

The logo for WeWork, featuring the word "wework" in a white, lowercase, sans-serif font on a dark grey rectangular background. The background of the entire page is a vibrant red with diagonal stripes and a stylized illustration of a surfer riding a wave that is shaped like a blue line graph. The wave has white foam, and there are white circles and shapes scattered around, suggesting bubbles or data points.

wework

# The art of managing business uncertainty

A future of work study for Greater China

Written by:

The  
Economist

INTELLIGENCE  
UNIT



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Foreword

# Dare to change with flexibility

Manage business uncertainty  
in the era of a new normal

The impact of the global covid-19 pandemic on the economy is profound. For most business decision makers, the challenges are unprecedented – how can we ensure the safety and wellbeing of employees in the workplace? How can workspaces quickly adjust in the short term and evolve in the long run to survive future events of uncertainty? How do companies promote effective collaboration among employees, as well as with clients? In the era of uncertainty, we believe only companies that possess the flexibility to change will survive and thrive.

Over the past decade, WeWork has been leading the future of work by providing flexible workspace solutions for businesses of all kinds. With access to 800+ locations globally, WeWork members are able to work on the go at full speed – companies can engage and expand clients in new markets easily with a ‘hub and spoke’ workspace model; Companies are able to easily increase or reduce their office space to mitigate risks and reduce operational cost.

Change is the only constant in the world. We all must proactively embrace change in order to succeed. While companies are starting to focus on resuming their core business post pandemic, business owners should not neglect the importance of the workspace to help generate a new resilience needed for the future. The work from home challenges caused by the pandemic outbreak have made clear the advantages of flexible workspace solutions compared to traditional office portfolio solutions to business decision makers and employees alike. Adapting to the flexible future of work model seems to be the clear winning formula for many businesses in this era of a new normal.

**Alan Ai,**  
General Manager, WeWork Greater China

**“With access to 800+ locations globally, WeWork members are able to work on the go at full speed – companies can engage and expand clients in new markets easily with a ‘hub and spoke’ workspace model.”**

# About this research



**The report was written  
by Denis McCauley  
and edited by  
Jason Wincuin.**

*The art of managing business uncertainty: A future of work study for Greater China* is an Economist Intelligence Unit report, commissioned by WeWork. It explores how management of companies in the regions of mainland China, Hong Kong, Macau and Taiwan view different types of uncertainty and the steps they take to address such pressures.

The analysis in the report draws on a survey of 315 senior executives from around the Greater China region conducted in March and April 2020. Of this group, 37% are based in mainland tier 1 cities, 25% in mainland tier 2 cities, 20% in Taiwan and 19% in the Guangdong-Hong Kong-Macau Greater Bay Area. Altogether 17 industries are represented in the sample, with the largest contingents coming from technology and IT (19%), manufacturing (14%), financial services (14%) and retail (10%). The respondents' organisations are roughly evenly split between large firms of over 500 employees (52%) and smaller ones with between 10 and 500 employees (48%). The respondents all hold senior roles: 52% of respondents are in C-suite and board-level roles, with the balance consisting of managing directors, vice presidents, heads of business units or departments and other senior managers.

Additional insights were obtained from in-depth interviews with executives and subject matter experts. We would like to thank the following individuals for their time and insights:

- CK Cheng, founder and CEO, AsiaYo
- Cassian Cheung, adjunct professor, Hong Kong University of Science and Technology
- Sohail Inayatullah, UNESCO chair in futures studies; professor, Tamkang University
- John Moore, lead business continuity and resilience manager, Bupa (Asia) Limited
- SiewPing Lim, media industry entrepreneur and chief executive
- Jungle Wong, China human capital leader, Deloitte

The report was written by Denis McCauley and edited by Jason Wincuinias.

# Executive summary

As the health and economic impacts of the covid-19 crisis unfold, it is easy to lose sight of longer-standing sources of uncertainty that companies face.





As the health and economic impacts of the covid-19 crisis unfold, it is easy to lose sight of longer-standing sources of uncertainty that companies face. In the Greater China region (comprising mainland China, Hong Kong, Macau and Taiwan), business leaders were already grappling with heightened trade volatility, talent shortages, rapid technology advances and the ever-changing behaviours of consumers. The pandemic has naturally pushed management's attention to shorter-term survival and recovery. But businesses in the region know the need to address more familiar challenges cannot take a back seat for long. If anything, the pandemic crisis has added propellant to the trends driving them rather than freezing them in place.

Changes in customer behaviour—and by extension to markets—pose as much near-term uncertainty to Greater China executives surveyed by The Economist Intelligence Unit as do concerns about the pandemic. Over the longer term, the difficulties of securing and retaining talent cause the greatest degree of management unease, along with changes in customer behaviour, technology and market structure. Alongside some predictable measures of retrenchment, such as reducing headcount and postponing expansion plans, many surveyed firms say they are proactively implementing measures to increase their scalability, speed and efficiency.

Other major findings of the study are:

### **Amidst gloom, pockets of optimism.**

Hopes for business improvement this year are low across the Greater Bay Area (Hong Kong, Macau and Guangdong). Spirits are higher in the region of Taiwan, and markedly so on the mainland. Around half (49%) of executives in mainland tier 1 (T1) and 62% in tier 2 (T2) expect industry conditions to improve in the coming months. Almost all respondents in T1 cities (96%, and 80% in T2 cities) express confidence in their firms' ability to grow revenue in the next 12 months.

### **Improving scalability is high on the agenda.**

About half of business leaders (49%) believe workforce rigidity holds back the implementation of their business strategy. To address this, the majority of respondent firms (77%) plan to increase their use of temporary or short-term workers in the coming months. Nearly the same number say they will undertake some form of organisational restructuring and will consolidate work locations. Staff-sharing—a practice launched during the lockdown—is likely to help firms deal with future periods of volatility.

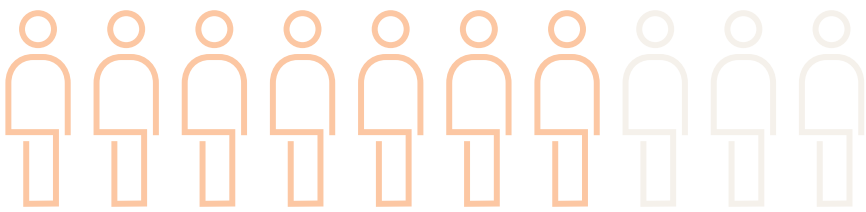
### **Even pessimists are keeping their options open.**

Among the roughly 20% of respondent firms that expect business conditions to worsen in the next 12 months, only about one-third plan to reduce their spending on technology and research and development (R&D) while around one-sixth plan to increase it. Another 42% will “reorganise their workspace”, which includes redesigning, consolidating or moving offices or other work locations.

### **Remote working is here to stay.**

Workers will return to their offices as the pandemic crisis recedes, but working remotely is likely to be much more commonplace. More than three-quarters of respondent firms (76%) plan to implement work-from-home and work-from-anywhere practices during the next 12 months, leveraging capabilities such as cloud computing and mobility technology.

# Resilience amidst turmoil



**Nearly 7 in 10 say the degree of business uncertainty is greater than at any other time in their careers.**

China's big companies are often adept at long-term planning, according to Sohail Inayatullah, the UNESCO chair in futures studies and a professor at Tamkang University in Taiwan. Executives from one such business recently attended his future studies course; he characterised their entrepreneurial outlook this way:

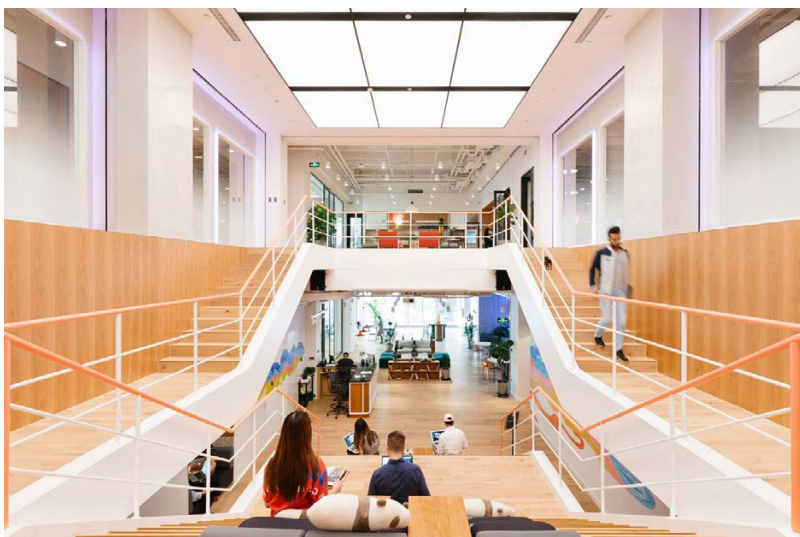
'The world is changing quickly. We've disrupted other businesses, and someone is going to disrupt us. Our goal is to develop scenarios for disruption, and our core strategy is to go back to the parent company and destroy it.' This simply means they are looking for ways to harness disruption and uncertainty in order to transform themselves before a competitor can beat them to it.

Moving at "China speed", a term many executives in the region use, falls into that strategy—disrupting one's own business model before the competition can beat them to it. Leadership is no stranger to disruption or other sources of uncertainty. Among them are talent challenges, with shortages of expertise in high-skilled fields now an entrenched feature of business reality. Another is technology: even in a region replete with digital innovators, many firms have been unable to keep up with the rapid pace of technological change. Geopolitics have also been

causing executives sleepless nights as on-off trade tensions between China and the US fuel a "de-globalisation" of supply chains and throws the export strategies of many companies into question.

Covid-19, however, has been a seismic shock. The near-term economic downturn it is causing in all parts of the region is unprecedented in the modern era. According to the International Monetary Fund (IMF), economies in the regions of Taiwan, Hong Kong and especially Macau will contract sharply in 2020, while growth in mainland China will recede to 1.2% (from 6.1% the previous year). Each of the economies will rebound in 2021, the IMF forecasts (Figure 1), but the sobering impact on business planning is unmistakable. The crisis has led 78% of the surveyed companies to completely re-think their business strategies for the rest of the year.

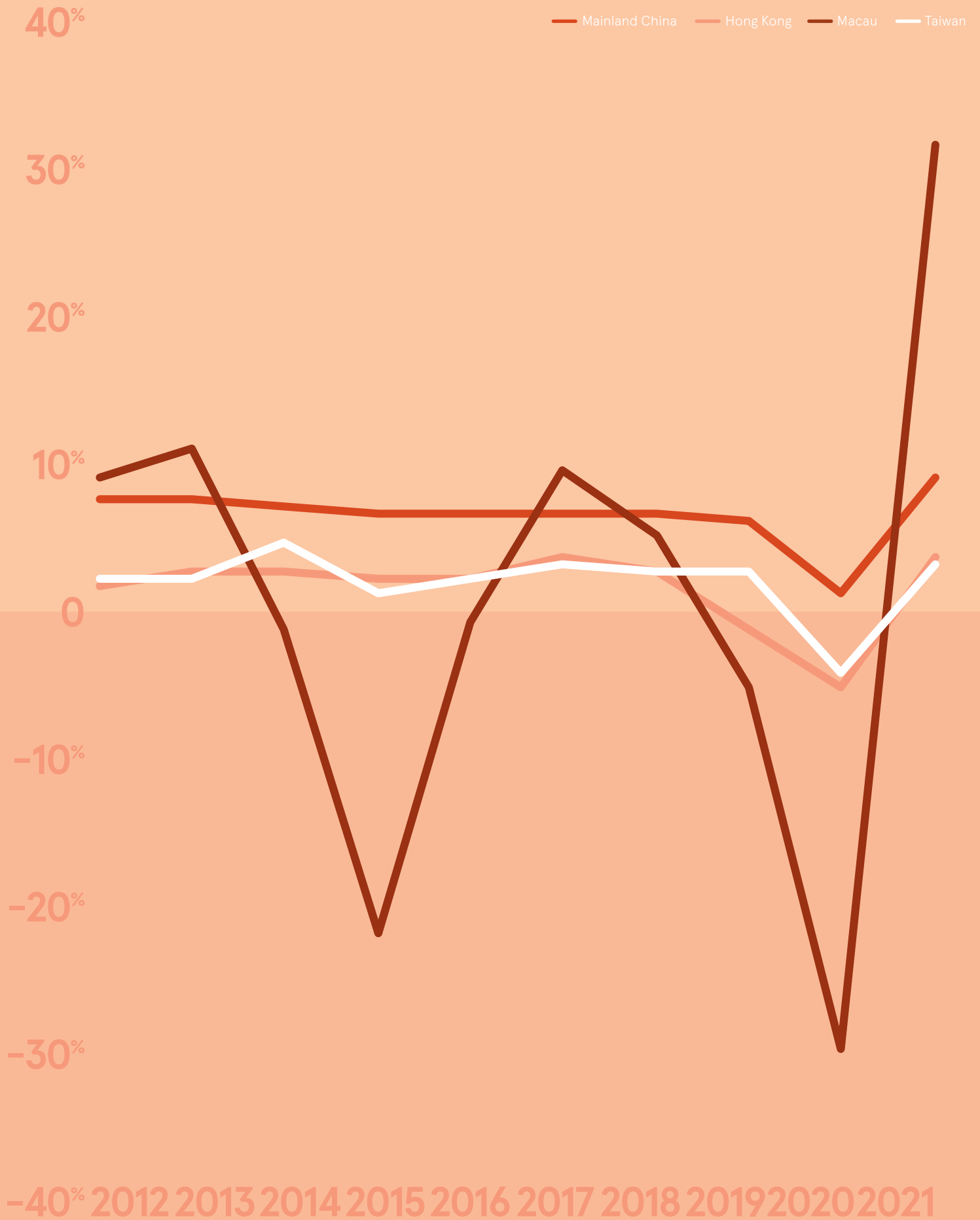
"Especially for younger people, the disruption to normal business is something never seen before in their generation," says Jungle Wong, China human capital leader at Deloitte, a consultancy. Nearly 7 in 10 of the surveyed executives (69%) say the degree of business uncertainty they are experiencing today is greater than at any other time in their careers.



The world is changing quickly. We've disrupted other businesses, and someone is going to disrupt us.

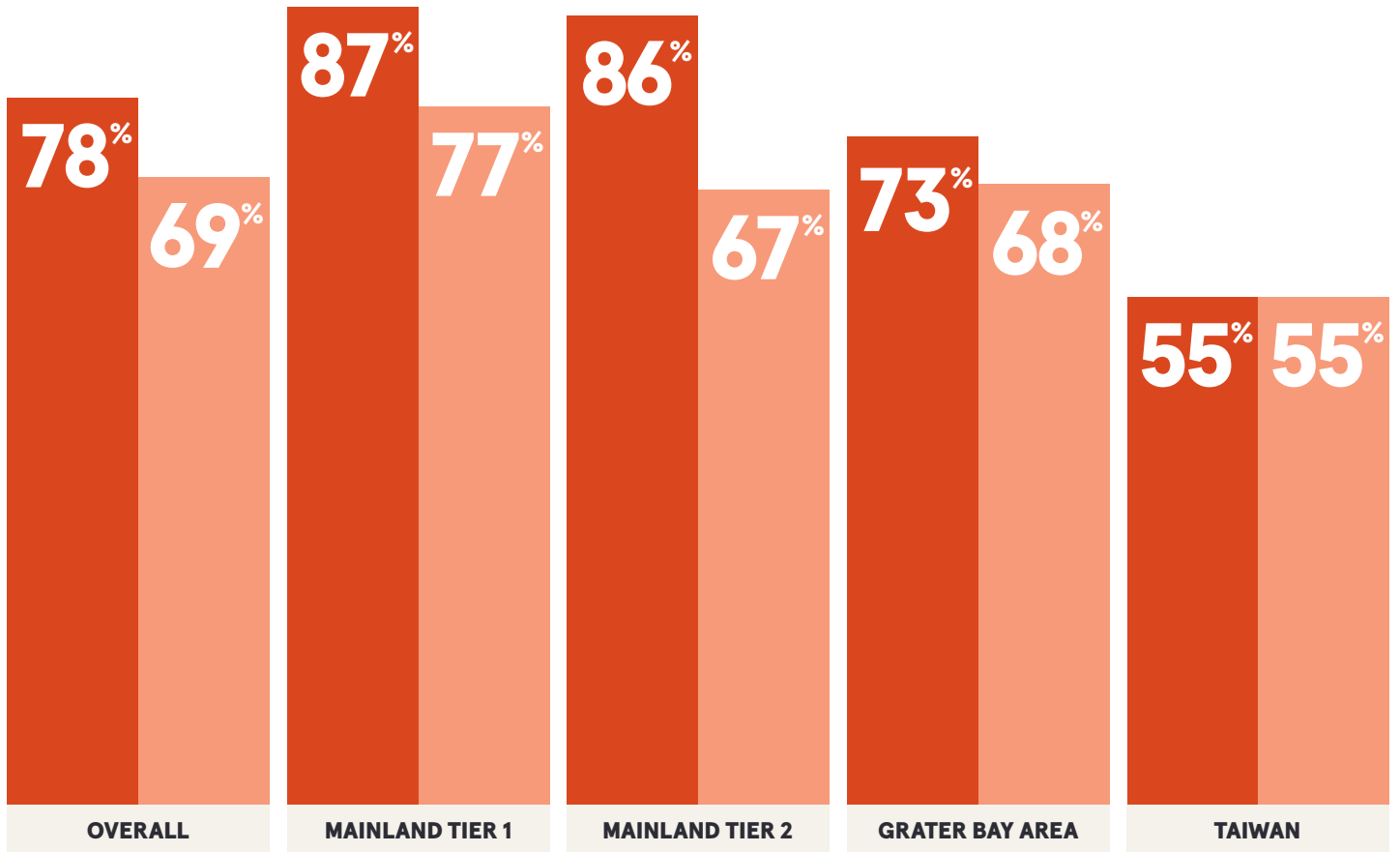
**Figure 1: A viral detour**

Real GDP growth (percentage change)



**Figure 2: Certain variability**

Share of respondents who agree with statements about the impact of covid-19



- The coronavirus epidemic has caused us to completely rethink our business strategy for the next year
- The degree of business uncertainty today is greater than at any other time in my career

Source: The Economist Intelligence Unit





## Unlikely optimism

Against this backdrop, it is no surprise that executive hopes in the region for improved business conditions over the next 12 months are subdued. Just over 40% of survey respondents expect conditions in their industry to remain unchanged, and nearly one-fifth (19%) believe they will deteriorate further.

Spirits vary widely in different parts of the region, however. They are by far the lowest in the Greater Bay Area (GBA) which includes especially hard-hit Macau given its reliance on a now dormant gambling tourism industry; Hong Kong, whose economy was already in a recession; and export-orientated Shenzhen.

Optimism is in evidence, meanwhile, in the mainland's tier one (T1) and especially its tier two (T2) cities. About half (49%) of executives in T1 and 62% in T2 cities expect industry conditions to improve in the coming months. There is also surprising confidence in mainland expectations of revenue growth, in this case being more pronounced in the T1 metropolises (96% versus 80% in T2).

"We definitely see business in China moving into recovery mode," says Mr Wong, whose firm consults for a breadth of companies. Cassian Cheung, an adjunct professor at the Hong Kong University of Science and Technology with extensive senior management experience in China sees grounds for optimism in mainland consumer markets. "Many firms in China have experience of SARS," he says. "Covid-19 will have a longer tail, but companies believe the consumer market will be okay for the second half of the year. Many will resume what they had been doing to try and grow the market."

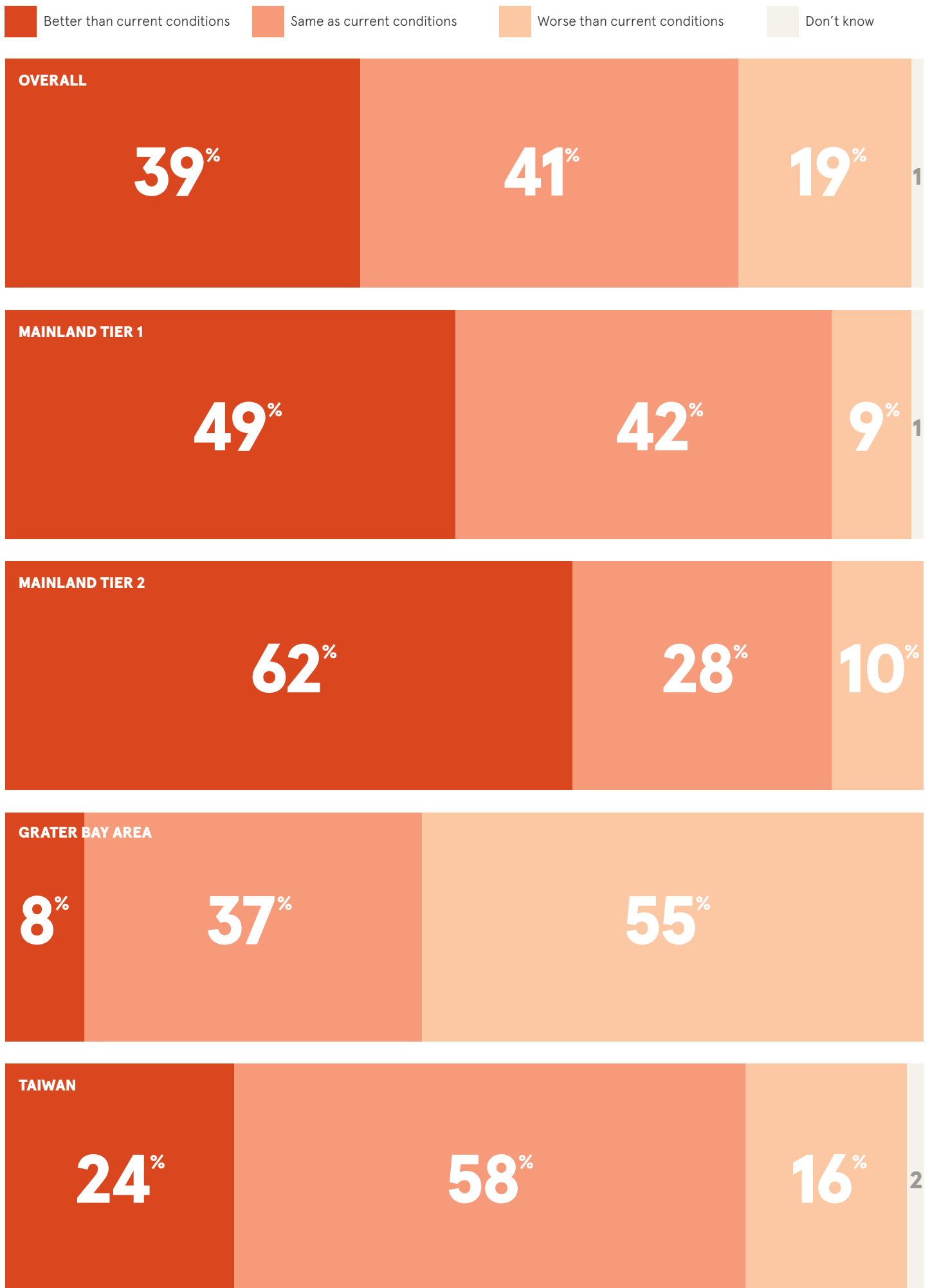
Taiwan executives display a more guarded level of optimism. The travel industry has endured a great deal of pain both in Asia and globally, but Taiwan's has been less affected, according to CK Cheng, founder and CEO of online travel marketplace AsiaYo. He ascribes this to its softer lockdown measures compared with other places while domestic travel has continued throughout the crisis, albeit at a reduced level.<sup>1</sup> Mr Cheng has another reason to look ahead with hope: "The competition has lessened. The travel industry has many smaller companies like ours that are relatively flexible and nimble. We feel that if we can survive this crisis, we will be better positioned than our larger global competitors to thrive."

We will go on to explore the steps companies in the region are taking to prepare for the crisis aftermath and manage other types of uncertainty. First, though, comes a closer look into the sources of that uncertainty.

<sup>1</sup> See "Taiwan's early success against coronavirus cushions economy", *Financial Times*, April 21st 2020

### Figure 3: Top tier of optimism in second-tier cities

Respondents' expectations of business conditions in their industry over the next 12 months



**“Covid-19 is too big for any business. We can only try to contain and mitigate it and then try to find a way to the next normal. The go-with-the-flow Taoism that permeates Chinese philosophy provides a fluid strength while China finds a way out.”**

**SIWING LIM, MEDIA INDUSTRY ENTREPRENEUR  
AND CHIEF EXECUTIVE**

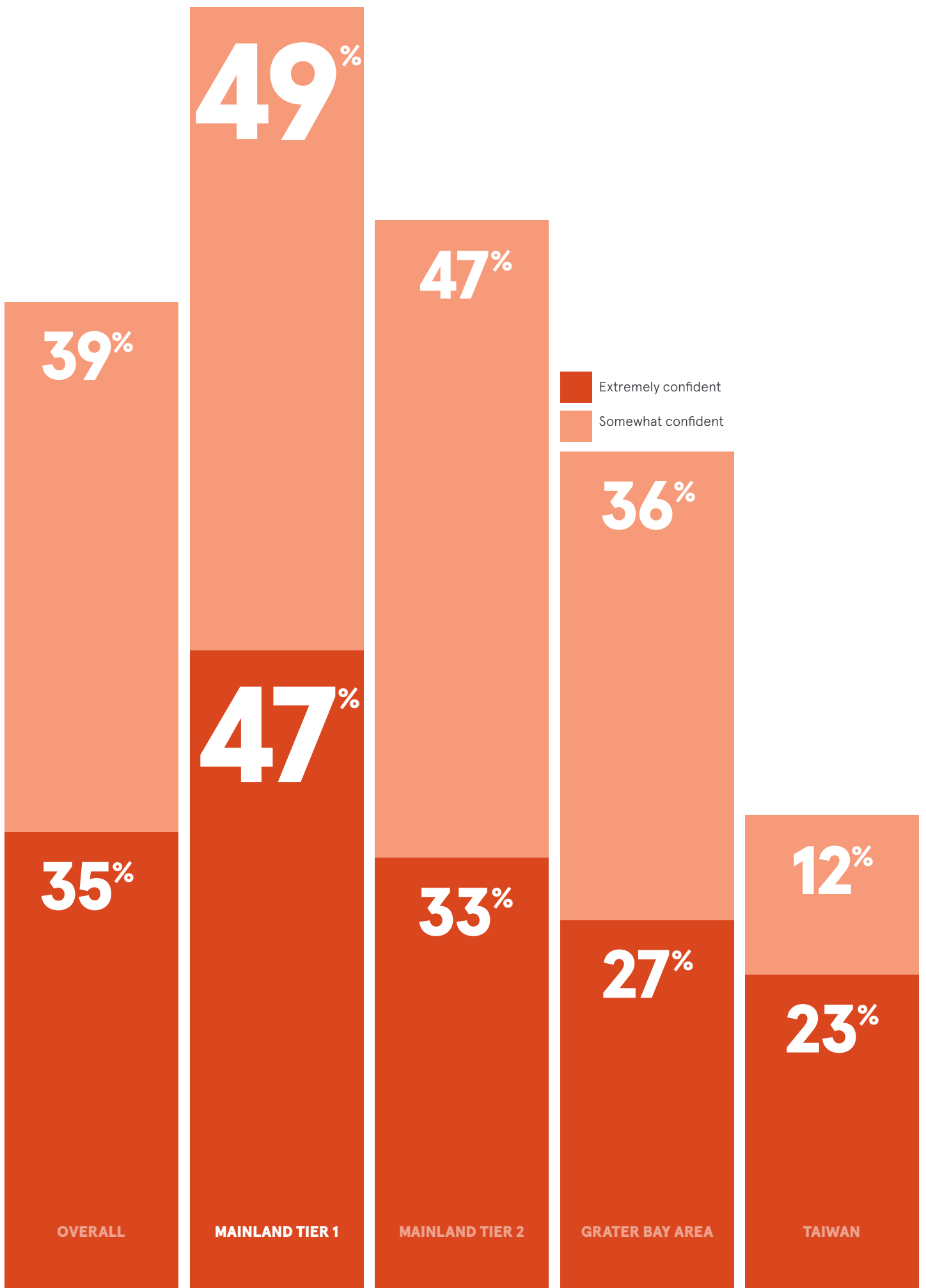
We will go on to explore the steps companies in the region are taking to prepare for the crisis aftermath and manage other types of uncertainty. First, though, comes a closer look into the sources of that uncertainty.





**Figure 4: Predominance of confidence**

Respondents' confidence in their firms' revenue growth prospects over the next 12 months



# Sources of uncertainty

Navigating the covid-19 crisis and its respective downturn has naturally been management's top priority of late, but more familiar challenges remain undiminished. "Shrinking talent pools, technology change and shifting customer behaviour are ever-present factors that we will need to continuously worry about and address," says Deloitte's Mr Wong. Some of those pressures are evolving and even intensifying.

Asked about their main sources of uncertainty over the next 12 months, our survey respondents point most frequently to the category of pandemics and other natural disasters—not a surprising result as the survey was conducted in the midst of the crisis. Still, many respondents also cite concerns about customer behaviour and talent and technology change even as most firms struggle to simply regain their footing. Looking further ahead (three years), talent and labour-market issues cause the greatest unease for executives, especially on the mainland and among the larger firms in the survey.

Companies have laid off many millions of employees during the crisis<sup>2</sup> but business leaders worry about how they are going to source the skilled expertise they will need for numerous roles. According to Cassian Cheung, there is likely to be a surplus of low-skilled labour for some time, but that is only part of the story. "There's always a shortage of skilled talent, even in a crisis," he says. "Demand will remain particularly strong for expertise in areas such as digital transformation and R&D."

Mr Wong, head of human capital at his firm, says the challenge is securing the specific categories of talent needed to take the business forward. "We have a critical need for people with backgrounds in digital, cloud, AI, machine learning and data analysis," he says. "We're not the only ones—all our competitors and most other industries seek the same specialist talent."

Another factor keeping talent wars simmering is the probable slowdown in international talent flowing into China. The government suspended the entry of foreign nationals into the country in late March on a temporary basis. But SiewPing Lim, an entrepreneur and formerly a chief executive in China's media industry, believes the government's push for "self-reliance" in strategic industries is leading it to prioritise the development of home-grown talent to take the place of foreign experts.<sup>3</sup>

<sup>2</sup> See, for example, "Coronavirus: China's unemployment crisis mounts, but nobody knows true number of jobless", *South China Morning Post*, April 3rd 2020

<sup>3</sup> Expat workers in China had perceived a change in government attitudes toward them at least four or five years ago. "Locals come first: the end of the golden era for expats in China?", *South China Morning Post*, October 23rd 2016



**Figure 5: Customer behaviour change a constant worry**

The chief areas of uncertainty for forward planning—next 12 months and next 3 years

**Next 12 months**

Natural disaster (earthquake, flood, pandemic, etc.)	34%
Change in customer behaviours	34%
Geopolitical tensions or events	26%
Talent challenges (availability, mobility, wage pressures, etc.)	26%
Change in competitive landscape	24%
Speed of technological change	23%
Cybersecurity	20%
Regulatory change	17%
Climate change	16%
Migrating supply chains ('de-globalisation')	16%

**Next 3 years**

Talent challenges (availability, mobility, wage pressures, etc.)	31%
Change in customer behaviours	26%
Speed of technological change	25%
Change in competitive landscape	25%
Geopolitical tensions or events	23%
Natural disaster (earthquake, flood, pandemic, etc.)	23%
Migrating supply chains ('de-globalisation')	21%
Climate change	18%
Cybersecurity	17%
Regulatory change	16%

## Keeping up with tech-savvy customers

The Greater China region can claim to be a technology powerhouse in certain fields, particularly consumer technology, so it may seem counter-intuitive that so many regional businesses say the speed of technological change poses a major challenge. A deeper look reveals that firms in mainland T2 cities struggle more with this than peers elsewhere. Around 35% of respondents there cite it as a main source of uncertainty both in their 12-month and 3-year forecasts.

Technological change is no less a source of uncertainty for multinational firms operating in the region. Business continuity planners, for example, often grapple with the complexity that Asia's rapid technology advances can bring. "As we look to deliver technological change at a faster pace, our scenario planning becomes more complex," says John Moore, lead business continuity and resilience manager at Bupa (Asia) Limited, a British health services and insurance provider. "And we need to ensure that any changes or upgrades are thoroughly tested before they go live."

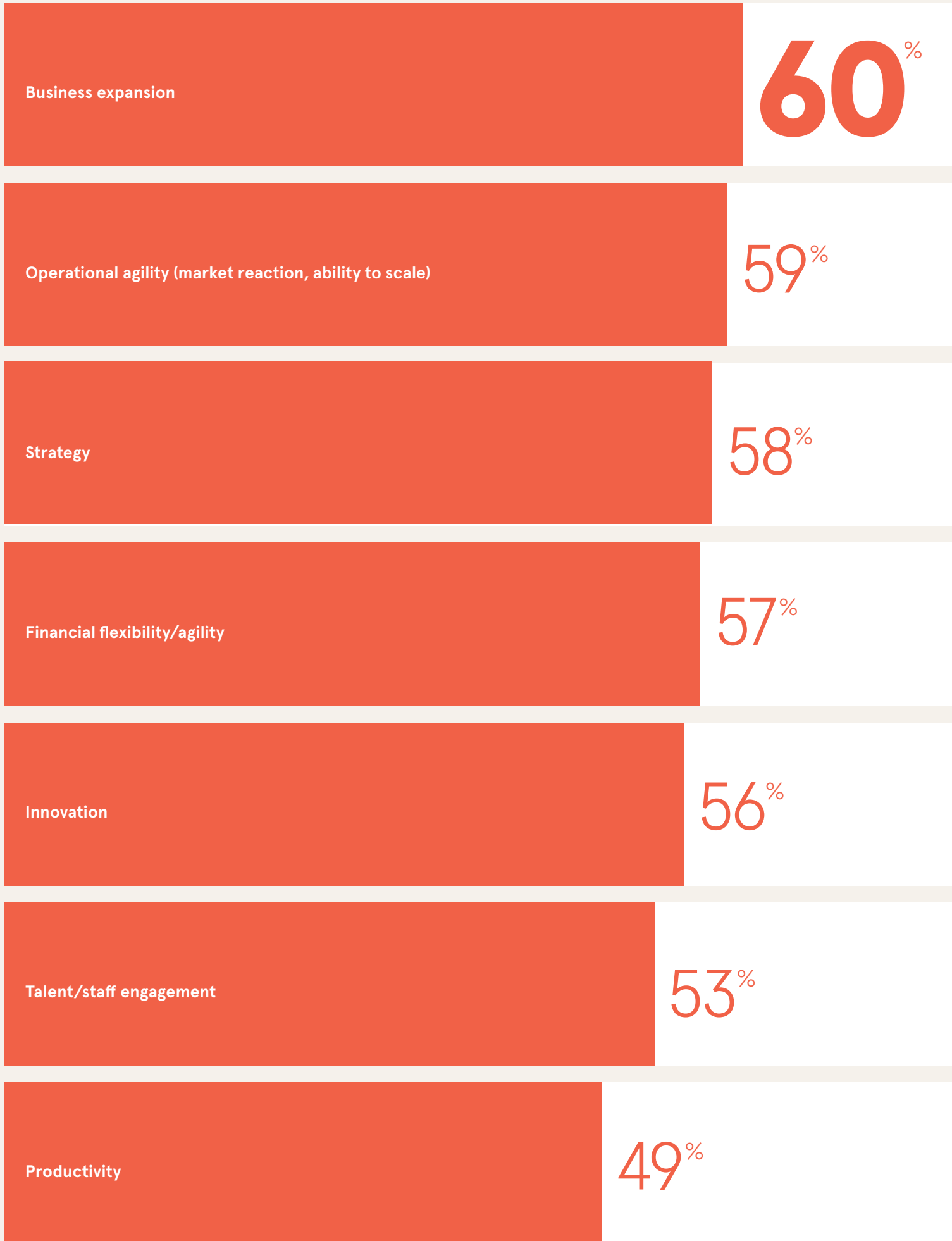
The reality for some industries is that digitisation has only touched the surface and has yet to penetrate foundational back-office operations, such as finance, HR and IT. The media and marketing industries are two prime examples, says Ms Lim. "Agencies have learned how to use consumer tech to engage with customers, but few are able, for example, to strategise around their clients' data infrastructure effectively. After emerging from covid-19 they really need to deepen their digitisation."

The practices and preferences of the region's digitally astute consumers, meanwhile, have continued to evolve, posing a challenge even for online firms to keep up. CK Cheng has seen consumer shifts taking place during the crisis that have longer-term implications. One, he says, is the older generation's full-hearted embrace of online commerce which gives vendors and marketers new demographics to target. Another, in Taiwan, is an accelerated migration of consumers to digital payment apps. "These are big changes in behaviour," he says, in areas where the Taiwan region has lagged behind mainland China.

This helps to explain why 60% of executives in the region believe their sales and marketing operations will be heavily impacted by uncertainty over the next 12 months, more than other part of the business, including operations, finance and R&D. It also helps to explain why almost the same number of executives worry about their operational agility—including the ability to respond quickly to market change. Many, as we will see, are taking measures to ease this concern.

**Figure 6: That shrinking feeling**

Respondents expecting uncertainty to have a large impact on growth drivers for their business over the next 12 months

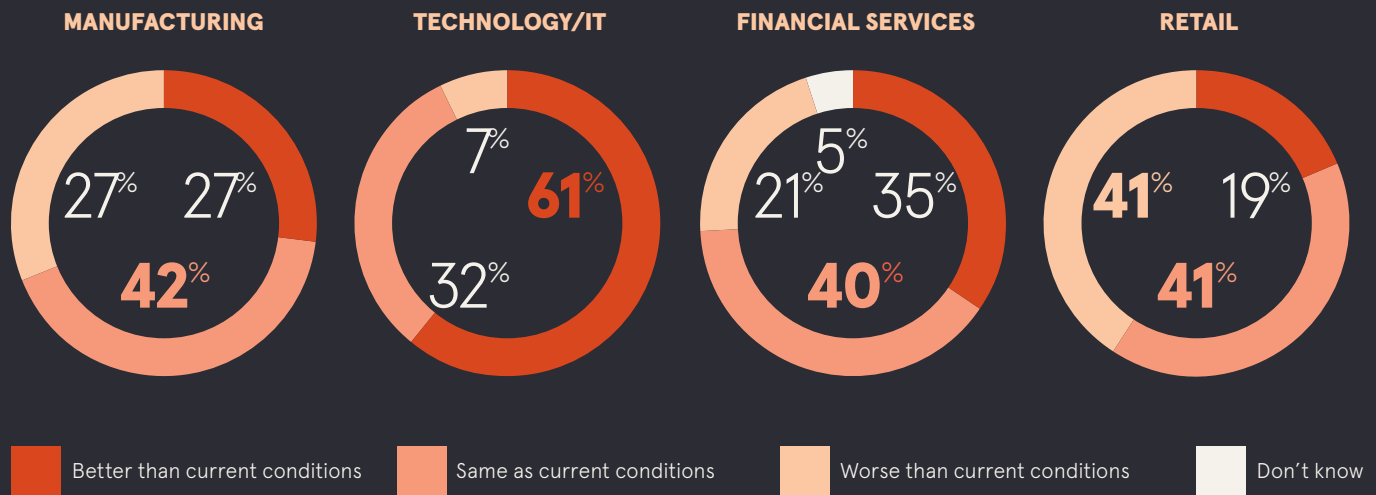


# A tale of four industries

Most industries in Greater China have been hit hard by the crisis, but some have fared better than others. Their different experiences might explain the stark contrast in executive outlooks across the four largest industries surveyed. Expectations for the next 12 months in the technology sector seem almost sky-high, particularly when it comes to revenue growth, about which 94% express some degree of confidence. Only half of retailers, by contrast, report confidence in revenue growth for the coming months, and only 19% think business conditions will improve.

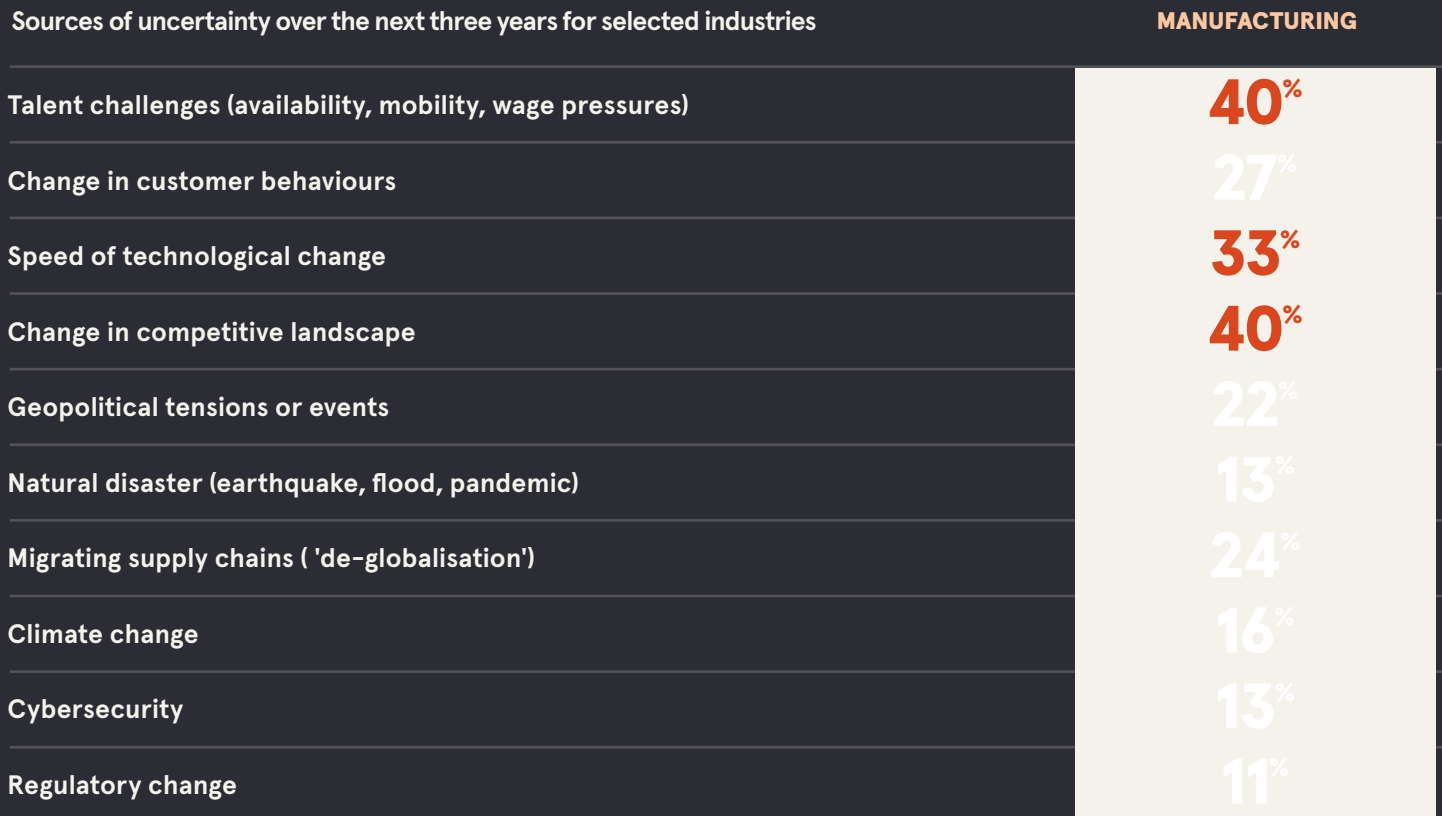
**Figure 7: Tech bulls and retail bears**

Respondents' expectations of business conditions in their industry over the next 12 months; selected industries



**Figure 9: Different worries for different industries**

Sources of uncertainty over the next three years for selected industries

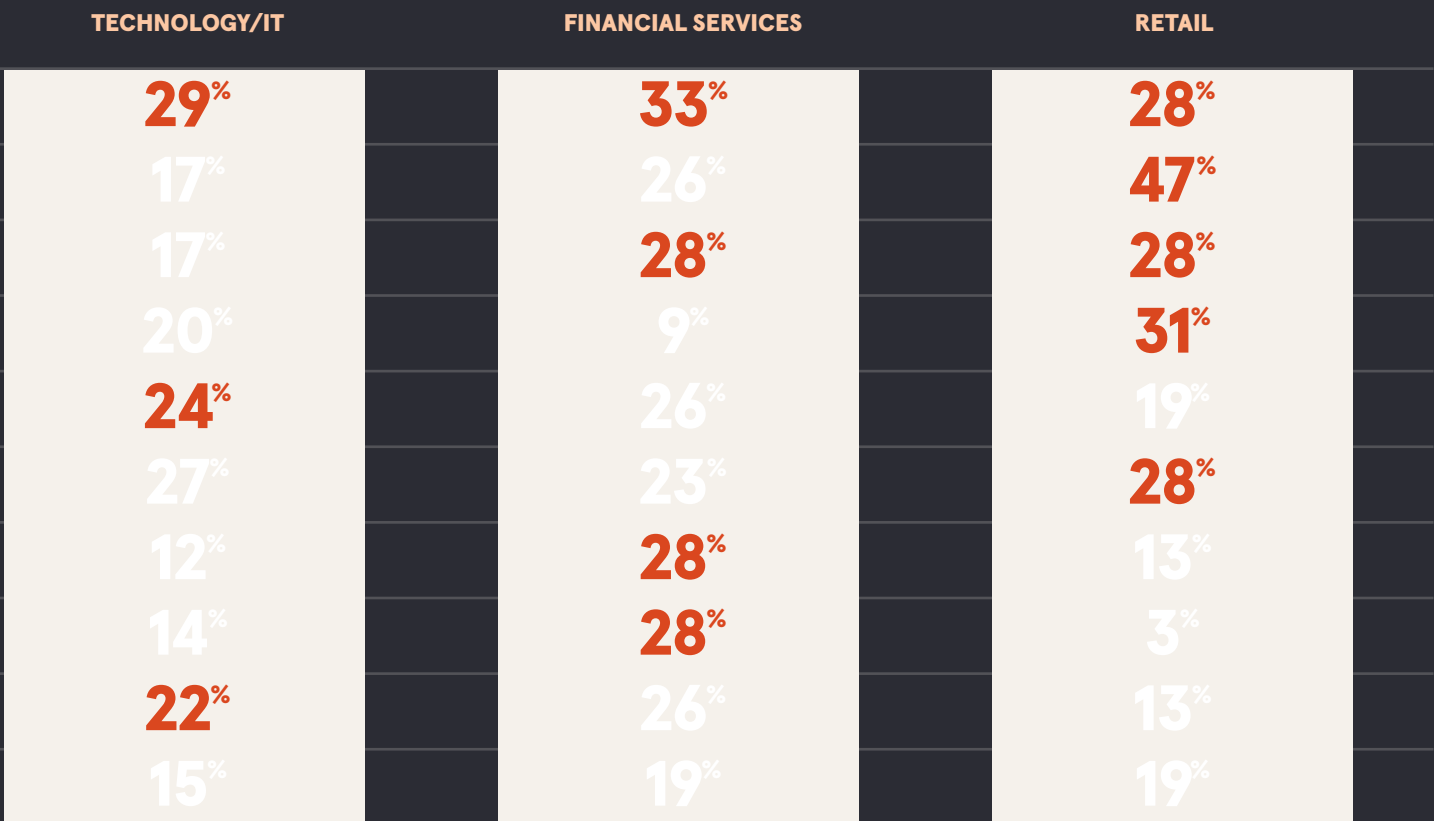
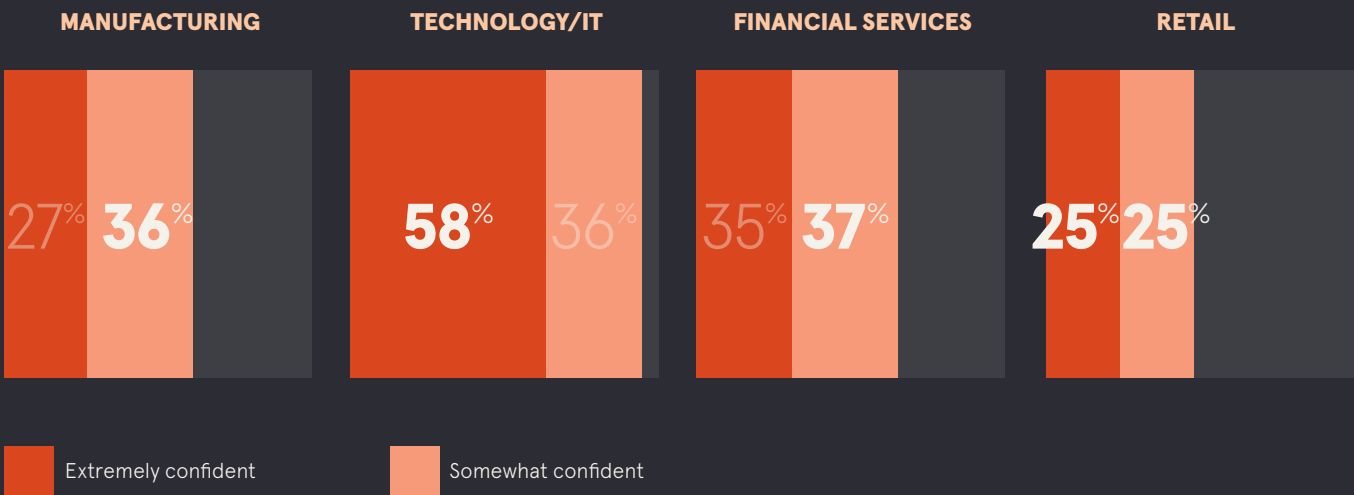


Red text represents top answers from the survey respondents.

In the longer term, securing talent is viewed as a major challenge in all sectors, although retailers are focused on shifts in customer behaviour while top of mind for manufacturers are expectations of a changed competitive landscape (possibly including industry consolidation).

**Figure 8: China's tech-sureness**

Respondents' confidence in their firms' revenue growth prospects over the next 12 months; selected industries



# Tactics for turbulence

When the severity of covid-19 became apparent in China, Deloitte—like other companies operating in the country—focused for the first two weeks on their contingency planning, says Mr Wong. The first imperative was “how to get rid of the problem”. The focus shifted over the next 4–6 weeks to thinking about the aftermath and how to recover as quickly as possible. “For us in China, that means aggressively shifting to agile working,” he says.

Amidst the heightened uncertainty 2020 has brought, businesses are planning measures to improve their scalability. Workforce rigidity, among other factors, appears to be a hindrance. Nearly half of survey respondents (49%) believe their workforce is not sufficiently flexible to support their business strategy.

One way of improving flexibility is to increase the use of temporary or short-term workers, and most of the surveyed firms (77%) are planning to do so during the next year. “Companies in China need greater flexibility to respond to emergencies or market changes,” says Mr Cheung. “Greater use of contract staff will be part of that.” Companies may also make more frequent use of staff sharing, an innovative practice which some firms took up during the crisis (see box “Is staff-sharing here to stay?”).

Efforts to improve scalability are likely to take other forms. SiewPing Lim foresees firms in some industries that lack in-house analytics expertise to contract data analysis out to specialist partners. Media agencies, for example, are good at devising media strategies for clients but not adept at data crunching, she says. “I expect to see large firms—and not just in media—outsource such work to multiple specialist outfits located in different cities.”

Such an approach has definite advantages for business resilience, says Mr Moore of Bupa. “The ability to easily transfer processes to other locations as a follow-the-sun model/contingency arrangement, for example to support customers, can offer great resilience,” he says. But he warns that having the ability to transfer operations to alternative company offices across borders requires consideration of different technological capabilities and regulations, including around data privacy.

Ms Lim believes the ability to scale markets will be just as important as scaling operations. “Western markets are becoming tougher [for mainland Chinese companies]. They [Chinese companies] can re-orientate towards Belt and Road opportunities and should dial up their efforts in domestic markets, particularly in faster-growing, lower-tier cities.”



# Is staff-sharing here to stay?

In January 2020 Hema, the grocery unit of China's e-commerce titan Alibaba, saw demand for food products skyrocket as cities and towns went into lockdown. In February the firm hired, on a temporary basis, around 2,700 idled employees from 30 restaurant chains that were forced to halt operations. The individuals went to work in Hema superstores across several of the country's large cities. Other companies have done the same, including US retailer Walmart (which reportedly hired over 3,000 restaurant staff on a temporary basis for its China stores); JD Logistics, the delivery arm of online retailer JD.com; Dada Group, a delivery firm; and Meicai, a fresh food producer.

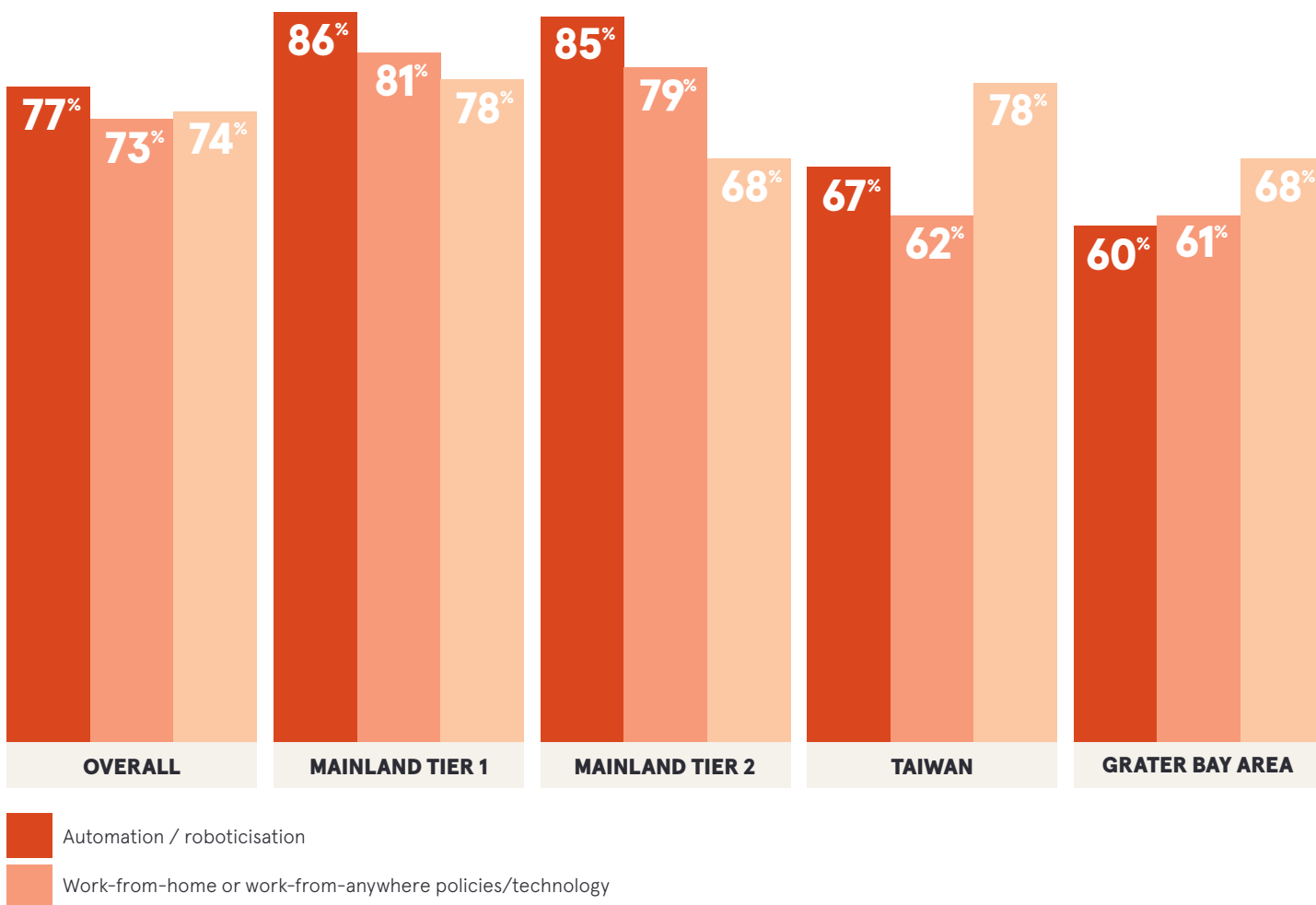
It is unclear how many of the contracted employees will wish—or be able—to return to work at their restaurants as many of their former establishments may never open their doors again. There are also questions about how sustainable the staff-sharing model is given that it was forged in a unique period of extreme national emergency.

However Jungle Wong, China human capital leader at Deloitte, believes the model has staying power. "The economy is changing and businesses are considering pooling resources, including the use of temporary and crowd-sourced workers, to help contain labour costs." SiewPing Lim, an entrepreneur and formerly a chief executive in China's media industry, agrees: "I expect to see more staff-sharing going forward. This is more likely in areas where [the competition] is not sensitive—perhaps not within the same industry, but between adjacent service industries. For example, groceries and restaurants, tourism and culture or tourism and hospitality."

Seen in this context, staff-sharing may help boost the scalability of businesses not only during the case of a pandemic, but also in more familiar periods of market volatility when demand swings occur.

### Figure 10: Scaling up, scaling out

Types of changes companies are likely to make over the next 12 months (consolidated % of respondents saying changes are “very likely”, “somewhat likely” or “have already been taken”)



Source: The Economist Intelligence Unit

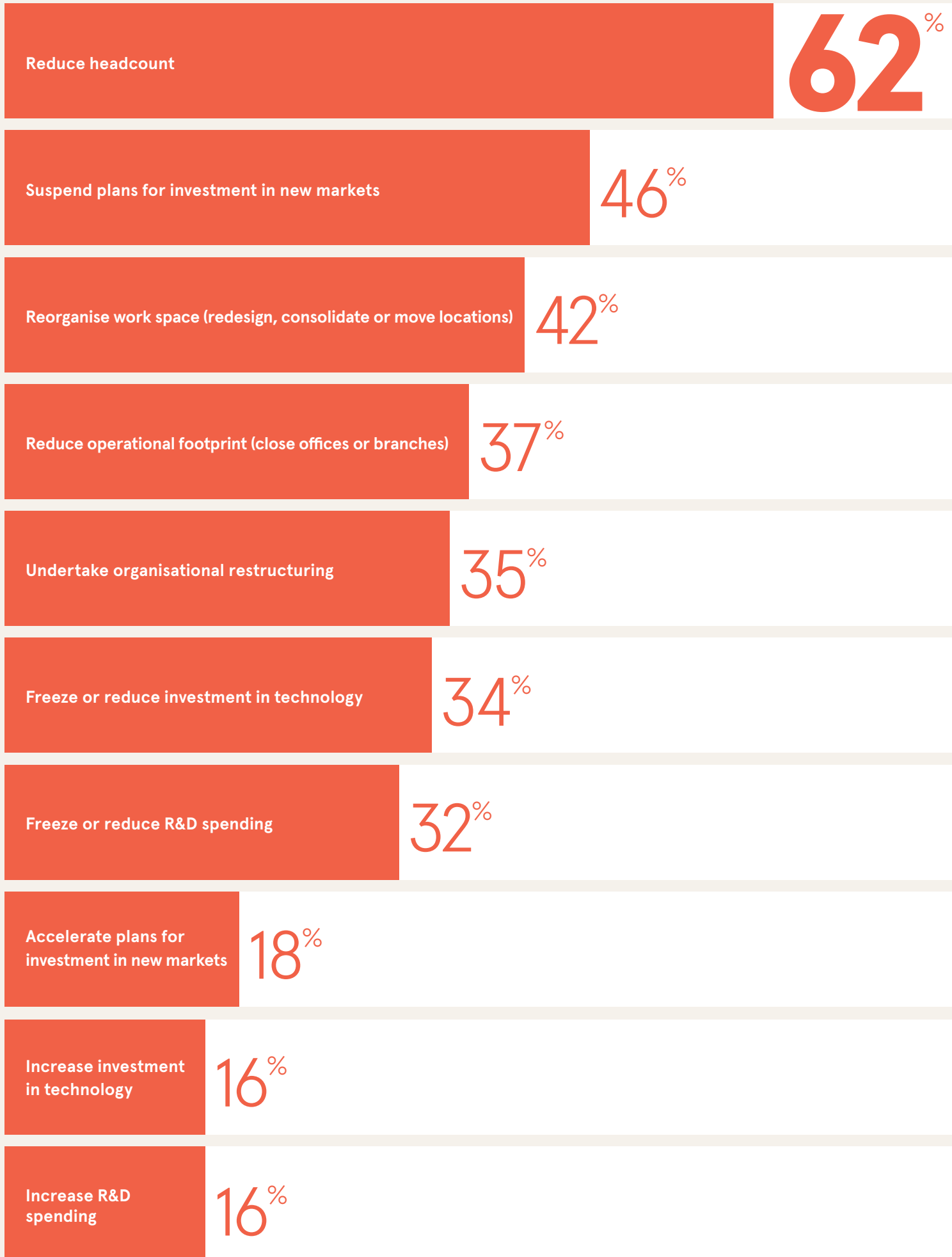
## Keeping their options open

The surveyed firms will also undertake some de-risking and re-organising. Just under three-quarters (73%), for example, plan to consolidate work locations and offices. Around the same figure (74%) will undertake some form of organisational restructuring. “Companies don't want to commit too much at this stage to capital expenditure,” says Mr Cheung. “Not because they don't believe in the potential of the market but because they need to hedge against the possibility of the virus reviving. If so, they should be keeping their contingency plans fully up to date.”

Among those firms expecting business conditions to worsen in the coming months, the measures they take will be more drastic. The chief strategy for most is reducing headcount while nearly half will freeze investment in new markets. Fewer, however, will reduce technology and R&D spend. Of this group, 42% plan to take measures to “reorganise their workspace”, such as redesigning, consolidating or moving offices, plants or warehouses. A few even plan to accelerate or increase investments in new markets, technology and R&D. All this suggests that companies expecting more darkness ahead have outlooks that combine defensive and proactive elements, some retrenchment and some opportunism.

**Figure 11: Dialling down**

Actions planned by respondent firms that expect business conditions to worsen over the next 12 months (%)



# New realities of work

Retrenchment is inevitable amidst the levels of uncertainty companies are experiencing today. Some will rein in spending on technology, R&D and innovation. A majority in the survey expect uncertainty to have a significant impact on their IT and R&D operations (51% and 55% respectively) over the next 12 months. Slightly more (56%) expect uncertainty to affect their innovation efforts.

For many others, however, the crisis will act as a spur to push ahead with digital initiatives. SiewPing Lim believes it more likely that mainland firms will boost rather than cut back their technology investments. Deloitte China's clients, says Mr Wong, are currently thinking about how they can expedite their digital transformation. They are especially focused, he says, on digitising their back-office operations, including finance, HR and supply-chain management.

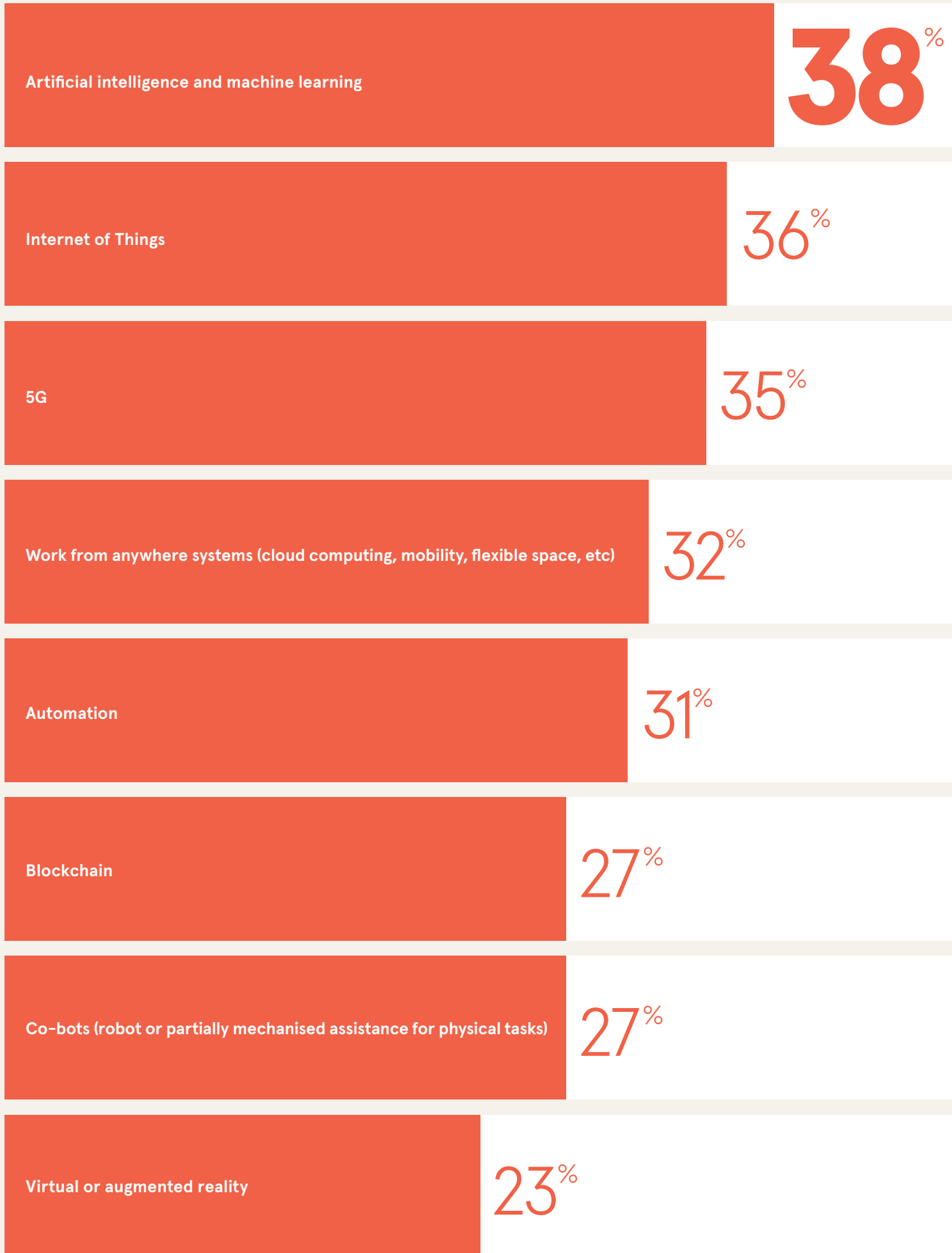
AI, machine learning (ML) and the Internet of Things (IoT) are expected to have a heavy influence on respondent companies' workforces over the next year. Again, there are notable differences in areas of focus between firms in different parts of the region and in different industries. Mainland businesses, as well as manufacturers and technology firms in the region overall, expect IoT to be heavily influential. In Taiwan, and in the retail sector overall, respondents believe AI/ML and 5G will do more to influence how people work.

Automation in back offices as well as on the factory floor is also likely to gain ground using some of the same technologies. Among surveyed firms overall, 70%—and 77% in mainland T1 cities—intend to undertake automation of activities and processes within the next 12 months. This will lead to change in some roles and possibly some disruption, but also to greater job satisfaction if it is mainly repetitive activities that are automated.

The crisis-induced mass experiment in home-working will surely recede as offices and factories re-open, but many companies—now convinced of its viability—will use this mode of working more widely. “The coronavirus has made flexible working a necessity for our business,” says Mr Moore. “But its benefits have been very clear. It can prove a win/win situation for employee and employer, particularly in a city like Hong Kong, where real estate is so expensive.” He adds, however, that companies must be cognisant of the demands outside working can have on employees' mental and physical well-being and devise means of supporting them. His company has, for example, provided employees with videos, podcasts and other tutorial materials about working from home for their personal wellness and to enhance collaboration with colleagues.

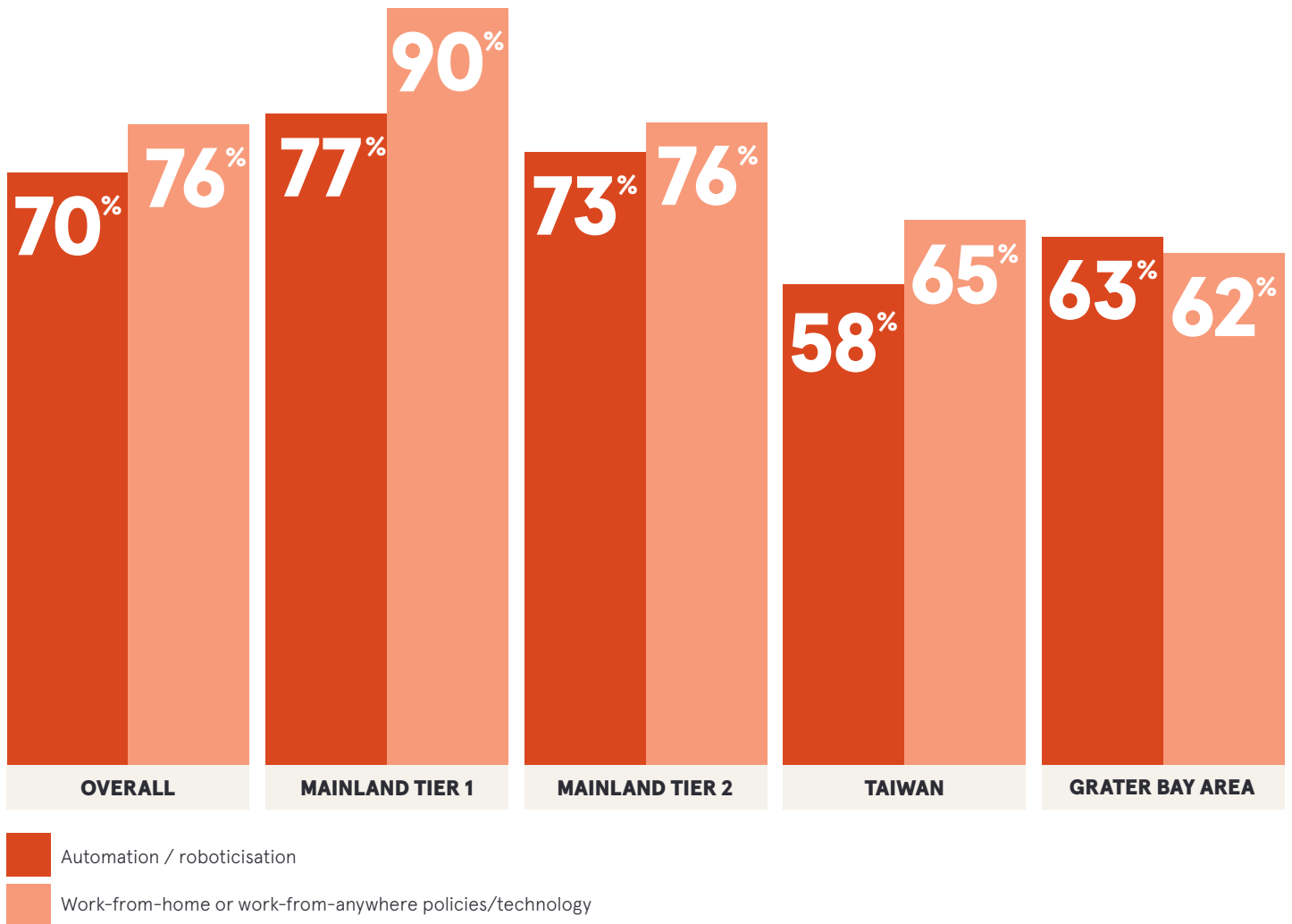
### Figure 12: Anticipating AI's influence

The technologies or technological developments that respondents expect to have the greatest impact on their firms' workforce over the next 12 months



**Figure 13: Where work gets done could be in flux**

Types of change that respondent companies are likely to implement over the next 12 months, or which are already under way



Source: IMF World Economic Outlook, April 2020

Over three-quarters (76%) of surveyed firms (90% in mainland T1) plan to implement work-from-anywhere practices over the next 12 months, utilising cloud, mobility and other work-from-anywhere systems. “Millennial and Gen Z employees are seeking more flexible ways of working,” says Mr Wong, speaking of China. “This is affecting all companies, no matter their age or industry, and will force them to make changes [in this direction].”

Employers will have to respond to this greater desire for flexibility given the fierce competition for talent. Mr Wong says that his company’s internal surveys reveal a growing share of employees who favour short-term or crowd-sourced forms of working.

Sohail Inayatullah relates that executives may speak favourable of such change but often have little actual intention. That is, until covid-19 came around. “They are now forced to walk the talk. Covid-19 has pushed this far along, and the things business leaders didn’t want to do, they have to do now.”

# An online upstart with a long memory

When reports of the novel coronavirus first started emerging, the first thing CK Cheng—founder and CEO of online travel marketplace AsiaYo—and his management team did in Taipei was to study news reports from back in 2003 when the SARS virus struck. They noticed some similarities in timing and other aspects and concluded that the new virus could be at least as deadly and spread across the world. “We thought: this is probably SARS coming again,” says Mr Cheng, “and we remembered what happened to the travel industry then”.

During the Lunar New Year holiday at end-January, Mr Cheng and the board decided they had to act. “On the first day back,” he relates, “we suspended our contracts with part-timers and interns and cut our marketing spend in half. On February 14th, we relinquished half our existing office space and cut the rest of our marketing. On the same day we painfully let go of around 20% of our 130 employees.” The company took these actions at a time when there were still few covid-19 cases in its primary markets.

Some staff and partners were surprised by the severity of these actions, says Mr Cheng. “We had to act fast, otherwise we would not have survived the crisis,” he says. As a result, he believes AsiaYo has weathered it better than its larger rivals, many of which maintain numerous brick-and-mortar agency offices and large workforces. In contrast, AsiaYo, founded in 2013, was born on the internet and remains entirely online, with all the advantages in speed and flexibility that a fully digital business model offers.

As for the future, AsiaYo is assuming a slow recovery in its markets. “Eventually we’ll expand more aggressively, but for now it will be a very cautious expansion.” The reason, says Mr Cheng, is that he and his team believe the covid-19 crisis is far from being over.

# Concl

Business leaders in Greater China tend to have long memories, says SiewPing Lim. To help them manage during the current heightened uncertainty they look for lessons from similar past crises, which in this case include SARS, the global financial crisis of 2007-2008 and the Asian financial crisis of 1997.

Veteran leaders of mainland businesses have additional experiences to fall back on. “Chinese companies have been in crisis mode almost from the day they’ve opened,” says Ms Lim. “They’ve had to deal with all manner of uncertainty,

including policy changes and economic shocks, not to mention viral epidemics,” she says. Operating in such an environment demands a substantial degree of flexibility. “Business leaders go by the old Chinese precept, ‘You cross the river by feeling for the next stone,’” says Ms Lim, “because you don’t know what is to come”.

This suggests that some companies will try to ride out the storm, making as few changes to their business as possible. However, our research reveals that many others will make important shifts. Some



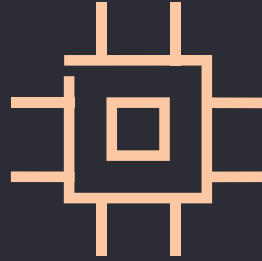
# vision

of these will be of cost-cutting necessity, such as headcount reduction and consolidation of work locations. Other changes will be more forward-looking, made with a view to improving business agility and scalability. In this category falls greater use of temporary workers, more flexible working, a concerted push to automate more front- and back-office operations, and increased investment in AI, IoT and work-from-anywhere technologies.

Many of the forces driving such change may be long-standing, but their acceleration in the crisis is likely to cause

uncertainty and discomfort for Greater China businesses for some time. Long memories, flexibility and patience—with some support from a deference to ancient philosophy—have often helped the region's business leaders navigate periods of heightened uncertainty. Those attributes will be sorely tested in the coming months and years.





## Key takeaways

### Technology:

Automating and labour-saving technologies such as AI are still on the horizon; companies have not yet deployed these widely but many consider new tech to be of strategic importance in terms of scale, competitiveness and for managing uncertainty, not just for productivity.



## Scalability:

A majority of respondent firms (77%) in the survey expect an increase in gig or short-term workforces. This goes hand-in-hand with plans for organisational restructuring and location consolidation. Staff-sharing could see an increase while mobile working and cloud-based functions will become more commonplace. All these tactics can help firms deal with future periods of uncertainty.



## Planning:

Technology and operational agility are essential but the burden of successfully managing uncertainty still lies on foresight and quick action. Flexibility isn't a natural corporate muscle but the key to managing uncertainty lies in activating it.

Persepctive

# WeWork perspective.

## Planning for the new world post-COVID 19.

The realities of the Covid-19 crisis and the world we face in the post-pandemic period will push the boundaries of work and life as we currently understand it. Emerging trends of the last 10 years will be thrust into the spotlight as companies look for solutions and efficiencies to maintain productivity and endure in the new world.

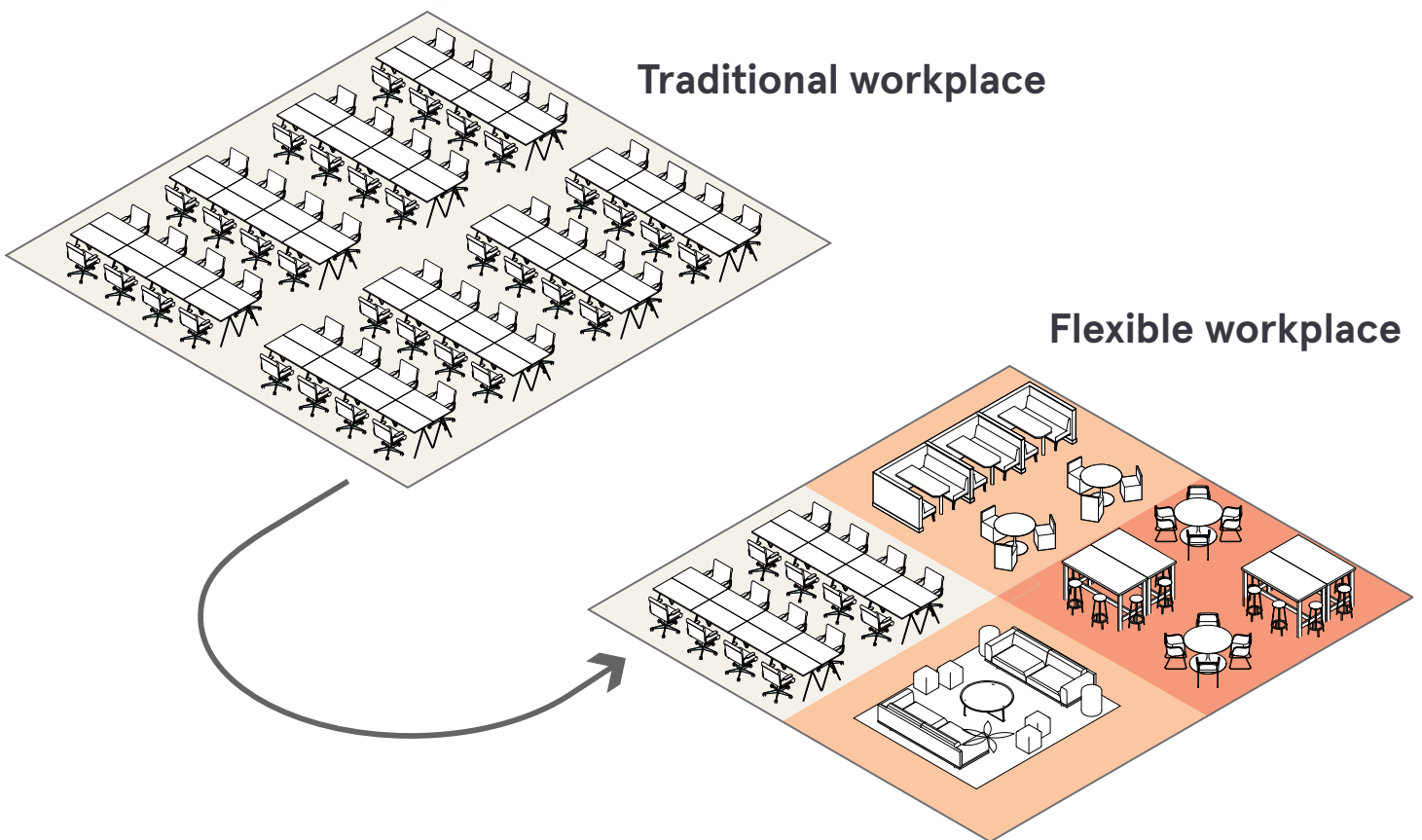
The uncertainties of our times and the future are challenging our understanding of the workforce and the work environment, how companies respond in the immediate, mid, and long term will be key to their growth and ability to ride out uncertain times. The foundation for change can begin in the workplace environment, with 4 key considerations:

## Safely return to work

As China returns to work and Government eases restrictions, it is important to maintain relevant protocols to ensure the health and safety of employees. Tactics WeWork has implemented in our assets include: increased sanitation processes and fresh air supply, appropriate spacing protocols, technology enablement, and behavioural signage to reinforce new protocols.

## Spatial flexibility

Covid-19 restrictions forced many businesses to experiment with remote work, which as a result has amplified the growing trend of workplace digitization<sup>1</sup>. Coupled with growing generational change<sup>2</sup> within the workforce, digitization will fast become a leading factor in shaping the processes and environments of companies. Flexible environments will enable companies to embrace digitization changes by providing diversity and variety of settings which unchains employees from their desks. Flexible environments can provide up-to double the efficiency of traditional environments, which results in a significant ROI for companies, decreasing operation expense pressure.



1 "50% of all business decision-makers say automation, AI, and machine learning will benefit their businesses." WeWork; <https://futureofwork.wework.com/#talent> 2019

2 "Millennials and Gen Z currently account for slightly over a third of the workforce (38 percent). In the next decade, that figure is set to shoot up to 58 percent" CNBC; How millennials and Gen Z are reshaping the future of the workforce 2019

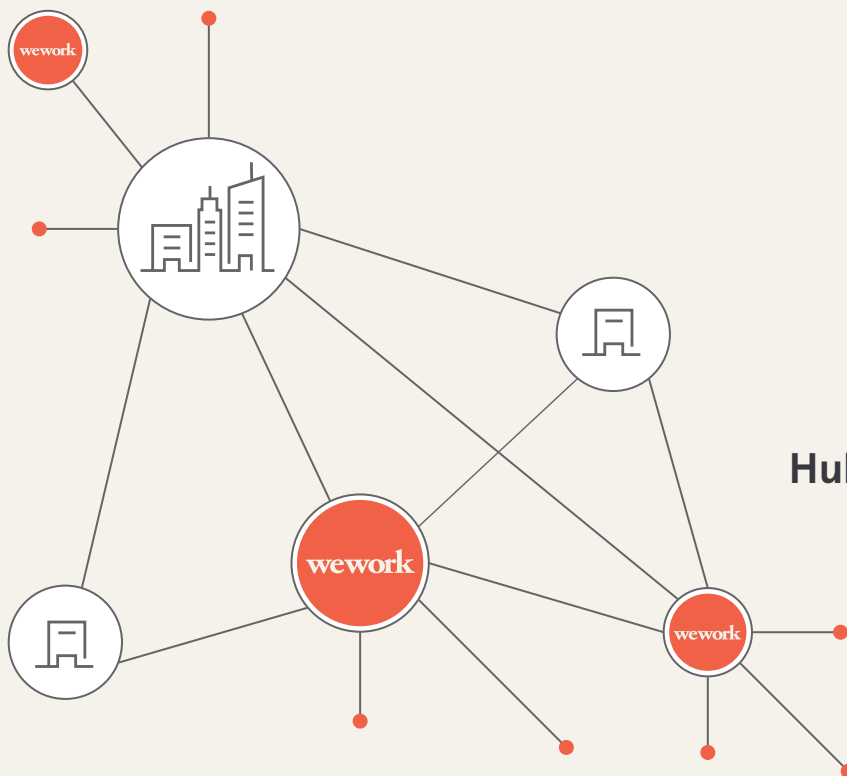
## Real estate agility

Similarly, the recent exposure to remote working has exposed the benefits of a mobile workforce, from increased focus and productivity<sup>3</sup> to a reduction of real estate needs. Whilst working wholly from home has significant drawbacks, such as insufficient infrastructure, inadequate settings, and professional isolation, it does demonstrate that the traditional portfolio is lacking in agility. WeWork promotes the strategy of 'hub & spoke' portfolios which leverage a combination of centralized and satellite offices, with access to shared amenities and flexible working policies. Whether through restructuring, reducing, or increasing workforces, companies can leverage agile portfolios to create liquid solutions through uncertain times. This can also best promote team collaboration and drive business outcome.

## Operational flexibility and financial liquidity

With growing concern around the availability and retention of talent, an effective portfolio strategy enables the redistribution of funds and provides attractive environments<sup>4</sup> for talent to thrive. Agile portfolios can reduce CapEx, allowing funds to be diverted to employee mobility, upskilling, and health and wellness programs as well as technology such as AI and automation to increase productivity. While flexible environments provide the variety and mobility employees are increasingly looking for.

As a result of the Covid-19 crisis we are faced with the opportunity to embrace workforce & workspace change; we believe that through immediate execution, behavioural learning, and flexible improvements companies can evolve and grow out of these uncertain times to more agile and mobile solutions.



**Hub + Spoke portfolio**



Scan the QR code to find WeWork's guidelines and approach to workplace safety

<sup>3</sup> "over 65% of respondents felt working from home kept their productivity levels the same or more" Profile Asia; "Will Flexible work survive Covid-19", 2020

<sup>4</sup> "80% of job seekers would choose a job with a flexible work-from-home policy over one that doesn't offer the same benefit". Fastcompany; "We're in the midst of a massive work from home experiment. What if it works? 2020





Case study

# WeWork corporate case study



Since the first COVID-19 case was reported in the news, WeWork formed a crisis management committee to take precautionary measures to protect the wellbeing of our employees and members, as well as to initiate new ways of working to help our small-to medium business (SMB) and corporate members to resume work safely, no matter whether they work from home, office, or anywhere in between.

We have executed a three-fold approach to manage uncertainty and ensure business continuity:

## Use real-time data to make timely decisions, build safeguards for employees and members

WeWork built an online platform at the very beginning to pull in real-time data, news and policies related to COVID-19 for timely decision-making and communications. We also collected health statistics on a daily basis online for all WeWork employees as a precautionary measure. The collected data allowed us to take adequate preventative actions and to map out an upgraded standard operating procedure (SOP) guideline in advance of the wider outbreak. The intelligence also enabled us to procure essential medical supplies, leveraging all available global sourcing channels.

## Enhance benefits for protected wellbeing

Making sure our employees felt safe and protected as we brought them back to work under the new normal was a vital part of our efforts. WeWork rolled out an upgraded and customizable employee benefits program to extend health insurance coverage for the employees themselves as well as their family members. In addition, we partnered with Jiahui International Hospital, a 7x24 online medical consulting channel for our employees, members and their families, to seek professional medical advice anytime at home. WeWork also organized virtual trainings about mental health and wellness, as well as professional topics to upskill our employees.

## Employ a 'Hub and Spoke' flexible work model to rebuild business momentum and strive together with members

To rebuild business momentum and continuity during and after the pandemic, WeWork implemented a 'Hub and Spoke' workplace strategy, which included forming a Skeleton Staffing Plan, with a smart combination of Team Floating Work and Home Office options in Greater China. Even with pandemic prevention as a priority, it was vital not to sacrifice the comfort and special feel of our locations; member services were never halted during the virus outbreak. WeWork aims to offer employees more than a safe and healthy Workplace, beyond that it should be an inspiring and caring Community, a real productive 3rd Space between Home and a traditional Office. Our employees worked in pre-identified Hubs, with the flexibility to choose the most convenient Hub Homes (sites) to them, while still ensuring they worked in locations with some fellow teammates. Our corporate employees joined our business 'frontline' to help deliver quality member services by supporting our Community Teams in WeWork locations. While working together to support our members, they came up with innovative ideas including host live-streaming sessions with members about how to reboot a business during this time.

## Fueling confidence to the broader community

Our efforts helped bring a positive impact on the broader community. We actively participated in government initiatives, sharing our best practices in prevention, and assisted member companies with business continuity. This fuelled our landlords, members and the broader community with positive energy and confidence to resume work in our WeWork spaces. Our creative employee engagements and communications also received government recognition as effective examples to share with other employers. The pandemic's uncertainty has changed the business environment inevitably. WeWork, as one of the industry's leaders, has had to adjust the way we work by embracing changes with flexibility. The future of work has never been so close to reality.

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