“Factors influencing decisions of satellite office users in the new normal era: Evidence from Indonesia”

AUTHORS
Afdol Muftiasa
Diah Purnama Sari
Lili Adi Wibowo
Agus Rahayu

ARTICLE INFO

DOI
http://dx.doi.org/10.21511/ppm.20(2).2022.21

RELEASED ON
Wednesday, 18 May 2022

RECEIVED ON
Tuesday, 25 January 2022

ACCEPTED ON
Wednesday, 27 April 2022

LICENSE
This work is licensed under a Creative Commons Attribution 4.0 International License

JOURNAL
"Problems and Perspectives in Management"

ISSN PRINT
1727-7051

ISSN ONLINE
1810-5467

PUBLISHER
LLC “Consulting Publishing Company “Business Perspectives”

FOUNDER
LLC “Consulting Publishing Company “Business Perspectives”

NUMBER OF REFERENCES
32

NUMBER OF FIGURES
0

NUMBER OF TABLES
1

© The author(s) 2022. This publication is an open access article.
Abstract

COVID-19 affects all aspects of life, including work patterns, work behavior, and daily routines. It has also prompted organizations to change how they operate, working more from outside the office due to government restrictions. Therefore, many activity restrictions were introduced due to the COVID-19 pandemic; however, office activities must continue. This creates a new need for the availability of satellite offices as a solution for companies and employees in carrying out organizational activities. This paper analyzes factors that influence the selection of satellite offices during the COVID-19 pandemic and the new normal. Quantitative research was used in this study; the data were analyzed using descriptive analysis methods and cross-tabulation analysis. Data were collected by distributing questionnaires to 65 users of the satellite offices in Jakarta. The results show that the majority of users choose a satellite office by considering the proximity to their place of residence, and room comfort, which is then followed by the availability and stability of internet access. In general, satellite office users also consider the price and choose the daily billing system over other billing systems. Thus, workspace providers in the satellite office can formulate the right strategy to attract satellite office users by choosing a proper location, fulfilling room comfort facilities, price positioning, and the billing system used.

INTRODUCTION

According to Sicola (2017), property used solely for business purposes is called commercial real estate (CRE). In addition, such a property offers a workspace but not a place for living. CRE is generally rented out to tenants to conduct activities that can generate income. This type of real estate is represented by office space, hotels, resorts, shopping centers, and even healthcare facilities. Office space is needed to support the success of the goods and services business. Downtown office space is vital to promote healthy communities where people can work, live, and have rest. It is a crucial component of a healthy city center: it offers employment and routine activities. In its turn, this space help other downtown businesses survive, for example, retail stores, restaurants, entertaining places, and others.

At the beginning of 2020, the amount of domestic investment (PMDN) in Indonesia reached IDR 414 trillion, with an average annual growth from 2015 to 2020 of around 18%. The industrial and office area sector contributed 11% of the PMDN (NSWI, n.d.). The high growth of the office sector is evidenced by the accumulation of rental office ar-
problems and continues to grow. For example, in Jakarta, as of early 2020, office leases were recorded at 4,775,769 square meters consisting of 25% Grade A Premium, 60% Grade A, 13% Grade B, and 2% Grade C (Savills, 2020).

However, at the beginning of 2020, there was a significant decrease in the number of tenants who use office spaces. For example, in the Jakarta Central Business District (CBD), there was a decrease in office space absorption by 58%, while in Non-CBD areas – by 20% due to COVID-19 (Buana, 2020; CNN Indonesia, 2020). COVID-19 is a group of viruses from the subfamily Orthocoronavirinae in the Coronaviridae family and the order Nidovirale. Starting from a report from Wuhan City, Hubei Province, China (the first detected cases of COVID-19), the number of COVID-19 cases increased rapidly and it spread to several countries in May 2020 (Huang et al., 2020). In Indonesia, the first case was confirmed by President Joko Widodo on March 2, 2020. COVID-19 causes respiratory tract infections in humans, which generally have symptoms such as influenza. One form of transmission of COVID-19 that often occurs is through droplets or small droplets of mucus from the walls of the respiratory tract when coughing or sneezing from an infected person.

COVID-19 affects work patterns, including remote work patterns, daily routines, and work behavior (Fink, 2020; Herath & Herath, 2020; Leidner, 2020). This new way of working has led to increased changes in the way offices operate. Moreover, it pushed organizations to work from satellite/remote offices. Previously, companies needed more office space so that their employees worked in the office to become satellite office space. After the COVID-19 pandemic, this way of working continued (Kim et al., 2021). However, it is a challenge for property industry players, especially for businesses providing satellite offices. Therefore, satellite office providers must understand the factors that influence the decision of satellite office users in choosing a satellite office. Thus, this study will analyze the factors that influence the selection of satellite offices during the COVID-19 pandemic and the new normal.

1. LITERATURE REVIEW

COVID-19 has prompted various companies to change the way they operate, which works more from outside the office, although there are still many organizations that have not been able to transform quickly (Savić, 2020). Employees who work from outside the office or commonly referred to as working remotely, are employees who work from home, branch offices, co-working hubs, or coffee shops (Ralph et al., 2020). Working from home is another option for employees to work remotely (Delanoëije et al., 2019); however, recently, it was discovered that working from home was due to government restrictions (Waizenegger et al., 2020). This is to avoid transmission of the virus and reduce close contacts, which have the potential to be the cause of the high rate of transmission. This restriction by the government is better known as social distancing.

In implementing social distancing, companies are required to regulate the number of employees who come to the office and who can work from home or satellite offices. This is encouraging more and more companies to conduct their operations from out-of-office or remote locations (Connor et al., 2021). A recent survey in the United States found that approximately 50% of employees, who, in the pre-COVID-19 era, worked from the office, are currently working from home, and 35.2% are choosing home offices (Brynjolfsson et al., 2020). According to the Global Workplace Analytics and Telework Research Networks, there was an increase in remote work of 79.7 percent between 2005 and 2012 (Mungkasa, 2020). With the same increase, it is estimated that regular remote workers will reach 3.9 million in 2016, or, in other words, an increase of 21 percent from 2012 (Mungkasa, 2020). Likewise, a survey conducted by Alexander et al. (2021) from December 2020 to January 2021 on 5,043 full-time employees showed that most workers prefer a flexible working model after the pandemic ends. According to PwC (2021) survey conducted between November and December 2020 on 133 companies in the United States, more than 50% of employees wanted to work remotely for 3 days or more. Actually, the concept of work-
ing remotely is not newly introduced; it illustrates that corporate operations are carried out outside the company environment (Olson, 1983). With the support of telecommunication technology and applications that support the office operation process, the trip to the head office can be replaced with a satellite office.

After the COVID-19 pandemic, these changes turned into new habits that continued after the pandemic (Kim et al., 2021). This is a problem for property industry players, especially office space in the provision of satellite offices. Satellite office providers must know the factors that influence the decisions of satellite office users in choosing a satellite office. To satisfy the needs of office space users while still considering comfort and safety during the COVID-19 pandemic, property sector actors, especially those engaged in the provision of office space, need to plan and develop satellite offices by analyzing the factors that influence decision-making to use satellite offices during the COVID-19 pandemic and the new normal era.

Adi and Suryawardana (2018) found that the decision-making process is a cognitive process that unites emotions, thoughts, information processes, and evaluative judgments. A consumer generally goes through a series of processes before making a decision. According to Kotler and Armstrong (2008), a series of decision-making processes are problem recognition, information seeking, alternative evaluation, usage decisions, and post-use behavior. The choice of satellite office can be influenced by several factors, namely cost, time, and convenience. Guan and Wang (2019) revealed safety as a huge influencing factor in developing economies. Higa and Wijayanayake (1998) show that one of the factors that influence the use of a satellite office is the proximity of the location to the place of residence. In addition, another important factor is the availability of a comfortable satellite office room, supporting facilities, and adequate internet facilities (Mungkasa, 2020). Therefore, in this study, the factors that will be investigated further are the proximity of the satellite office to the residence, proximity to public facilities, the availability of supporting facilities at the satellite office, completeness of facilities, room comfort, availability of internet facilities, and availability of public transportation.

The concept of remote work gives employees some flexibility in choosing a location. The remote work option is very different from working in a central office, which requires longer travel times. One form of transition from working at the office to working from home is to move employees to the nearest satellite office to reduce travel time (Fritz et al., 1994; Olson, 1983; Rao, 1995). With the new technology such as teleconferencing, cloud computing, and office automation applications, various employee tasks can be completed from the location of the building that is shared by employees from various departments so as to minimize obstacles associated with the office location. Many companies introduced satellite offices during a pandemic to reduce the risks of employees being in one location simultaneously and being exposed to viruses while traveling (Belzunegui-Eraso & Erro-Garcés, 2020).

Due to this worldwide pandemic, this is a challenge from a facility provider’s perspective. Building managers must pay attention to and ensure a comfortable and healthy working environment for building users (Kim et al., 2021). This is done, among others, by carrying out regular and continuous cleaning and disinfection efforts. Restrictions on capacity in office areas are also explicitly regulated to control the risk of virus exposure.

The benefits of using a satellite office can be summarized as follows. First, the spread of disease can be controlled by limiting office capacity. Second, employees can save time spent on their daily commute, which was usually further away when they needed to get to the office and is now closer to the satellite office. Furthermore, employees are protected from being exposed to the virus because they only go to locations close to where they live (Kim et al., 2021).

2. AIM AND HYPOTHESIS

Changing remote working patterns due to COVID-19 has prompted an increase in the need for satellite offices. This is a challenge for satellite office providers to find out the factors that influence the decision of satellite office users in choosing a satellite office. Based on the literature review,
there are still not many studies related to this topic in Indonesia. Therefore, this paper aims to analyze the factors that influence the selection of satellite offices during the COVID-19 pandemic and the new normal in Indonesia.

Fritz et al. (1994), Rao (1995), Higa and Wijayanayake (1998), Belzunegui-Eraso and Erro-Garcés (2020), and Kim et al. (2021) found that the proximity to the place of residence and the comfort of the satellite office space are the factors that form the basis for users’ decision-making on choosing a satellite office. In addition, Mungkasa (2020) found that the availability and stability of internet access are also factors considered by satellite users in choosing a satellite office. Therefore, the study suggests the following hypothesis:

H1: The selection of satellite offices is influenced by proximity to public facilities, availability of supporting facilities, proximity to residence, room comfort, availability and stability of internet access, closeness to co-workers, availability of public transportation, price/cost, and billing system.

3. METHODOLOGY

The type of research that will be carried out is conclusive research; it checks the relationships between the variables. The nature of this study is descriptive; thus, the results explain the characteristics or functions of the market that are useful to help make decisions in determining, evaluating, and choosing the best alternative course of action in a situation (Malhotra & Birks, 2003). The study used a multiple cross-sectional survey, conducted in one period on various samples in the population.

Primary data were obtained through a questionnaire distributed online using a self-administered questionnaire method. The questions on the questionnaire are divided into 3 parts, namely demographics, election factors, and satellite office costs. The respondent’s profile contains information on gender and position level. The satellite office selection factor contains several questions related to the proximity of the satellite office to the residence, proximity to public facilities, availability of supporting facilities at the satellite office, completeness of facilities, room comfort, availability of internet facilities, and availability of public transportation. Satellite office costs contain questions regarding cost estimation and billing systems.

The paper uses a non-probability sampling in the category of judgmental sampling, which selects respondents based on special characteristics of the sample, which are considered to have characteristics that are closely related to the characteristics of the population that have been known previously (Santoso & Tjiptono, 2001). The subjects of this study are satellite office users who work in Jakarta and live outside Jakarta. These employees needed the availability of a satellite office due to COVID-19 and changed their behavior in the new normal era. Therefore, the sample in this study refers to the research subject, namely 65 employees using a satellite office, working in Jakarta, and living outside Jakarta.

Data processing used descriptive analysis and cross-tabulation analysis. Descriptive analysis converts obtained data into more concise information that is easier to analyze (Istijanto & Com, 2009). It was conducted on the results of respondent data based on demographics, selection factors, and costs. A descriptive method is used to understand collected data, but it does not make conclusions that can be generalized (Sugiyono, 2016). Meanwhile, cross-tabulation analysis or crosstabs calculates the frequency and percentage of two or more variables simultaneously by crossing the considered related variables. Therefore, it is easy to understand the relationships between the variables descriptively (Santoso & Tjiptono, 2001). This analysis aims to identify the correlation between one variable and another. One of the characteristics of using crosstab data is that the input data used is nominal or ordinal data so that it will produce output that can be explained descriptively (Sarwono, 2009). A cross-tabulation analysis is carried out on the demographic variables of the respondents, namely the level of position with the selection factor and cost, by using the layer cross-tabulation method or multiplication of demographic variables, selection factors, and costs.
4. RESULTS

4.1. Descriptive analysis

From 65 data obtained during 10 days of distributing online questionnaires to the target respondents, information was obtained that 72.3% of respondents were male and 27.7% were female. The category of position level is dominated by respondents at the staff and middle staff level, which is 86.1%. The majority of respondents chose the satellite office because of the proximity to their residence and the comfort of the rooms, each of which was 19.8%. For satellite office costs per day, the majority of respondents chose IDR 75,000 (57.7%) for sharing space and IDR 200,000 (54.3%) for private space. As for the billing system, most respondents chose daily (45.5%).

Table 1. Descriptive statistics

<table>
<thead>
<tr>
<th>Profile</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>47</td>
<td>72.3</td>
</tr>
<tr>
<td>Female</td>
<td>18</td>
<td>27.7</td>
</tr>
<tr>
<td>Total</td>
<td>65</td>
<td>100</td>
</tr>
<tr>
<td><strong>Position level</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff</td>
<td>35</td>
<td>53.8</td>
</tr>
<tr>
<td>Middle staff</td>
<td>21</td>
<td>32.3</td>
</tr>
<tr>
<td>Top management</td>
<td>9</td>
<td>13.9</td>
</tr>
<tr>
<td>Total</td>
<td>65</td>
<td>100</td>
</tr>
<tr>
<td><strong>Work implementation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In the office</td>
<td>17</td>
<td>26.2</td>
</tr>
<tr>
<td>Outside the office/remote</td>
<td>48</td>
<td>73.8</td>
</tr>
<tr>
<td>Total</td>
<td>65</td>
<td>100</td>
</tr>
<tr>
<td><strong>Interest in a remote office</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interested</td>
<td>43</td>
<td>66.2</td>
</tr>
<tr>
<td>Not interested</td>
<td>22</td>
<td>33.8</td>
</tr>
<tr>
<td>Total</td>
<td>65</td>
<td>100</td>
</tr>
<tr>
<td><strong>Satellite office selection factors</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proximity to public facilities</td>
<td>9</td>
<td>14.2</td>
</tr>
<tr>
<td>Availability of supporting facilities</td>
<td>9</td>
<td>13.8</td>
</tr>
<tr>
<td>Room comfort</td>
<td>13</td>
<td>19.8</td>
</tr>
<tr>
<td>Availability and stability of internet access</td>
<td>12</td>
<td>18.6</td>
</tr>
<tr>
<td>Closeness to co-workers</td>
<td>4</td>
<td>5.9</td>
</tr>
<tr>
<td>Proximity to residence</td>
<td>13</td>
<td>19.8</td>
</tr>
<tr>
<td>Availability of public transportation</td>
<td>5</td>
<td>7.9</td>
</tr>
<tr>
<td>Total</td>
<td>65</td>
<td>100</td>
</tr>
<tr>
<td><strong>Satellite office fee for sharing space per day (IDR)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 75,000</td>
<td>15</td>
<td>22.4</td>
</tr>
<tr>
<td>75,000</td>
<td>38</td>
<td>57.7</td>
</tr>
<tr>
<td>100,000</td>
<td>6</td>
<td>9.9</td>
</tr>
<tr>
<td>125,000</td>
<td>4</td>
<td>6.5</td>
</tr>
<tr>
<td>150,000</td>
<td>2</td>
<td>3.4</td>
</tr>
<tr>
<td>Total</td>
<td>65</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2. Cross-tabulation analysis

From the 65 data obtained, a cross-layer tabulation of the demographic variables, selection factors, and satellite office costs is carried out to determine the existence of certain characteristics of the respondents.

4.2.1. Position level, selection factors, and cost

The results of the cross-tabulation analysis show that the majority have positions as staff. As for the satellite office selection factor, the majority chose it because of the proximity to the place of residence and the comfort of the room, both for respondents with staff and top management levels. From the cost aspect, the majority of respondents chose a price of IDR 75,000 per day for sharing space, both respondents from staff level positions and respondents from top management positions. Likewise, the cost of a private space satellite office of IDR 200,000 per day is the respondent’s preference, both for the staff level and respondents at the top management level. It was found that the preference of satellite office users in choosing a satellite office is that it offers proximity to their place of residence and comfortable room conditions and has a satellite office price/tariff of IDR 75,000 per day for sharing space and IDR 200,000 per day for a private room.

4.2.2. Position level, selection factors, and billing system

The results of the cross-tabulation analysis show that the majority have positions as staff. Most respondents chose the satellite office be-
cause of the proximity to their residence and the comfort of the room, both for respondents with staff level and top management level. Likewise, for the billing system, the majority of respondents choose a daily billing system, both for respondents at the staff level and respondents at the top management level. This shows that the dominant factors that influence the choice of satellite office are the proximity factor of residence and the convenience factor of the satellite office, as well as using a billing system, that is a daily-based billing system.

Based on the descriptive analysis and cross-tabulation analysis above, it was found that the selection of satellite offices is influenced by proximity to public facilities, availability of supporting facilities, proximity to residence, room comfort, availability and stability of internet access, closeness to co-workers, availability of public transportation, price/cost, and billing system. Thus, \( H_1 \) is accepted.

5. DISCUSSION

Following description analysis and cross-tabulation analysis, information was obtained regarding the proportion of respondents using satellite offices, where the majority were male and came from the staff level. Respondents from both the staff and top management levels have the same preferences when considering the factors in choosing a satellite office, namely the proximity factor to their residence and the comfort of the satellite office room. This finding supports Fritz et al. (1994), Rao (1995), Higa and Wijayananayake (1998), Belzunegui-Eraso and Erro-Garcès (2020), and Kim et al. (2021).

The next factor to be considered in choosing a satellite office is the availability of internet access. This is also in line with Mungkasa (2020), who states that adequate internet facilities are also a factor of consideration in choosing a satellite office. This shows the generalization of the factors that become preferences in choosing a satellite office, namely a location close to where the employees live.

While the relationship between the level of office, the selection factor, and the cost is that both respondents from the level of staff and the top management positions mostly choose satellite office because it is close to their place of residence and offers good room comfort. The majority of respondents prefer the price of IDR 75,000 per day for sharing rooms and IDR 200,000 per day for private rooms.

Finally, considering the selection factor and the billing system, it was found that satellite office users, both from the staff and top management levels, chose satellite offices because of the proximity to their place of residence and having a comfortable room. Moreover, they preferred a daily-based billing system compared to other billing systems, for example, weekly, monthly, or yearly.

6. MANAGERIAL IMPLICATIONS

Based on the analysis, it is obtained that the employees who are respondents in this study in carrying out their daily work tasks require the availability of a satellite office. Supported by analysis results which show that respondents at all levels, both staff and top management levels, consider the proximity of the location to their residence and room comfort as the main factors in choosing a satellite office, this can be input for property industry players. Providers of satellite offices must be able to implement a location selection strategy for the satellite office, as well as provide comfortable rooms. It can attract interest in using satellite offices from among employees who, in the new normal era, need such offices.

In terms of product prices/costs for using the satellite office space offered, an average price of around IDR 75,000 per day can be considered for sharing space at the satellite office. Moreover, an average price of IDR 200,000 per day for private rooms can also be considered for providing space in the satellite office. Meanwhile, satellite office prices above IDR 125,000 per day for sharing rooms and prices above IDR 300,000 per day for private rooms are less attractive to satellite office users. Therefore, the pricing strategy to apply prices above IDR 125,000 per day for sharing rooms, and prices over IDR 300,000 for private space become a less relevant strategy.
Finally, in terms of the billing system for the use of satellite office space offered, the respondent’s preference is to use a billing system daily. Meanwhile, a weekly-based billing system is the least desirable for satellite office users. Thus, the strategy of implementing a daily billing system is a strategic focus that can be applied by satellite office providers in addition to providing alternative billing systems to accommodate variations in requests for satellite office users.

CONCLUSION

This study analyzed factors that influence the selection of satellite offices during the COVID-19 pandemic and the new normal. It was found that, in general, satellite office users choose a satellite office by considering the proximity factor to their residence and the comfort of the satellite office space. Another factor considered is the availability and stability of internet access. Not too high prices for both sharing and private rooms are also a crucial factor considered by satellite office users. They have a higher preference for satellite offices with daily billing systems compared to other billing systems.

This can be used as input for satellite office providers in formulating appropriate strategies to attract satellite office consumers. Strategies that can be used to attract satellite office users are strategies for determining the right location, facilities that provide convenience for users, pricing strategies, and the use of daily billing systems. With the implementation of this strategy, it is expected to increase the use of satellite offices so that the occupancy rate of satellite offices will increase. In the end, the income and credibility of satellite office space providers will increase, and they can continue to compete and develop in the property business.

Future research could take into account the effects of different pandemic severity from region to region, so studies using larger samples from different regions or countries could be used to compare outcomes from different regions or countries in the region.

AUTHOR CONTRIBUTIONS

REFERENCES


24. Ralph, P., Baltes, S., Adisaputri, G., Torkar, R., Kovalenko, V., Kalinowski, M., & Alkadhi, R.


