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Workplace culture, office space and demand

A four-year study into differing work cultures raises thought-provoking questions about the future of the workplace after the pandemic

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Facilities management   Wellbeing

COVID-19 continues to herald a plethora of change to our lives globally. The social, economic and environmental ramifications are yet to be fully realised, though many are speculating and positing theories. One theory is that work practices may change. Some organisations and employers are considering whether changes to work practices, such as increased home working may be viable in the longer term. If taken up on a larger scale, this would relieve stress on transport infrastructure and will impact demand for office space. However, which types of office-based organisation are likely to opt for this new work pattern, and which organisational cultures are best suited?

This article, based on a four-year Australian study of organisation culture, office and workplace needs, assesses the market to posit answers to these questions. You may not have heard of organisational culture theory, yet it is a powerful theory influencing our workspaces. If an organisation does not have an appropriate culture to support its business activities, there could be substantial impacts on that organisation's day-to-day activities and, ultimately, its overall financial performance.

Within workplace theories, a key organisational culture theory is the competing value framework (CVF), which identifies different organisational culture types and their respective appropriate workplace settings. Four main cultural dimensions in the CVF are; adhocracy, bureaucratic, clan and market cultures. Various cultural aspects prevailing in organisations are examined here to gain a deeper understanding of the effects of changes in office layout on the corporate culture of organisations, with the potential COVID-19 impacts overlaid.

In any industry the culture of an organisation is a mechanism contributing to profitability. Organisations that have the right culture supporting their activities are very successful in achieving their goals. A suitable culture is known to minimise issues related to leadership style, employee's behaviour, and workplace satisfaction (Earle, 2003). For large corporates, the relationship between organisational culture and artefacts such as office layouts, architectural design and interiors, and the people who work in the office buildings is much more complicated. It is important for organisational leaders to understand the importance of organisational culture and to choose the right or the most suitable organisational culture type which could enhance the success of their activities. Cameron and Quinn (2006) identified four dimensions of organisational culture in the CVF as follows:

- **Hierarchy culture**
  Military and police forces are good examples of hierarchy cultures. Implementing rules and regulations is a key expectation of leaders; decision-making procedures are clearly defined, and well-established rules and regulations help to keep employees under control and accountable. While this culture is commonly found in the public sector, some private corporates also follow this as well.

Table 1: Organisational cultures types and suitable office design
(Adapted: Nanayakkara, 2019, p68)

Culture	Characteristics	Suitable office design
Hierachy	Uniformity Strong control Empowering coordination Evaluation Internal efficiency	Hierarchical arrangeme Assign desk to everyon office for senior staff
Market	Profitability Customer base Targets Results	Team spaces Assigned spaces Meeting rooms Conference room Learning space Out of office
Clan	Trust Involvement Teamwork Corporate commitment to staff Loyalty and tradition	
Adhocracy	Individualism Innovation	Assigned workplace Enclosed office Out of office arrangem

internal integration, and that have worked well enough to be considered valid. The culture can be identified by evaluating an organisations' mission statement, which answers three main questions; "who are we?", "what do we do?", and "where are we headed?" The answers help in identifying the corporate culture as well as the company's philosophy, ethical policy, pathway and target destination. Office layouts and designs are important in this definition, since they represent the corporate image, which is the main outward-facing component of an organisation's culture.

Most office buildings are designed to cater to tenants' vision and philosophy in terms of work pattern and office designs. Some organisations prefer a 9am to 5pm work pattern, which is used in traditional office layouts and work practices. Designs known as hive, cell, combi or den (Szarejko and Trocka-Leszczynska, 2007; Nanayakkara 2019, p17) are the most common office layout plans used in traditional work practices. Some organisations prefer more flexible office designs to support flexible working patterns. In the recent past, popular designs for flexible work patterns include; team spaces, meeting rooms, conference room, learning space, activity-based layouts, home offices, virtual offices, client sites and satellite offices.

"Some organisations prefer more flexible office designs to support flexible working patterns"

Integrated workplace strategy, which addresses client requirements, determines the required office design for organisations to achieve their strategic goals. Minimising the cost of corporate real estate has become an important aspect of new office designs, with some organisations reducing their space allocations to 10m^2 per employee. During the 1990s in major Australian cities, it was around 20m^2 per employee This figure is very similar to other major cities globally at the time. With the adoption of flexible practices, such as activity-based working, agile working and support of the latest technologies, some organisations have reduced the cost of their corporate real estate by around 30% (Nanayakkara, 2019 p111-2). Firms implementing flexible work patterns and office designs were mostly target-oriented or service organisations such as insurance, telecommunication, banking and healthcare. Those organisations are mainly focused on profitability, customer base, achieving targets and results. All employees are involved in achieving their expectations and work as a team with close connection between members. Clan and market cultures are the main culture types in these organisations. Since team and collaborative working are strongly encouraged, team spaces, meeting rooms, conference rooms, and learning space are all needed to increase staff interaction and fast decision making.

Impact of COVID-19 on office space and work practices

The office sector in Melbourne and Sydney was performing extremely well until March 2020. Both cities had high demand for office space, with vacancy rates for Melbourne and

	2020	**2021**
Melbourne	388,374	128,821
Sydney	154,424	96,548
Australia	682,469	292,379

strongly encouraged to work from home. Regardless of employee preferences, working from home became the only option if it was feasible. Though early days, there has already been speculation that some employees will prefer to work from home for part of the week, and that others conversely, are desperate to return to their workplace. In the medium-term, surveys of employee opinion and satisfaction with regards to home working is needed. Some organisations may realise both short-term and the long-term financial benefits with employees working from home, as operating expenses have been significantly reduced during the lockdown period. Similarly, if some staff can work from home for part of the week, there may be the possibility of reducing the office space they occupy. This could save significant amounts of money in the long term, as corporate real estate is the second largest expenditure for most large organisations (van der Voordt, 2004). Some organisations are responding to the financial hardship created by COVID-19 by reducing staff numbers. Rather than reducing their most valuable asset, which is people, a better choice for organisations could be to lower the costs of their corporate real estate.

How could organisational culture be affected by COVID-19?

There are some new standards and practices that have been introduced to workplace due to COVID-19. Working from home where possible and maintaining social distancing are two important changes that have been introduced into the office environment due to the pandemic. Both are new practices and significantly influence work practice as well as employee behaviour.

The purpose of collaborative spaces is to increase communication and interaction among team members. Opportunities created by these office designs include increased spontaneous interactions which have positive impacts on perceived productivity (Brill and Weideman in Alexander and Price, 2001). If social distancing and working from home continues in the longer-term, these dedicated workplaces would be less effective, or even ineffective. Collaboration, teamwork, high-involvement work patterns, and quick decision-making ability would be reduced too. The natural, fast, efficient sharing of knowledge, which enhances productivity, would be minimised.

"The purpose of collaborative spaces is to increase communication and interaction among team members"

If we look at those organisational culture types again, the diminishing characteristics above are the main characteristics of the clan and market culture types. In the longer term, these dominant clan and market culture types could be disproportionately negatively affected. Concurrently, governments are recommending employees work from home and minimise their social interactions. Where people are going to the office, employees are encouraged to work individually with minimum circulation. Staff are required to work at their allocated space and desk sharing is not allowed, as it creates unnecessary risk. If you examine this

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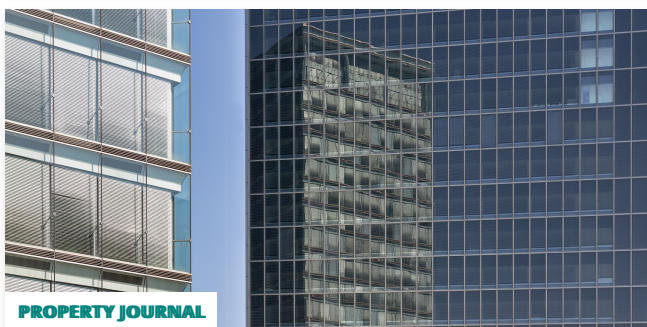
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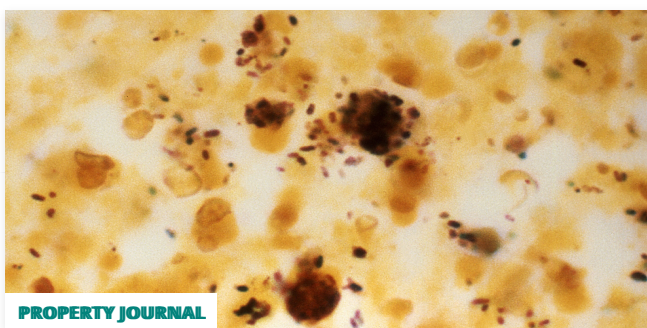
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