhancing company performance (Bootle and Kalyan, 2002). However, it is essential to demonstrate that organization performance indicators are more relevant than real estate cost reduction alone (Haynes, 2008). With the implementation of NWPs, the physical working environment may no longer be the decisive factor in terms of productivity. Instead, human connections or relationships inside a workplace are the most significant determinants of employee productivity (Haynes, 2007). The physical environment refers to the tangible
features of the office, further separated into office layout and office comfort and the intangible aspects are related to the behavioural environment. NWP could be viewed as part of a larger trend of workplace diversity and flexibility (Felstead, Jewson, and Walters 2005). This transformation includes the flexible use of home workspaces for teleworking (Cooper and Kurland, 2002; Peters and Heusinkveld, 2010; Sewell and Taskin, 2015) as well as the flexibilization of office spaces for hot-desking or nomadic working (Chen and Nath, 2005; Bosch-Sijtsema, Ruhomäki, and Vartiainen, 2010), as well as mobile working en route between all of these workspaces (In general, this research is motivated by a revived interest in the material component of organizations (Kornberger and Clegg 2004; Dale and Burrell 2008; Leonard and Barley 2008; Hancock and Spicer 2011; Wasserman and Frenkel 2011; Orlikowski and Scott 2008).

COVID-19, in particular, had an unprecedented impact on the workplace and organizational practices. Millions of people around the world have had to change their work schedules (Davison, 2020; Richter, 2020). During the pandemic, organizations had to adopt new information technology (IT) systems, while others had to completely rethink their business model, shifting to online services and products and engaging in new business channels to those eroded or removed by the pandemic. To comply with social distancing requirements, many are required to implement alternative workspaces (Leidner, 2020; Nguyen et al., 2020; O'Leary, 2020; Papagiannidis, Harris, & Morton, 2020). Many researchers are now studying various technologies in this COVID-19 context. However, when one considers the temporal aspects, we believe that this is a significant and as of yet unstudied issue. Global changes to technology-driven work practices, in particular, necessitated an urgent 'big bang' change under the most severe time constraints. Because of the urgency, organizations had little time to develop strategies, train employees, or experiment with novel organizational practices. Many organizations, for example, found themselves implementing remote working practices with little time to plan, consider alternative options, and set-up remote working with their employer and manager (Agerfalk et al., 2020). Furthermore, social distancing emphasized the role of online applications, which became critical to ensuring the continuity of personal and business services (Papagiannidis et al., 2020). However, many of these efforts are reactive and short-term solutions, with little or no reflection and consideration for long-term sustained use of practices.

Companies have begun to rethink the real method work is conducted and located in order to prepare for the future post-COVID-19 environment. Depending on the type of job and the requirements for performing it, it will be necessary to understand the models and dynamics required to build tasks and workplaces that meet their demands. Companies must align their people, processes, and technology, as well as their career policies, work patterns, and contracts. As a result, workplace redesign is a fundamental and preceding category on the path to achieving the re-imagined, re-improved, and re-invented workplace. Offices have seldom been examined in depth beyond basic tasks such as work cubicles or constrained areas, meeting rooms, and shared services, without taking into account the organization's overall goal or the demands of its employees. As a result, in a post COVID-19 world, it is time to rethink and evolve; as a result, businesses must create workplaces that can accommodate all types of interaction, whether on-site or remotely. For example, if the company is doing collaborative work, a large portion of the office space could be dedicated to meeting rooms; or if the company is focusing on remote working, a large portion of the office space could be replaced by home offices or satellite offices close to the employees' location.

The workplace redesign must be based on specific criteria that consider: safety reasons, such as occupational health and safety regulations; social distance, such as increasing the employee's minimum required working area; and a real estate revolution in the office market, where remote working will require less surface area and new locations must be found. When workers return to work, firms should reconsider some features of the workplace, such as cleanliness, social distance, and the provision of meeting spaces, common areas, and amenities. Organizations will be pushed to duplicate popular employee features of their homes, such as rest rooms or their own décor. Furthermore, human contacts must be maintained so that work settings may suit the demands of employees, whether they work locally or remotely. To transform the workplace, it will be important to shift the paradigm of how space is used: how much is truly required, and what uses are available in terms of cooperation, productivity, culture, and business objectives. In addition to deciding where the offices should be located, the intended mode of operation for these offices must be determined: ownership, rent, coworking,
or remote work. According to some studies, previous to COVID-19, just 3% of the US office market was deemed flexible space, with yearly growth projected at 25% over the last five years. This indicates that flexible solutions were already in place, and while working time at headquarters and satellite offices has decreased by 12% and 9%, respectively, a rise of 20% to 27% in flexible office working is expected. After COVID-19, firms and real estate groups should rethink the workplace layout, as there is a considerable potential savings in real estate expenditures of 30% to 100% for totally remote, while lowering the impact of unanticipated calamities. As a result, all of this reappraisal has the potential to reduce expenses (mostly real estate), enhance operations, and facilitate maintenance, where organizations decrease these costs by evaluating alternate workplace tactics and examining innovative space management methodologies.

Considering the possibility of future pandemics or the lack of vaccines for COVID-19, technology will play a role in employees returning to work safely in the workplace of the future, where companies will need to define the methods by which employees reach their workplaces along with the associated health and safety factors, such as cleaning or social distance. Therefore, the workplace of the future must be more digital, less hierarchical, and more flexible, in accordance with the evolving health, safety, and technology circumstances necessitated by pandemics such as COVID-19. Organizations have several questions about the potential effects of the COVID-19 epidemic on their current NWPs, some of which were already underway while others had not yet started. Some of the NWPs, such hot-desking, shared work spaces, and community work spaces, have raised severe concerns due to health and safety issues as well as new Covid regulations. The majority of employees now work remotely, which has caused businesses to reconsider their NWP policies and tactics. As a result, firms with a high level of flexibility will be able to implement this change process more quickly and effectively than non-flexible firms. Therefore, it is essential to carry out a study to investigate the impact of COVID-19 on the NWPs used by firms in Australia. The study will enable the policy makers to recognize the effectiveness of existing NWPs and the changes required to adapt them to the post pandemic era. The literature study identified 20 NWPs (Table 1) and the effectiveness of these 20 NWPs in the post Covid circumstance will be explored and evaluated by this study to ensure the effective adaptation of NWPs in the Australian context.

Table 1: NWPs extracted from literature

<table>
<thead>
<tr>
<th>ID</th>
<th>Labels</th>
<th>Sources</th>
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<tbody>
<tr>
<td>NWP1</td>
<td>Flexible working hours (part-time, flexitime)</td>
<td>(Arvanitis et al., 2016); (Askenazy and Caroli, 2010); (Bean and Hamilton, 2006); (Colteryahn and Davis, 2004)</td>
</tr>
<tr>
<td>NWP2</td>
<td>Job autonomy/agile working</td>
<td>(Bayo-Moriones et al., 2017); (Bell and Anderson, 1999)</td>
</tr>
<tr>
<td>NWP3</td>
<td>Telecommuting/teleworking</td>
<td>(Gibson and Lizieri, 1999); (Harris, 2016); (Robertson, 2000)</td>
</tr>
<tr>
<td>NWP4</td>
<td>Training</td>
<td>(Arvanitis et al., 2016); (Johnson et al., 2011)</td>
</tr>
<tr>
<td>NWP5</td>
<td>Job rotation/blended working</td>
<td>(Askenazy and Caroli, 2010); (Osterman, 1994); (Ollo-Lopez et al., 2010)</td>
</tr>
<tr>
<td>NWP6</td>
<td>Networking</td>
<td>(Colteryahn and Davis, 2004); (Johnson et al., 2011)</td>
</tr>
<tr>
<td>NWP7</td>
<td>Delayering</td>
<td>(Colteryahn and Davis, 2004); (Gibson and Lizieri, 1999);</td>
</tr>
<tr>
<td>NWP8</td>
<td>Flexible workspaces</td>
<td>(Blok et al., 2012); (Bean and Hamilton, 2006)</td>
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<tr>
<td>NWP9</td>
<td>Enhanced/improved communication</td>
<td>(Ollo-Lopez et al., 2010); (Ollo-Lopez et al., 2011)</td>
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### PROPOSED METHODOLOGY (FOR THE BROADER STUDY)

To identify NWP used in Australia, this study is expected to use an exploratory approach. A review of existing literature is used to identify factors that define NWPs, followed by a questionnaire survey of listed commercial sector firms (Finance, Insurance, Real Estate and Business Service, FIREB firms) in Australia to identify NWPs. The survey data will be analyzed using an exploratory technique capable of identifying critical NWP implemented in Australian businesses. An extensive review of academic literature and other publications was conducted in order to identify changes in working practices observed in some developed countries around the world within office-occupying firms. Table I shows that 20 factors related to NWPs and office space usage were identified from the literature. The 20 NWP factors derived from the literature review will be used to create a questionnaire. The questionnaire will be sent to five experienced academics and industry experts to verify and clarity of the factors, structure, and length of the questionnaire (Oyedele, 2012). The purpose of the survey questionnaire is to collect firm-specific perceptions from the FIREB sector. The questionnaire sought information on change characteristics such as the nature of working patterns and the nature of dynamic office space use. The questionnaire is divided into two sections. First, demographic information such as respondent position status, job type (e.g., administrative or technical), office type (e.g., closed or open), and years of experience were gathered. This enables correlations between respondents' diverse demographic characteristics and the identified NWPs. Second, questions will be posed to elicit feedback on the influence of the identified NWPs on office space consumption (on a five-point Likert scale). NWP variables in the research refer to factors that characterize new methods of working in modern organizations. Data for businesses with several branches around Australia is planned to obtain exclusively from the head branch/office. A paper-based questionnaire survey will be employed, which will be supplemented by an internet survey. In order to obtain data from the companies, a voluntary response survey technique will be used, as recommended by Lee and Brand (2005). One questionnaire will be filled out by a company. A similar strategy has been utilized in by Minbaeva (2005).

<table>
<thead>
<tr>
<th>NWP</th>
<th>Description</th>
<th>References</th>
</tr>
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<tbody>
<tr>
<td>NWP10</td>
<td>Teamwork coupled with team autonomy</td>
<td>(Askenazy and Caroli, 2010); (BayoMoriones et al., 2017); (Johnson et al., 2011)</td>
</tr>
<tr>
<td>NWP11</td>
<td>Multitasking and multiskilling</td>
<td>(Rosholm et al., 2013); (Schone, 2009)</td>
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<td>NWP12</td>
<td>Total quality management</td>
<td>(Gibson and Lizieri, 1999); (Osterman, 1994); (Askenazy and Caroli, 2010)</td>
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<tr>
<td>NWP13</td>
<td>Quality circles</td>
<td>(Osterman, 1994); (Askenazy and Caroli, 2010)</td>
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<tr>
<td>NWP14</td>
<td>Staff density</td>
<td>(Gibson and Lizieri, 1999); (Blok et al., 2012)</td>
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<tr>
<td>NWP15</td>
<td>Selective hiring</td>
<td>(Cristini et al., 2002); (Bean and Hamilton, 2006)</td>
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<tr>
<td>NWP16</td>
<td>Activity-based working</td>
<td>(Rolfö, 2018); (Fincke et al., 2018)</td>
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<tr>
<td>NWP17</td>
<td>Knowledge workers</td>
<td>(Bean and Hamilton, 2006); (Johnson et al., 2011)</td>
</tr>
<tr>
<td>NWP18</td>
<td>Ad hoc task forces</td>
<td>(Eriksson, 2003); (Cristini et al., 2002)</td>
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<tr>
<td>NWP19</td>
<td>Outsourcing</td>
<td>(Gibson and Lizieri, 1999); (Lockwood and Guerrier, 1989)</td>
</tr>
<tr>
<td>NWP20</td>
<td>Profit-sharing or pay-for-performance</td>
<td>(Handel and Levine, 2004); (Cristini et al., 2002)</td>
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</table>
CONCLUSION

Business organizations have embraced new work practices (NWPs) in reorganizing workplace strategies to enhance performance and face global competition. This is also evident in many Australian business firms. This conceptual paper attempted to review literature related to various new work practices around the world. The main aim of the paper was to explore whether there is any major effect of COVID pandemic on these various types of NWPs. As the pandemic has significantly changed how people look at shared spaces (for that matter even items such as computers and other electronic items in offices), it is timely that we explore this issue. Besides, the factors that drive NWP implementation will also explored. Given the dearth of empirical research in this area, especially the doubt concerning the impact of COVID-19 on implementation of NWPs, this study is set out to bridge this research gap. By identifying the NWPs happening in the FIREB firms and their drivers, a common point of reference can be created to help the firms direct and measure resource utilisation, such as space usage and productivity. It is worth mentioning here that this paper is the initial part of an ongoing research project.

REFERENCES


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