

Teleworking and office location, are there any emerging impacts in post-covid times?

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Abstract: The emergence and proliferation of teleworking, accentuated by the COVID-19 pandemic, have profoundly reshaped the landscape of work arrangements. This paper investigates the impacts of teleworking on the spatial dynamics of companies, particularly regarding their post-COVID location preferences. Despite the acceleration of teleworking trends during the pandemic, its long-term effects on the locations of companies remain underexplored. Through semi-structured interviews conducted with a diverse range of companies, but also business and sectorial associations, this study examines the adoption of teleworking practices and its implications for office space utilization and location. Findings reveal a significant shift towards teleworking, especially among younger employees who increasingly prioritize flexible work arrangements. Companies have adapted to this trend by adopting hybrid teleworking models, although resistance to full remote work perseveres due to concerns about the creation of a company culture and time spirit. While teleworking has led to a reduction in office space requirements, relocation decisions appear to be influenced by factors unrelated to teleworking. However, the trend towards smaller and more flexible office spaces emphasizes the cost-saving potential of teleworking strategies. Overall, teleworking is poised to remain a fixture of post-pandemic work environments, influencing talent recruitment and office space management. Though its impact on office relocation may be limited, teleworking is reshaping the spatial dynamics of companies and challenging traditional notions of workplace organization and location. This study emerges from the REMOBIL project and tries to contribute to a better understanding of the evolving relationship between teleworking practices and company spatial strategies in the post-COVID era.

Keywords: Teleworking; Remote work; Office choices; Company location

1. Introduction

Work habits and organization have been changing in recent years, especially in the matter of where work is carried out, with an ever more diversified range of workplace types (from coworking spaces to creative hubs or even in the employee's home) (Méndez-Ortega et al., 2022). This was true before the pandemic context; however, it was with the COVID-19 that these changes were accelerated, due to the need to control agglomerations and maintain economic production (Marques da Costa & Marques da Costa, 2021), being this blatantly

evident with the growth of teleworking (Veloso et al., 2022).

In the past, telework stood as a residual regime in the total of working realities, mainly adopted by very high-skill functions and digital nomads, only from 2020 and onwards this regime became representative and a factor in the general picture, being estimated that in the last year of the pandemic about 42 million employees teleworked in the EU (European Economic and Social Committee, 2021). Although these numbers observed a somewhat small decline in post-COVID, the teleworking trend is expected to continue – particularly with the hybrid teleworking strategies – as jobs that are possible to execute through telework are on constant growth due to the advancement of technological developments and both employees and employers tend to favor forms of remote work (Eurofound, 2022).

With more employees working from home and being out of the office, companies will have to re-evaluate their needs and deal with their current office spaces and structures as these may no longer answer their actual requirements. In fact, it is known that telework reduces commuting costs for individuals, which may contribute to urban sprawl as it allows people to move to the periphery (de Abreu e Silva, 2022), but something similar may happen with offices, as the workforce being in telework brings the company new needs that may possibilitate new location opportunities away from the city centre, specifically, in the (metropolitan or regional) peripheries. However, there are no studies addressing the impacts of telework on company's location and the impacts that said location have on cities and urban forms.

This study arises within the shifting realities in work regimes, looking at teleworking and company's location, trying to assess the existence of changing spatialities in companies and offices location due (or in part due) to the implementation of teleworking strategies. This paper emerges from REMOBIL project's (REthinking MOBILity, location patterns and urban form after the COVID19 pandemic. The effects of telework and e-shopping, PTDC/EI-TRA/4841/2021) approach to telework and company's location, constituting the first step to understand the impacts of telework not only on company's location and preferences but also the future implications to urban form.

2. Methodology

To carry out this study, semi-structured interviews were prepared and applied,

between October 2023 and January 2024, to two sets of actors, the first consisting of companies linked to knowledge and information services, to the banking and financial sector and pharmaceuticals (with different dimensions, from small to big companies), the first two are some of the most favorable sectors to the existence of teleworking and third is a normal one regarding telework potential, and a second set where associations and confederations representing an important part of the Portuguese business fabric and its characteristics are included.

Despite being different, as their targets are dissimilar (companies vs associations), the interviews intended to investigate and touch the same themes, trying to collect information, on one hand, about the adoption of teleworking in a pre and post-COVID context, the type of teleworking strategy in operation, the type of functions to be performed in teleworking and the impacts of adoption on company productivity; on the other hand, examining the location of companies and offices, assessing the relocations of companies between 2020 and 2023, the way in which companies started to view spaces and their ownership regimes, as well as the most relevant factors for relocations in the past and the most relevant factors for relocations in the current context.

3. Results and discussion

Teleworking is really changing the landscape of work and ways of working and, as a result, new needs and valorization of space and location may emerge, not only from workers, but also from companies.

Although location preferences from workers have already started to be studied, no assessment has been made regarding companies. This is particularly important due to this work regime being already embedded in the habits and minds of workers, especially younger ones.

Our interviews with the associations highlighted that the youngest members of the workforce, from those who are just leaving universities to those who are in their early 30's, tend to place teleworking as an almost intransigent job requirement, although salary remains the main factor, teleworking appears at the top of the following factors for making a decision on whether or not to accept a job offer. This points to the permanence of teleworking as a working regime for the future, particularly as our interlocutors stressed that, in general,

productivity levels have been maintained or even potentiated. Hence, the importance of companies adapting their strategies to this reality, not only institutional strategies, but also the structural and locational ones is real.

With the company's interviews we found four main groups regarding telework implementation (although outliers exist, as is the case of a company that was in a hybrid strategy before the COVID-19 and kept it after the pandemic):

- The first group – in which companies already had flexible work regimes (more or less hybrid) before the COVID-19 and in the post-pandemic are in a full remote telework strategy;
- The second group – composed by companies that before the pandemic worked 100% on the office and now are on hybrid strategies;
- The third group – which had the companies that maintain a full on the office regime due to workers preferences (despite enabling teleworking when needed);
- The fourth group – that encompasses companies that have tried to push workers back to the office full time but saw some uprisings and a considerable number of resignations.

We found that the majority of the companies try to respond to workers' preferences and provide hybrid regimes, as most companies have the full remote option out of the question due to the problems inherent to what was pointed out to as the lack of creation of a company culture and team spirit, in addition to the greater difficulty in the employees participating in the definition of the company's long-term growth strategies and objectives. On the other hand the companies that disregarded towards the workers preferences had problems in maintaining their strategies and faced resignations. It must be stated that in our pool of interviews the fourth group only had companies in the banking and financial sector.

So, we can see an increment in teleworking strategies, something that the confederations and associations confirmed. But, has this changed the way companies view the location of their offices? Well, the answer is a no, but also a yes. Across the interviews with the companies we were presented with only a pair of situations regarding relocations and none had the telework as a major factor for it. In fact, the associations interviewed told us the same, there have been some relocations, but those are not to different areas (peripheries vs city centre), what is happening is that a company takes its offices from one of the central points of the city to another central point, something that already happened

before the pandemic and before the major development of telework. Therefore, it is a no. However, it is also a yes, as new office spaces tend to be substantially smaller than previous ones, or to be of a more flexible nature, evidencing that teleworking strategies make it possible to reduce space and, therefore, cut an important part of the fixed costs. The findings regarding the diminishing areas are in line with studies about office real estate and average office dimensions all across the globe.

4. Final considerations

In this study, through interviews carried out with companies and associations, it was possible to understand that teleworking seems to be here to stay, particularly in its hybrid model, and is already a factor to take into account when recruiting and maintaining talent, particularly new talent. Furthermore, the evidence points to teleworking being a crucial factor in the resizing of offices, however, when it comes to relocation choices, teleworking does not seem to have any influence.

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