

THE DISTRIBUTED WORK DILEMMA: WHEN INNOVATION AND JOB SATISFACTION COMPETE

A global report analyzing trends
in the distributed workforce







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An Intricate Ecosystem

The world of work was never an easy place to navigate. New technologies, corporate politics, and threats from competition have long presented challenges to even the highest-functioning organizations. But the current environment — with its hybrid- and anywhere-work models — have turned this already complicated landscape into a minefield, creating new and competing priorities.

First and foremost is the inherent conflict between fostering innovation through a collaborative, in-person environment on the one hand — and boosting employee satisfaction through 'anywhere work' on the other. Striking the right balance between talent development and investments in automation is also of paramount importance. Adding to this complexity are larger external forces — from 'quiet quitting' to the threat of a recession — rendering employer-employee power dynamics increasingly unstable.

In this climate, organizations that cling to absolutes will find themselves falling behind. Instead, they must adopt new systems and mindsets that allow them to embrace flexibility in all its forms.

Insights from the Survey

Key Findings

- ① Balancing Innovation and Job Satisfaction**

Innovation prospers when employees are in the office, but job satisfaction goes up when employees can work from anywhere. This creates a 'zero-sum conundrum' for employers who want to spur innovation without crushing job satisfaction and losing the workers who are doing the innovating. In this scenario, balance is of utmost importance. And this is especially true for small organizations, where innovation efforts suffer the most when people are not in the office.
- ② Power Shifts Between Employers and Employees**

While the Great Resignation and near-universal talent shortages have put employees in the driver's seat in recent months, the current economic climate is adding a layer of tumult to employer-employee power dynamics — with employers beginning to gain the upper hand.
- ③ Large Talent Gaps and Increasing Turnover**

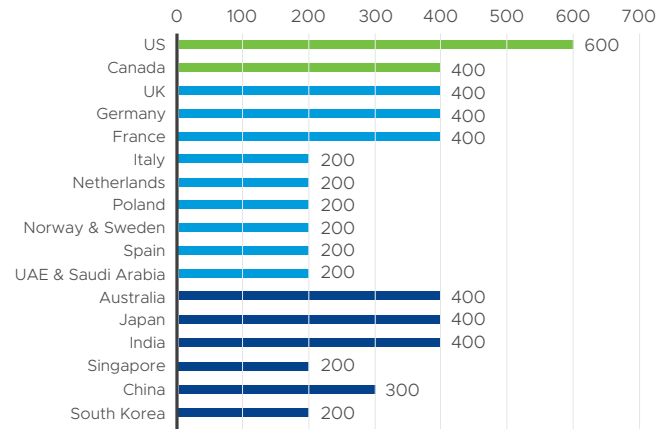
Despite an overall increase in job satisfaction over the past two years, all sectors, departments, and regions are experiencing talent shortages. And turnover within cybersecurity teams is especially high.
- ④ Automation Facilitates Anywhere and Hybrid Work**

Technology — and more specifically, automation — investments are critical for reducing burnout and facilitating the collaboration necessary to maintain innovation, even in a distributed environment.

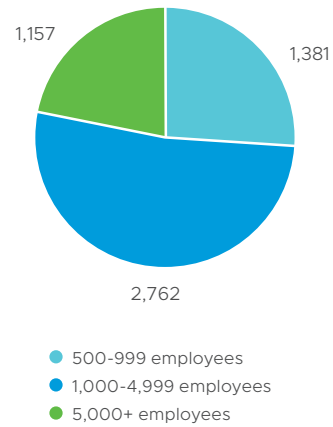
Survey Demographics

The survey — conducted by Vanson Bourne and commissioned by VMware — collected global data from 5,300 HR, IT, and business decision makers, and employee-level respondents, from July to August of 2022, split across the following dimensions...

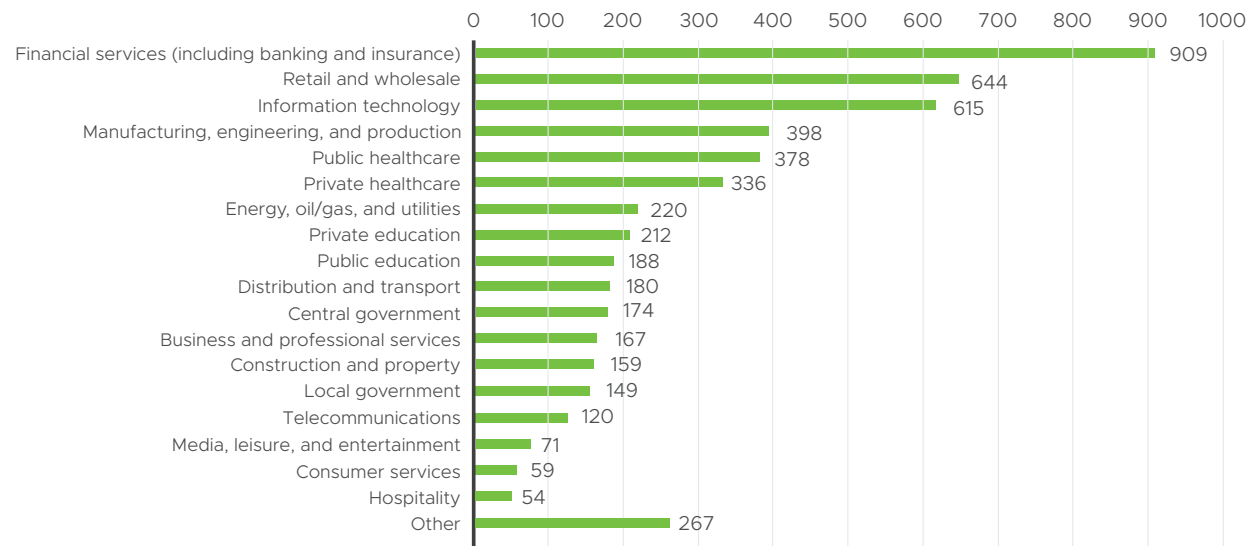
COUNTRY

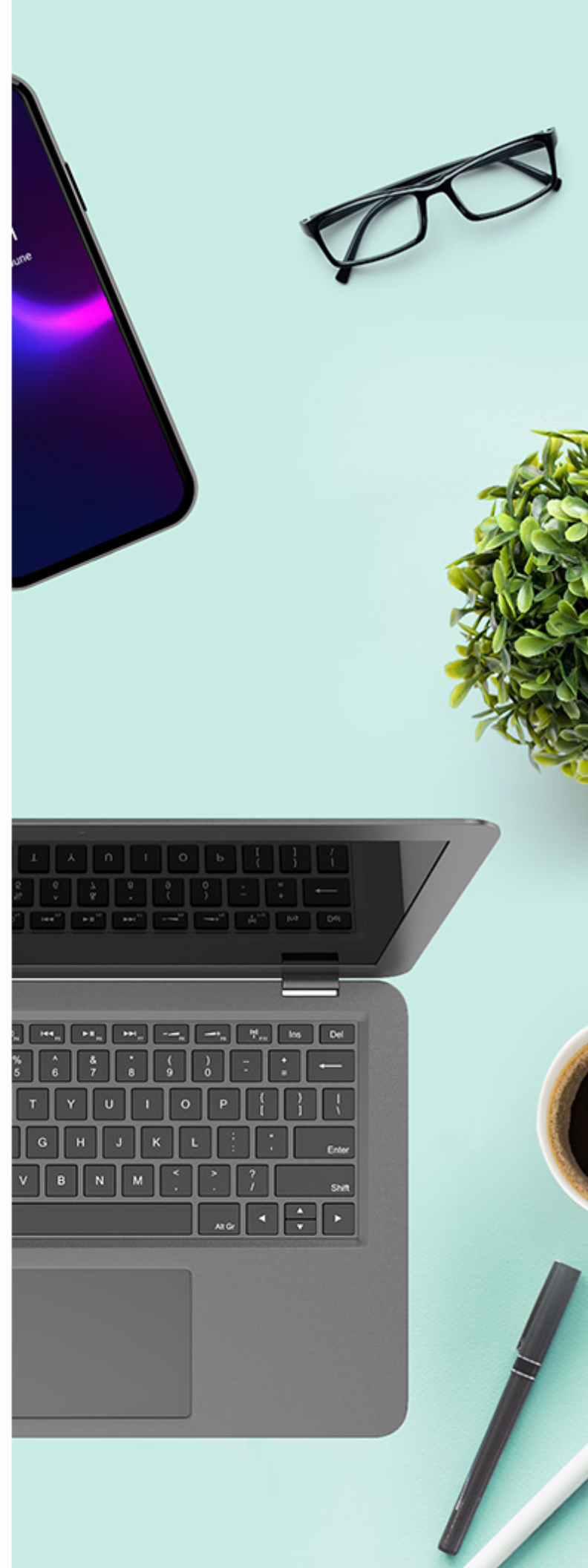


ORGANIZATION SIZE



INDUSTRY





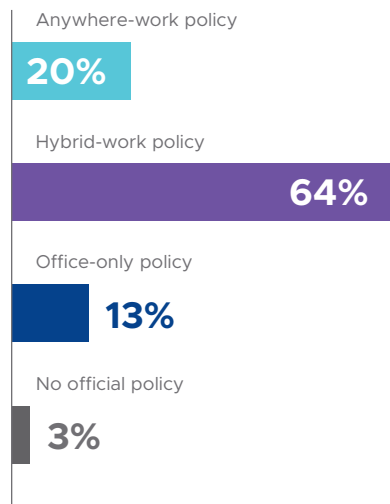


1 When we can work from anywhere, innovation suffers... while job satisfaction thrives.

High-Performing Organizations Favor Hybrid Work

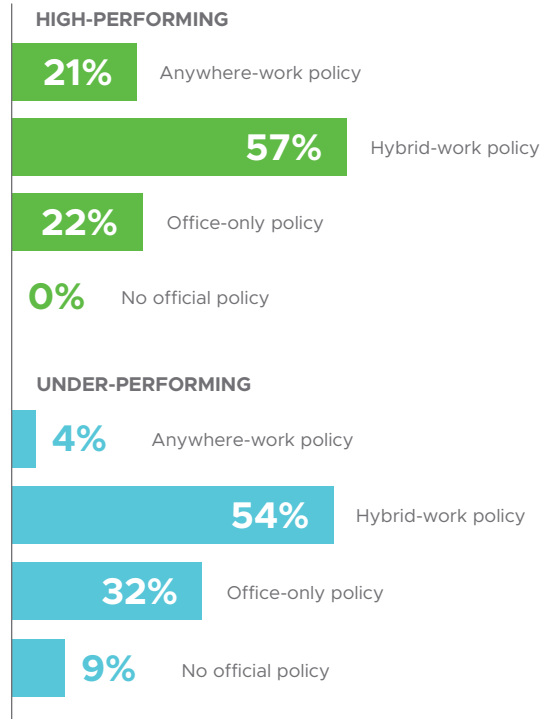
The vast majority of organizations currently have a hybrid- or anywhere-work policy (but only **12%** say this policy is permanent and will not change).

CURRENT WORKING LOCATION POLICY



High-performing organizations (those growing in revenue by **15%** or more per year) favor anywhere-work policies to a much greater degree than under-performing organizations (those shrinking in revenue by **1%** or more per year). Meanwhile, under-performing organizations are more likely to say they have no official policy whatsoever.

CURRENT WORKING LOCATION POLICY, BY ORGANIZATION PERFORMANCE

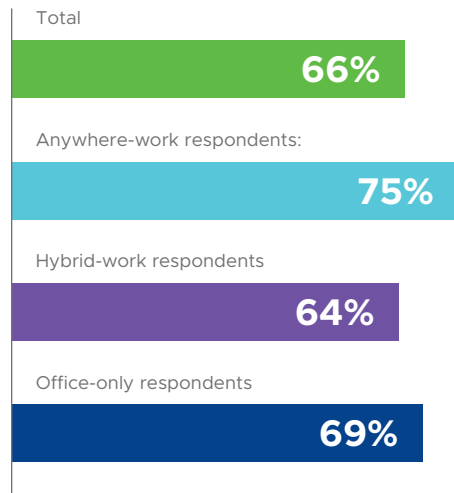


Interestingly, the size of an organization does not seem to affect its working location policy.

Innovation Happens in Person

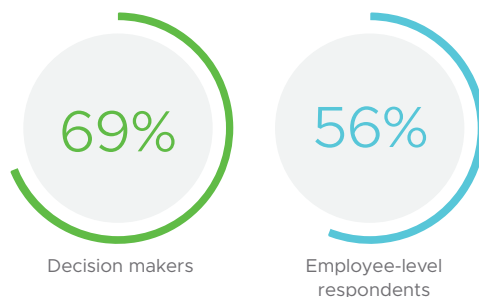
Nearly two-thirds of respondents agree that their organization is more innovative when employees are in the office. This sentiment is even more exaggerated for organizations that have an anywhere-work policy, which indicates that these organizations are feeling the lack of innovation most acutely.

“MY ORGANIZATION IS MORE INNOVATIVE IF EMPLOYEES ARE IN THE OFFICE”



There is a noticeable difference in perception between how decision makers and employees view the impact of working location on innovation, with decision makers more likely to see the value of in-person collaboration. This discrepancy likely adds to the tension felt between the two groups.

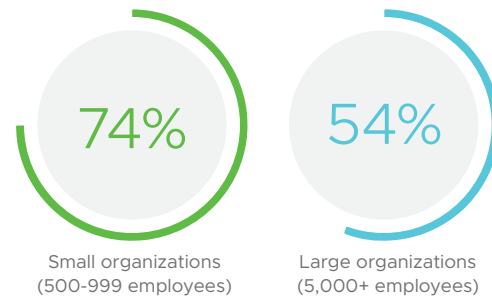
“MY ORGANIZATION IS MORE INNOVATIVE IF EMPLOYEES ARE IN THE OFFICE,” BY RESPONDENT TYPE



While organization size doesn't impact working location policy, it does have a meaningful effect on the extent to which in-person collaboration is necessary for innovation. Small organizations are more likely to feel that innovation is hampered when employees aren't in the office. (Small organizations are more likely than large ones to anticipate

increased investment in digital culture over the next 12 months — **75%** vs **67%** — so it could be that a dearth of digital collaboration tools at present is a contributing factor.)

“MY ORGANIZATION IS MORE INNOVATIVE IF EMPLOYEES ARE IN THE OFFICE,” BY ORGANIZATION SIZE



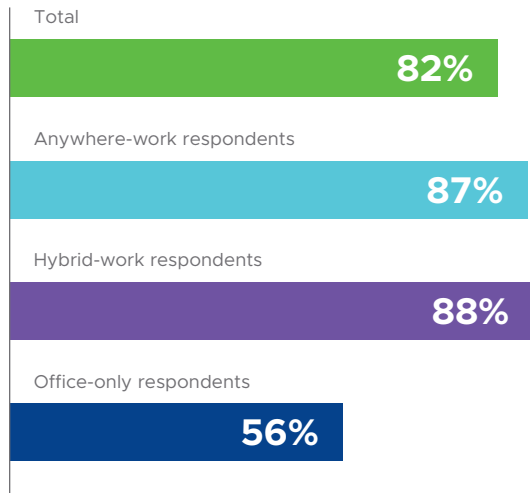
Industry Spotlight

Private education is most likely to agree that organizations are more innovative when employees are in the office at **83%**. Central government is least likely to agree at **34%**.

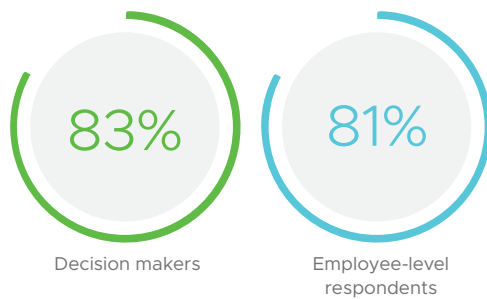
Flexibility and Job Satisfaction Go Hand in Hand

While opinions about how working location policies impact innovation differ markedly based on respondent type and organization size, nearly everyone feels similarly about how working location policies impact job satisfaction: the more flexible the policy, the higher the rate of satisfaction. (The one notable exception is respondents from organizations with strict, in-office policies. They are less likely than other cohorts to say that they have higher job satisfaction if they can work from anywhere, indicating that these employees may be self-selecting to work at organizations with stricter policies.)

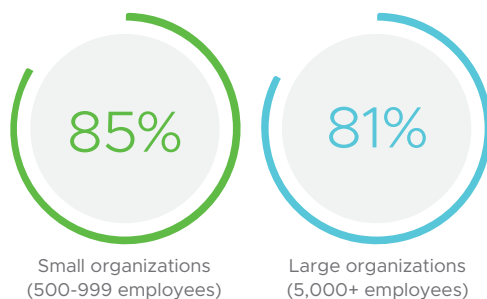
"I HAVE HIGHER JOB SATISFACTION IF I CAN WORK FROM ANYWHERE"



"I HAVE HIGHER JOB SATISFACTION IF I CAN WORK FROM ANYWHERE," BY RESPONDENT TYPE



"I HAVE HIGHER JOB SATISFACTION IF I CAN WORK FROM ANYWHERE," BY ORGANIZATION SIZE

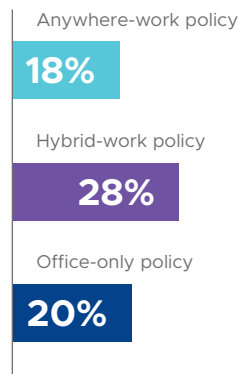


Putting It Together

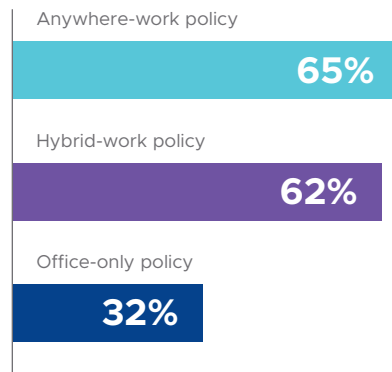
We've seen that innovation favors in-office policies while job satisfaction favors work from anywhere. It then stands to reason that a hybrid model could provide the best of both worlds. And this is borne out in the data. Organizations with hybrid-work models are most likely to see a positive impact on innovation as a result of their policy, while still maintaining a large increase in job satisfaction since before the pandemic.

Organizations looking to create meaningful work experiences for their employees could establish hybrid policies where in-office days are specially dedicated to 'innovation' or 'collaboration' — with programming around these themes — to ensure time in the office feels worthwhile.

WORKING LOCATION POLICY HAS A POSITIVE IMPACT ON INNOVATION



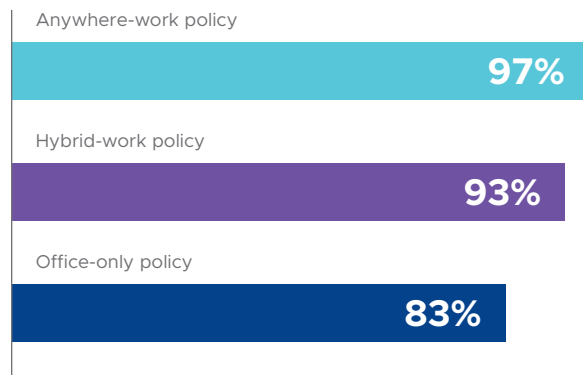
EMPLOYEE JOB SATISFACTION HAS INCREASED SINCE PRIOR TO THE PANDEMIC



Measuring Innovation in a Distributed World

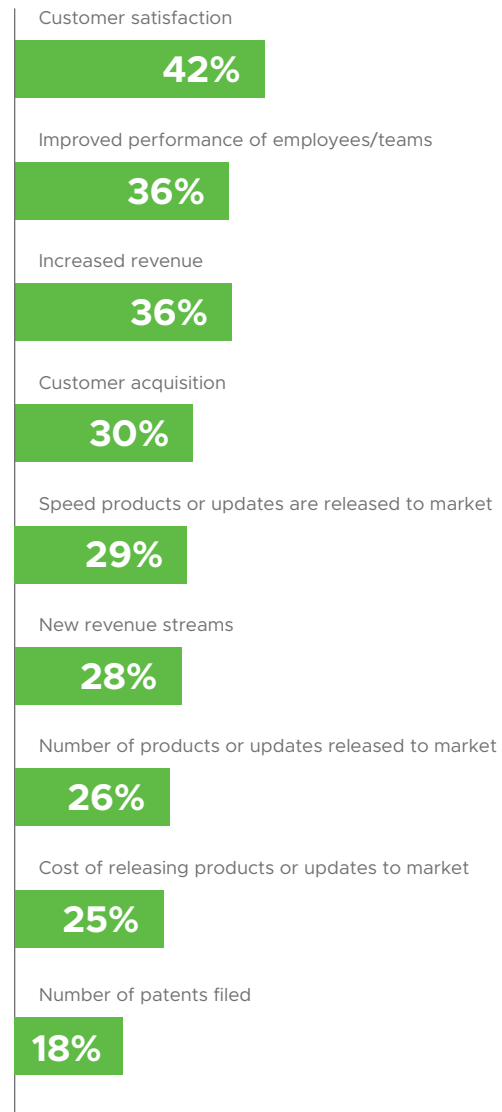
Given that innovation can suffer in a distributed environment, it becomes all the more important for organizations to have metrics in place to track it. And it's reassuring to see that organizations with anywhere- and hybrid-work policies are more likely to do so.

ORGANIZATIONS WITH METRICS TO MEASURE INNOVATION



It's noteworthy that the top two ways of measuring innovation are both qualitative, people-focused metrics, while the bottom two ways of measuring are quantitative, product-focused metrics. This could be correlated with the trend towards innovation favoring in-person collaboration. For instance, if organizations track 'team performance' as a metric for innovation, then it makes sense to want teams in the office collaborating.

TOP METRICS USED TO MEASURE INNOVATION

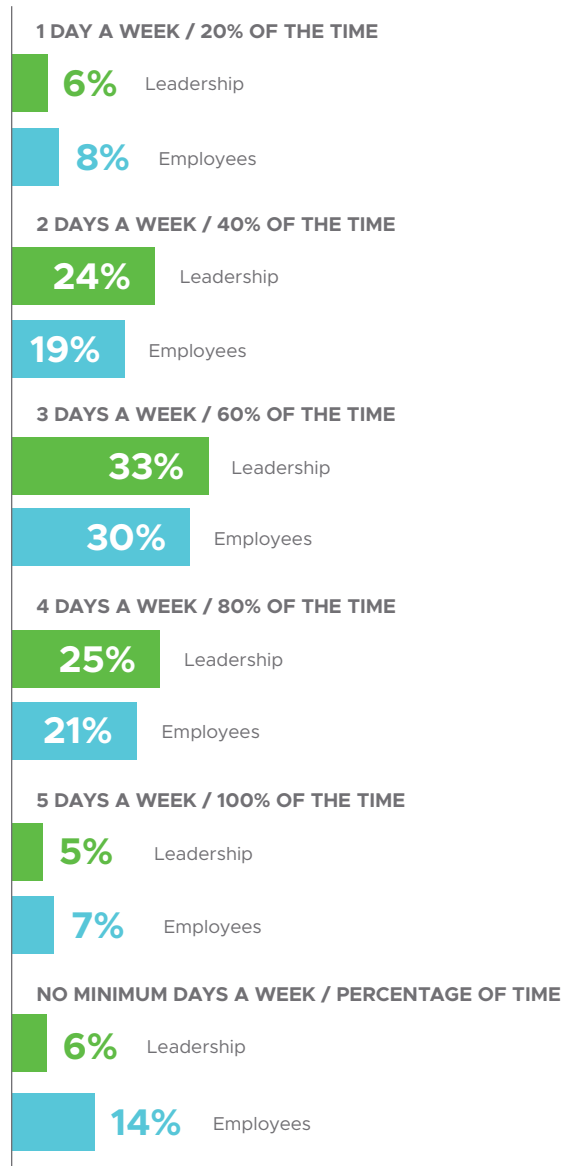


2 Leadership and employees have both embraced distributed work... but opinions in key areas reveal potential rifts on the horizon.

We All Crave Flexibility

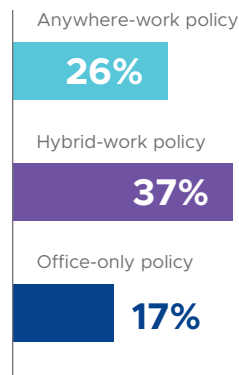
When asked how often they would prefer to work from the office, both decision makers and employee-level respondents answered an average of **60%** of the time. (Notably, those with existing hybrid policies are expected to be in the office an average of **60%** of the time — so the reality of hybrid-work policies tends to comport with desired policies in an ideal world.)

TIME SPENT IN-OFFICE, IN AN IDEAL WORLD



It's not surprising that both managers and employee-level respondents would prefer a hybrid environment as those with hybrid policies are most likely to report a drop in employee-manager conflicts since the pandemic. The increase in flexibility, coupled with at least some time for in-person interaction, seems to alleviate the pressure that has traditionally existed in many of these relationships.

DECREASE IN WORKPLACE CONFLICTS WITH MANAGERS



Equal-Opportunity Non-compliance

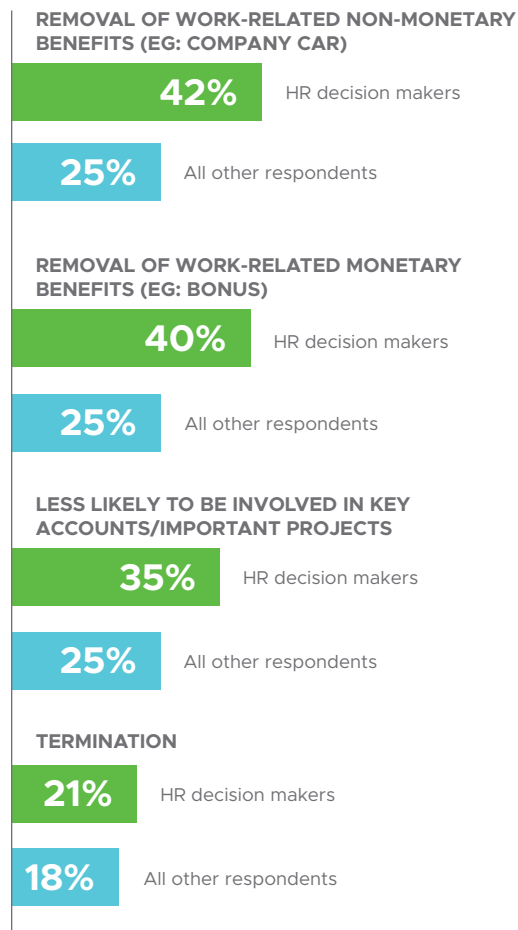
Both leadership and employees admit to non-compliance with working location policies at about equal rates.

43% of all respondents admit to not fully complying with working location policies.

81% of respondents report there is some type of consequence for not complying with their organizations' working location policies.

Notably, HR decision makers were more likely than other respondents to report consequences, indicating that there is perhaps a communication barrier between those at the center of the policies' creation (i.e. HR decision makers) and other employees. And this barrier could spell tension in the near future.

SELECT CONSEQUENCES FOR NOT COMPLYING WITH WORKING LOCATION POLICY



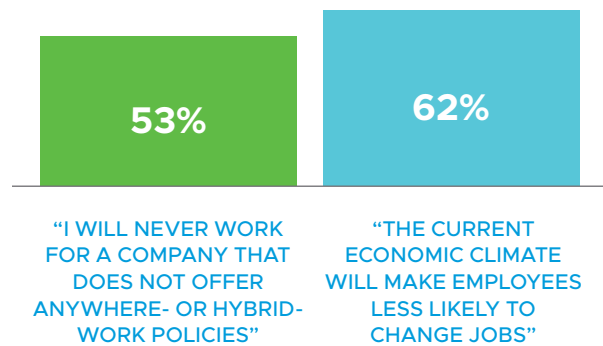
Shifting Power Dynamics

With the Great Resignation, ‘quiet quitting,’ and talent shortages felt across industries, the cultural narrative has pointed to a power imbalance in favor of employees.

And when it comes to working location policies, employees’ preferences are clear: the majority “will never work for a company that does not offer anywhere- or hybrid-work policies.”

However, an even larger majority say that the current economic climate will make employees less likely to change jobs.

EMPLOYEE-LEVEL RESPONDENTS



Employees may find themselves caught between their ideals and the realities of the current economic climate, shifting power back towards employers. However, as long as talent shortages persist, employees still hold some bargaining chips.

Industry Spotlight

Public sector organizations are more likely to report that there are no consequences of non-compliance compared to those in the private sector (**18%** vs **12%**).

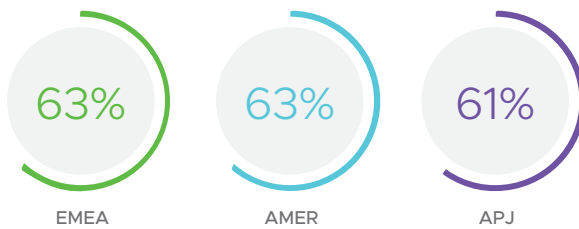


3 Power shifts could be tempered by talent gaps and constant turnover.

Talent Shortages Everywhere

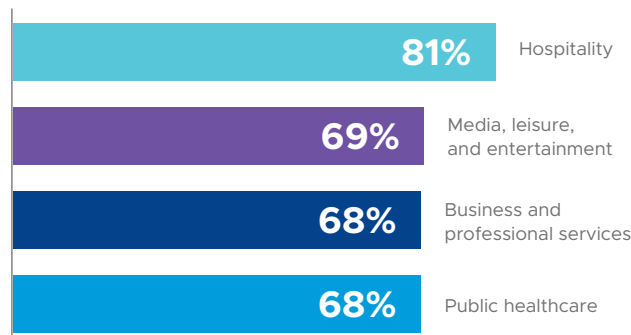
62% of respondent organizations are currently experiencing talent shortages, and these are being felt similarly across regions.

“MY ORGANIZATION IS CURRENTLY EXPERIENCING A TALENT SHORTAGE,” BY REGION

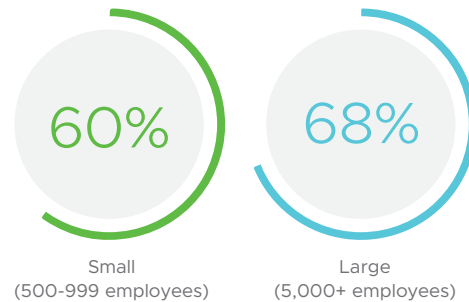


There are, however, meaningful differences in talent gaps across industries and organizations of different sizes. The larger the organization, the larger the gap.

TOP SECTORS EXPERIENCING TALENT SHORTAGES



“MY ORGANIZATION IS CURRENTLY EXPERIENCING A TALENT SHORTAGE,” BY ORGANIZATION SIZE

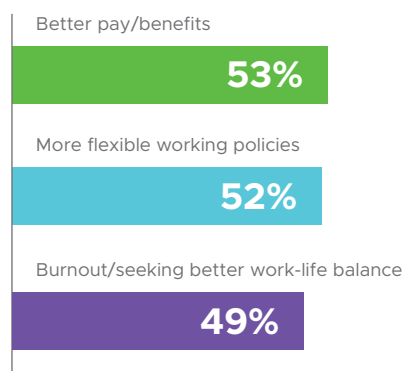


Turnover in Cybersecurity Outpacing the Rest

Since the start of the pandemic, respondents report significant increases in employee turnover. 47% agree that turnover has increased. But these numbers are even higher within cybersecurity teams over the last 12 months, with 67% saying that turnover of cybersecurity employees has increased.

The top reasons for this include better pay and more flexible working policies, with suffering from burnout not far behind.

REASONS FOR TURNOVER WITHIN CYBERSECURITY TEAMS



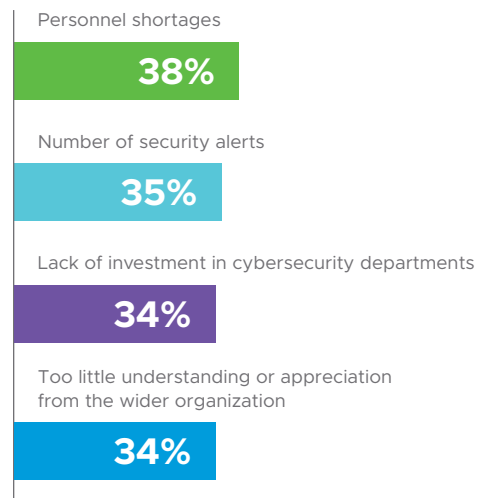
Feeling the Burn(out)

48% of respondents involved in cybersecurity say that their cybersecurity team has suffered from burnout in the past two years. Burnout is lowest amongst those with office-only policies (**41%**) and highest for those with anywhere-work policies (**50%**). There could be several reasons for this: Perhaps those going into the office every day feel more camaraderie with their teams, mitigating burnout. Perhaps the number of additional endpoints that need to be secured when an organization adopts an anywhere-work policy contributes to stress and burnout for security teams.

This is supported by the fact that the top reason for burnout by those with an anywhere-work policy was “number of security alerts” (**38%**), and one would expect more security alerts at an organization without a central office and, therefore, many more endpoints to secure.

The top reasons for burnout across all cybersecurity respondents are:

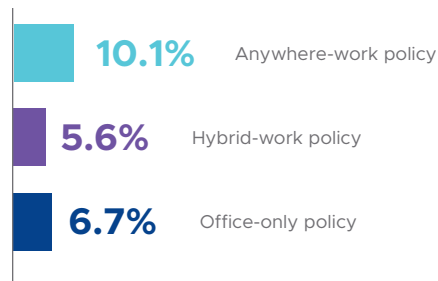
TOP REASONS YOUR ORGANIZATION'S CYBERSECURITY TEAM HAS SUFFERED FROM BURNOUT



While lack of investment in cybersecurity departments was the third-most-cited issue overall, it ranked #1 for organizations with office-only working policies (**36%**, tied with lack of incident response plans). This could indicate more robust investments from anywhere- and hybrid-working organizations.

Crucially, while organizations with anywhere-work policies saw the most turnover, those with hybrid policies saw the least, reinforcing yet again the importance of balance in today's corporate climate.

AVERAGE INCREASE IN TURNOVER WITHIN AN ORGANIZATION'S CYBERSECURITY TEAM OVER THE LAST 12 MONTHS



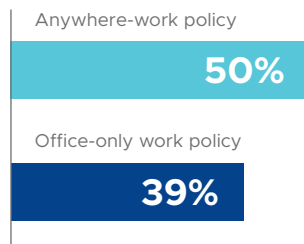
4 Automation and digital tools are helping organizations do more with less.

The Need for Tools and Training

Across industries, there's a craving for more tools and training to alleviate talent shortages and burnout. Nearly two-thirds (**66%**) of all cybersecurity respondents say their organization's current training and protocols need to be improved to address the current cybersecurity landscape.

Meanwhile, those with anywhere-work policies are finding it much harder to replace security staff than those with office-only policies. Here again, an increased number of endpoints — and the work it takes to secure them — could be dissuading security professionals from taking jobs at these types of organizations.

ORGANIZATION STRUGGLES TO REPLACE SECURITY STAFF



Automation to the Rescue

With lack of personnel being the #1 cause of burnout amongst cybersecurity teams and a demonstrated difficulty in finding replacement staff, automation stands to play an important role in easing burnout. Respondents with involvement in cybersecurity anticipate a host of benefits, including:

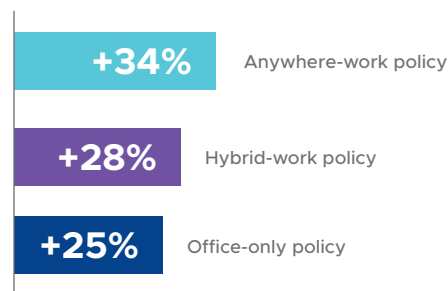
ANTICIPATED BENEFITS FROM INCREASED INVESTMENT IN AUTOMATION



More Anywhere Work, More Investments in Automation

Organizations of all types are investing more in automation, with **87%** saying they've increased their investment in the last two years. And the highest levels of investment are concentrated amongst organizations with hybrid- or anywhere-work policies vs those with office-only policies.

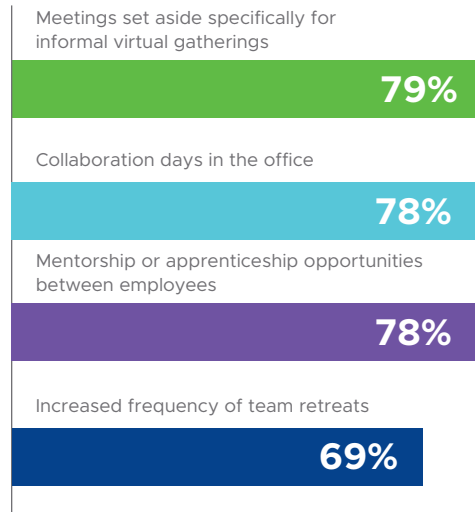
AVERAGE CHANGE IN AUTOMATION INVESTMENT OVER THE LAST TWO YEARS



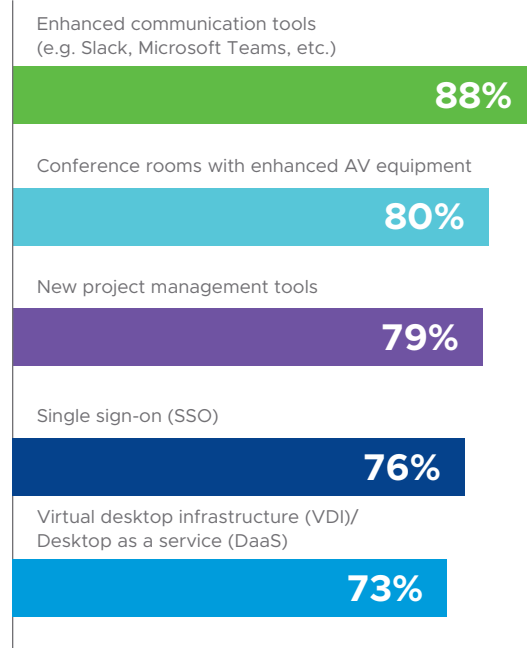
Investments in the Anywhere Workforce

Beyond targeted investments in cybersecurity teams, organizations are making big commitments to facilitate enterprise-wide collaboration and security in a distributed environment.

MEASURE TO FACILITATE COLLABORATION



TECH MEASURES TO FACILITATE COLLABORATION

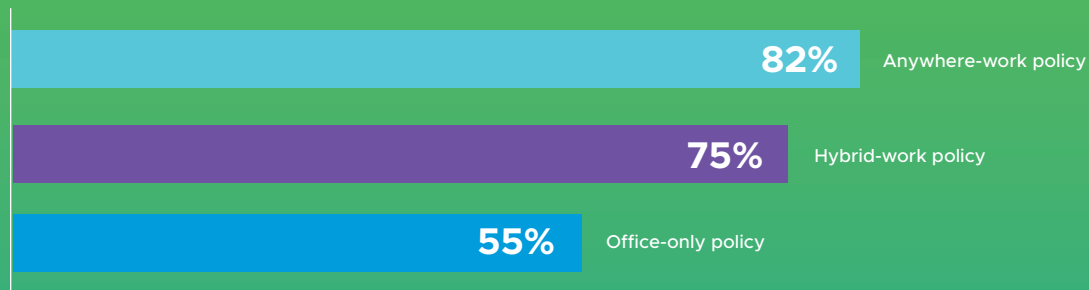


Preparing for the Anywhere-Future

While innovation can suffer when employees are working remotely, the imperative for working location flexibility has been made clear by both leadership and employees. And so organizations must find ways to facilitate innovation in a distributed environment, no matter how challenging.

It's no wonder, then, that organizations plan to make significant investments in digital culture over the next 12 months, especially those with anywhere- and hybrid-work policies.

ORGANIZATION PLANNING TO INCREASE INVESTMENT IN DIGITAL CULTURE OVER NEXT 12 MONTHS



And yet, even as organizations with anywhere- and hybrid-work policies invest heavily in digital culture, only **11%** of them report that their policy is permanent and will not change. It seems most of these organizations are continuing to hedge, waiting for some mythical inflection point where employees make a full return to the office... an inflection point that will never come.

To stay competitive, organizations must embrace the oxymoronic concept of 'permanent flexibility' — and invest in the collaboration tools, automation, and team-building policies to optimize for innovation, even in this new paradigm of distributed work.

Learn more at [vmware.com/solutions/anywhere-workspace](https://www.vmware.com/solutions/anywhere-workspace)



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