2020 Foresight:
Managing an 'anywhere' workforce

vmware®

Foreword

In the late 1990s, when the Web had just arrived, predictions of the end of the office filled the newspaper columns. Having one building — the home — standing empty all day, and another — the office — standing empty all night, may strike our grandchildren as bizarre, Frances Cairncross predicted at the time.

Yet despite striking advances in communications technology, remote work did not take off. Across the European Union, the share of the population working from home continued to hover between 4% and 5% throughout the 2000s and 2010s.

The Covid-19 pandemic has forced many to work from home under challenging circumstances. But will people's new working habits stick when the pandemic subsides? There are good reasons to think that this time is different.

Studies have shown that remote work can increase productivity. For example, one recent work from home experiment found that it boosted productivity by 13% due to fewer breaks, sick-days, and a quieter working environment. And unlike the 1990s, when digital technologies provided poor substitutes for face-to-face interactions, cloud computing and videoconferencing technology make remote work much easier.

Indeed, VMware's own research, which you will read more about later on, highlighted that 70% of employees have found that productivity has either increased or stayed the same since the 'greatest mass working from home experiment there has ever been' forced organisations to radically, and rapidly pivot entire workforces to enable remote working.

The long-term implications of this point towards a potential war for talent as organisations are forced to reconsider their approach to allow employees to work from anywhere. To compete effectively to retain and hire talent, many companies will offer remote working as standard. Indeed, 41% of employees now see remote working as a prerequisite rather than a perk.

To smoothen the transition to remote work, however, management review systems must change. Managing remote working requires a shift away from monitoring inputs to focusing on outputs. Instead of assessing performance based on what an employee is seen to be doing, managers must establish an environment of mutual trust where employees are assessed based on their deliverables.

Indeed, studies show greater levels of anxiety among workers experiencing close monitoring and believe that their supervisor does not trust them. The anxiety related to monitoring is important for business leaders to address given mental health challenges during the pandemic.

Second, creativity and innovation still happen when people meet and interact in sporadic ways. To facilitate innovation, companies must get their employees to "collide". Finding the right balance between remote work and interaction at the office is the greatest challenge facing management today.

**Dr Carl Benedikt Frey, Director,
Future of Work program, University of Oxford**

Making the 'Anywhere' workforce a reality

While organisations have been gradually incorporating more flexibility into their employee workplace policies, working from home en-masse seemed unfeasible and non-ideal until Covid-19 struck. Now, with proof that it's possible and bringing with it a raft of benefits, there's a much greater appetite for working outside the office HQ to continue.

For many workers, the new prevalence of remote work is in line with a desire they'd already expressed, to be less tied to the office. But the future workforce isn't about remote working – it's about how organsiations manage, and its employees fit into, a 'distributed workforce'.

'Distributed workforce' isn't limited to the concept of 'remote working', which is rooted in allowing employees to 'work from home' on occasional days. That's a decade old story. Instead it's about work without frontiers, a hybrid approach where it doesn't matter if employees work from the company HQ, at home, in a regional office, on the move or a combination of all. The way we work is adapting – we need to be 'anywhere organisations' – and not bound by location.

As research from the World Economic Forum pointed out, a staggering 48% of the global workforce almost overnight found themselves working from home in the wake of COVID induced lock-down.

In part, that's why "40% of organisations will have applied anywhere operations to deliver virtual and physical customer and employee experiences by the end of 2023", according to Gartner*.

But is the concept of an 'anywhere' workforce a reality? Are business leaders ready to embrace a wholesale change in how and where its employees work? How do managers 'manage' when teams are not in line of sight – even when geographically dispersed teams are not new to many organisations? When technology is no longer a barrier to where people work, what are the biggest hurdles to creating empowered and engaged 'anywhere' distributed workforces? Ultimately, which businesses will win and which face unprecedent challenges ahead?

Answering these questions was at the heart of a recent study conducted by Vanson Bourne and VMware**, based on the responses of nearly 3,000 employees across Europe, Middle East and Africa, revealing a 41% increase in the proportion of employees across EMEA who see remote working as a prerequisite rather than a perk, and that almost two thirds (64%) recognise that their organisation is realising the benefits of remote work and can't go back to the way they used to be. Yet there is a concern that company leadership and management are not putting in the work to adapt in offering their employees greater choice and flexibility.

> In this report, we draw on two main conclusions from the research:
>
> 1. **The future of work has arrived** in the form of a distributed workforce, bringing with it, tangible business and employee benefits, from productivity and employee morale, to greater collaboration and enhanced recruitment opportunities
>
> 2. **But are businesses ready for it?** While technology is no longer a barrier, something needs to change within leadership teams, and management styles and culture need to adapt at a similar pace if organisations are to successfully embrace the changing model of an 'anywhere' distributed workforce

> **"** For organisations to truly embrace the 'work from anywhere' model, managers will have to move away from monitoring inputs to focusing on output, all from within an environment of mutual trust. Striking the right balance will be key to ensure employees are motivated and while being in an environment where creativity can flourish.
>
> **Dr. Carl Benedikt Frey, Director, Future of Work, University of Oxford** **"**

Leadership needs to adapt to create anywhere workforces

28% More than a quarter of business decision makers feel their boardroom culture discourages remote working

59% Almost a third of employees feel more pressure to be online outside of normal working hours

At the start of the pandemic, many businesses found themselves catapulted into full-time remote work. During this time, not having a clear set of policies or structure to remote work would be understandable – for some organisations this was a venture into the unknown – remote working simply wasn't a company policy.

Several months on, however, temporary actions have been replaced with more near to long term policies, with organisations publicising even permanent changes to their remote working policies. Some, like Barclays, have done a U-turn around what their structure will look like, with others opting for a complete virtual office like Capital One and Spotify.

To implement this type of policy change requires leadership. Productivity output is a vital criterion in the boardroom and every company needs a business case for change. It's encouraging, therefore, that one third (34%) of decision makers note a positive impact on productivity levels, three quarters see an improvement in personal connections with colleagues (76%), and two thirds do so in terms of seeing employees empowered to speak up in meetings (66%).

While the policy has to be set in the boardroom, it is management who need to make it happen. They are the ones that need to set the tone, for example, about not sending emails late into the evening, and suggesting, implicitly or not, that their teams too need to be online at all times. And output needs to be measured differently – the concept of office presenteeism no longer applies.

For some, this is causing tension – prompting unwanted stories of inappropriate and invasive surveillance where bosses ramp up remote surveillance to try and maintain oversight of their dispersed employees. Indeed, new working etiquette will be required – for example, not sending emails after 6pm in the evening, even by managers – to ensure employee wellbeing while working remotely.
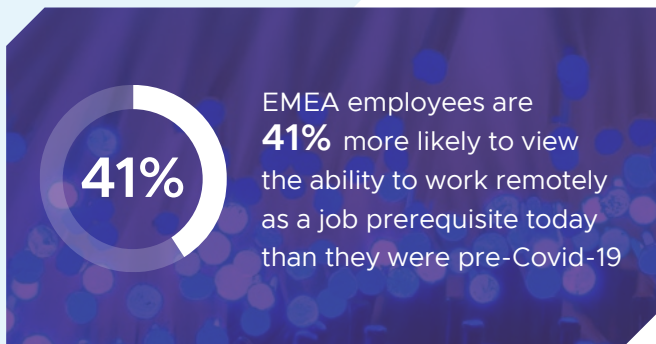
It is crucial that businesses have the right leadership, culture and policies in place to ensure they attract and retain the talent they need – a one size fits all approach – that is everyone works effectively and most productively when they are working from the office - is no longer valid.

Distributed working requires a cultural rethink to retain and attract talent

The pandemic has created an unpredictable world for organisations and motivating and empowering productive workforces has become one of the single most important challenges for businesses. But it has also created opportunities for recruitment. When location is no longer a contributing factor, the talent pool has enlarged and diversified exponentially – employers have the potential to recruit from a much larger pool, but employees themselves also find themselves open to working at organisations that weren't necessarily feasible before.

But business leaders now need to go a step further and ensure that organisations' talent supply chains can not only respond to further outbreaks, but also capitalise on opportunities that may arise.

Ultimately, retaining and recruiting talent will become significantly harder if companies still see these working practices as a perk – rather than fundamental to the well-being and productivity of employees.

41% EMEA employees are **41%** more likely to view the ability to work remotely as a job prerequisite today than they were pre-Covid-19

35% **32%** Despite this, **35%** of business decision-makers and **32%** of HR managers do not believe offering remote working gives them a competitive advantage

This is a clear indicator that there is still a significant portion of businesses whose recruitment policies need to catch up, or otherwise risk missing out on attracting new talent.

> " The future of work has arrived as a distributed workforce, and brought with it tangible business benefits, from productivity and employee morale, to greater collaboration and enhanced recruitment opportunities. Whether employees are working from an office, home, in transit, or a combination of these, progressive companies are recognising this is a time for change – but management practices also need to adapt when employees are not in line of sight. The digital workspace tools that enable distributed workforces to be collaborative, engaged, visible and productive have already helped thousands of businesses and millions of employees – and VMware is continuing to innovate. "
>
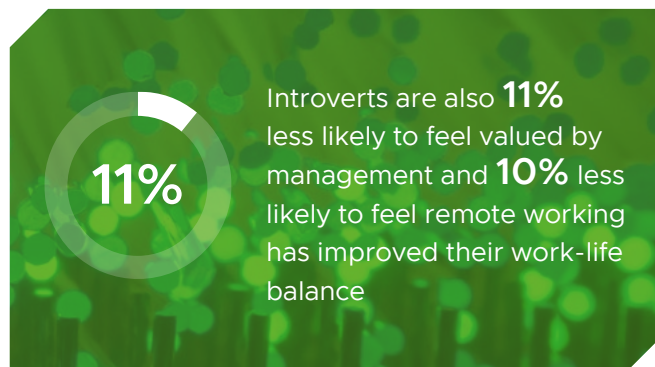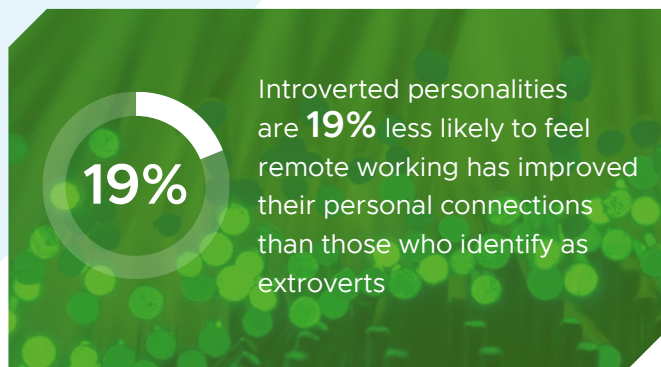> **Kristine Dahl Steidel, Vice President, End User Computing EMEA, VMware**

Remote working has got personal – organisations need that focus too

Throughout the year we've had glimpses into the environments and cultures of our colleagues, business partners and customers like never before. We've seen our CEOs in their living rooms, we've seen our colleagues' family members in the backgrounds of video calls, and dogs bark as someone walks past a window. We've probably got to know more about the personal lives of people we regularly interact with in the past six months than the previous six years. It is perhaps why over three-quarters (76%) of employees feel greater personal connections with colleagues as a result of remote working.

This only further demonstrates why it is more important than ever before to understand that a business is not an object, but a collective built upon the output and hard work, as well as well-being and happiness, of the individuals who make up its workforce. When it comes to employee wellbeing and engagement, personality is now a crucial consideration for business leaders.

That means there is no one size fits all when it comes to policies around distributed working. Business cannot assume that the same approach will work for everyone, from graduate recruits to seasoned management, from introverts to extroverts, especially in light of the added importance of meeting the individual needs of employees when remote working.

19%
Introverted personalities are **19%** less likely to feel remote working has improved their personal connections than those who identify as extroverts

11%
Introverts are also **11%** less likely to feel valued by management and **10%** less likely to feel remote working has improved their work-life balance

Without the comfort of an office or the happenstance watercooler moments therein, businesses must take on the responsibility of countering feelings of isolation amongst colleagues. Doing so effectively, however, must be precise, comprehensive, and tailored to the personal needs of each and every employee.

> " The unprecedented shift we've seen to a work from anywhere model this year undoubtedly offers many advantages to employers and employees alike. However, we should not underestimate the required change in people management strategies to keep employees engaged and productive. While executive leadership is important for setting the tone, it's middle management that needs to constantly demonstrate trust, energize the team and build a sense of shared purpose. "
>
> **Véronique Karcenty, Digital Workspace Director, Orange Group, France**

While the future of work has arrived – what's clear is that technology, often cited in the past as a barrier to large scale changes to working practices, is no longer considered to be an inhibitor to distributed working practices.

33%

Only a third of those surveyed believe that IT is not equipped to manage a remote workforce.

Technology is readily available to enable employees to collaborate and communicate with colleagues, partners, and customers online as effectively (if not more effectively) as they would face-to-face – and companies like VMware are innovating digital workspace tools at a rapid pace.

Preparing for the future-ready workforce

The way we work is changing and our perception of distributed working has shifted, but the future won't be about remote working - let that be clear. Remote working often means taking office-based employees and enabling them to work from home. The future ready workforce looks at fully embracing the concept of being an "Anywhere Organization" - and that requires cultures and physical changes if organisations are going to prevail.

It is crucial that businesses have the right leadership, culture and policies in place to ensure they attract and retain the talent they need – a one size fits all approach is no longer valid. This new way of working has demonstrated proven benefits for employees – through happiness, productivity and more frequent collaboration. Businesses need to recognise the positive effects of accepting distributed working and find ways to make sure it works for them.

Three things to consider when supporting the future-ready workforce:

1. **Implement changes in management styles** - It's crucial that we rethink working methodologies and performance evaluation systems. Without line-of-sight visibility over staff, team leaders must adopt and become fully accustomed to an outcome-based management style, not just to monitor that staff are getting their work done, but to prevent feelings of isolation or neglect.

2. **Think through what can and can't be done outside the office** - Moving out an office can often mean a trade-off between increasing short term productivity and decreasing innovation. Businesses must identify which are innovative roles and tasks that need to be housed within an office environment and those which are more productivity-focused and can therefore be done remotely.

3. **Consider changing physical spaces -** Demand for office buildings will still exist because businesses want some levels of interaction. However, social distancing will have to be considered in the design of office spaces. We will no longer see multiple people squeeze into the confines of an elevator and stay there for the time it takes to travel from the 1st to the 40th floor.

Dr Carl Benedikt Frey, Director, Future of Work program, University of Oxford