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CEO Insight: Frequent office absences in Germany are slowing down business

With the opening of an office in Munich, Kensho is also reacting to the negative consequences of the high share of work from home in Germany.

Two scenes from my daily business life in Japan: At a Teams video conference with Germany, all the relevant people on the Japanese side are present, but on the German side there are only half of them. Many are working from home. Some participants join unprepared, which can be deduced from their questions on important points. Others join without the camera on. Preparing a very interesting transaction in terms of volume is proving difficult because coordinating the date for the next call with the investor has to take into account vacation absences, work-from-home days, and business trips at the same time.

Since the pandemic, arranging appointments with Germany, also for in-person meetings, has become difficult. All too often, someone does not want to travel to the office on work-from-home days, is taking a day off, or is on vacation. These hurdles do not exist in Japan. The differences come from the different home office rates and practiced discipline, with an important appointment taking precedence over vacation or work from home.

[According to an official survey](#) conducted last fall, 16 percent of employees in Japan regularly work outside the office, on average 2.3 days per week. The share of home office work in Japan is trending downward (see also our [CEO Insight from May 2023](#)), while in Germany it is stagnating at a high level. [According to the latest Ifo survey](#), employees spend an average of 17 percent of their working hours, at large companies even 20 percent of their working hours at their home desk. 24 percent of employees spend their working hours partially or fully in their own four walls.

Employers in Germany are faced with the challenge of “coordinating attendance times to strengthen personal contact,” [says Ifo researcher Jean-Victor Alipour](#). According to my observations, this coordination is lacking. If an employee works from home two to three days a week and takes the usual 30 vacation days, then their frequent absences make it difficult to schedule appointments with outside business contacts, as well as in-person meetings with colleagues. This reduces productivity.

Creativity also suffers. Many ideas arise during casual chats at the desk, in the hallway, in the office kitchen, or over lunch. If you work from home, almost no one will call a colleague or set up a video chat to discuss a perhaps valuable but half-baked thought. The physical distance is too great for that. “There are companies that don't need mandatory attendance,” [says Elon Musk, an advocate of office work](#). “But when was the last time they came up with a great new product?”

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With our decision to open a presence office in Munich, we are also taking a stand against the negative consequences of the German work transfer from offices to homes. From October onwards, I will work from Munich for an average of two-thirds of my time. This will increase our flexibility in making personal appointments and intensify our contacts in Germany. Our German business partners who want to invest in Japan will benefit from this, as will the Japanese investors we accompany in Germany and Europe for an acquisition.

Working from home will remain an integral part of the work environment in Germany, just as it does in Japan. In both countries, there is a shortage of skilled workers in many areas, and this would be difficult to overcome without the option of working from home. Working from home is also a good solution when a child is sick or when you need to concentrate on a specific task. However, this should not come at the expense of discipline and commitment.

Employees in Japan remain fully focused on their work, even when they are not sitting in the office. In view of the many changes in trade and technology, there is a relatively high level of crisis awareness. In Germany, the prevalent work-from-home has increased the distance between colleagues, superiors, and employees, and inner commitment to one's job is decreasing, with private life often taking precedence. Some cherished "rights", such as a completely undisturbed vacation or the punctual finish of the working day, should also be up for discussion if you otherwise enjoy all the conveniences of working from home. Somehow, after all, ongoing, real-time communication still has to function.

Some of my Japanese business acquaintances have already noticed these changes in Germany and are surprised at the lack of enthusiasm. Some openly complain about how sluggish business with German partners is. Given the already not-so-easy economic circumstances, I wonder whether Germany can afford this complacency. Perhaps a return to the offices could help to trigger the urgently needed jolt.

Leonard Meyer zu Brickwedde

Dr. Leonard Meyer zu Brickwedde
President and CEO

Kensho Investment Corporation
Sanno Park Tower 3F
2-11-1 Nagata-cho,
Chiyoda-ku, Tokyo 100-6162

Tel: +81(0)3-6205-3039
contact@ken-sho-investment.com