

A Zero-Sum Conundrum



Insights from *The Distributed Work Dilemma: When Innovation and Job Satisfaction Compete*

Conducted by Vanson Bourne and commissioned by VMware, a new global survey* of 5,300 HR, IT and business decision-makers, and employee-level respondents revealed an intractable conflict at the heart of the distributed work model. While innovation thrives in person, job satisfaction is highest when employees can work from anywhere. Organizations are now faced with the challenge of how to spur innovation without driving away the top talent who would be responsible for that innovation to begin with.

A lay of the (distributed) landscape

The vast majority of organizations currently have a hybrid- or anywhere-work policy.

CURRENT WORKING LOCATION POLICY



High-performing organizations (those growing in revenue by 15 percent or more per year) are more likely to report the use of anywhere and hybrid work compared to under-performing organizations (those shrinking in revenue by 1 percent or more per year), a difference of **17 percentage points** and **3 percentage points**, respectively.

Innovation happens in person



66% of respondents say their organization is more innovative when employees are in the office

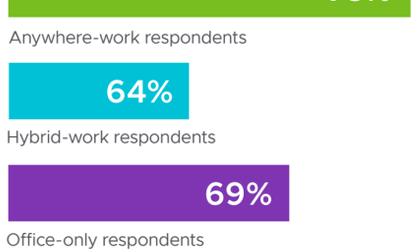
75% of respondents from work-from-anywhere organizations say their company is more innovative when employees are in the office

Certain types of organizations are even more dependent on in-person work for innovation

"MY ORGANIZATION IS MORE INNOVATIVE IF EMPLOYEES ARE IN THE OFFICE."



This discrepancy could be caused by a dearth of digital collaboration tools in small organizations at present, as these organizations are more likely to say they'll be increasing their investment in digital culture over the next 12 months.



The fact that organizations with anywhere-work policies feel most strongly that employees are more innovative in person could indicate that these organizations are feeling the lack of innovation most acutely by being fully remote.

The public sector is much more likely than the private sector to say they don't measure innovation (**15 percent vs. 2 percent**, respectively). This could indicate a general lack of awareness in this area, leading public sector respondents to believe innovation is less impacted by in-person work.



Flexibility and job satisfaction go hand in hand

While opinions about how working location policies impact innovation differ markedly 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 from organizations with strict, in-office policies, potentially indicating that these employees are self-selecting to work at organizations with stricter policies or that they "don't know what they're missing.")

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



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.



WORKING LOCATION POLICY HAS A POSITIVE IMPACT ON INNOVATION.



EMPLOYEE JOB SATISFACTION HAS INCREASED SINCE PRIOR TO THE PANDEMIC.



A hybrid approach: A complex compromise

While a hybrid approach is likely the most ideal option to balance innovation and job satisfaction, it's not without challenges. Organizations will need to invest in collaboration tools and systems to ensure innovation can thrive in spite of the distance between employees. To this end, organizations with hybrid policies may want to consider in-office days that are specially dedicated to "innovation" or "collaboration"—with programming around these themes—to ensure time in the office feels worthwhile and their culture of innovation stays alive and well.



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