Dropbox

The advent of the choice economy — and why it's a good thing.

Introduction

The choice economy is here

Since the start of the pandemic, we've witnessed digital transformation happen on an unprecedented scale.

Few could have predicted the level of innovation that COVID-19 has sparked. So how did we arrive at the future of work so fast?

Arguably, the shift to fully remote working was the catalyst. Many organizations needed to finally revisit their outdated infrastructure, policies, and tool choices.

And choice is the key word here. After a year of working how, where, and when they want, with whichever tools they want, employees now have the freedom to work more flexibly.

Typically, this level of freedom and choice has been reserved for the consumer market, where experience is everything, and success relies on giving customers what they want, when they want it. On the other hand, office environments have been characterised by restrictions, prescribed tools, and controlled environments.

But employee experience matters, too. Employees don't want to be bound to a single location—whether it's home or the office—and they don't want one-size-fits-all solutions.

Amid all the chaos of the early months of the pandemic, few would believe that employees would be happier, more productive, and more likely to stay in their jobs, just by going remote. But that's very much the reality.

The logical end point of this journey is what we have arrived at today - the 'choice economy'. A world where employee experience is elevated to a strategic level, and employee preference serves as a guide for systems, policies, and processes. It's a world of flexible work, where employees have the power to choose how, when, and where they approach their daily tasks.

What does this choice economy really entail—and ultimately mean for businesses? What are the best ways to respond to the challenges it's bringing about, and what impact is this having on the employee experience? And in the end, what's at stake for businesses that don't adapt?

To find out, we've partnered with research agency Vanson Bourne to survey 2,000 small business leaders and employees in the US, Canada, the UK, France, Germany, Australia, New Zealand and Japan*.

Our goal? Discover what the choice economy looks like in action, how it's fundamentally changing the way we look at work, and what businesses can do to unlock the benefits of flexible working.

Here's what we found...

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Section 1

The COVID effect: Origins of the choice economy

The pandemic served as a reset for many businesses, who adopted new measures to meet the organizational challenges created — or exacerbated — by COVID-19.

This rapid change was met with a mix of enthusiasm and trepidation by many employers, many of whom have been hard at work trying to balance the benefits of remote work with the difficulties.

"We've faced a lot of uncertainty over the past 18 months, and that uncertainty has bred feelings of anxiety," says Michael Gutman, affiliate consultant at the Remote Working Institute. "Leaders are now wrapping their head around what the remaining 'unknowns' are, and trying to create flexible policies around them, so we can get back to our lives as best as possible."

But if the reception from employers is cautious or muted, employee reactions are far clearer.

Most employees have taken to the new found freedoms with a strongly positive outlook, with over 40% of respondents to a recent McKinsey report saying that they are more productive, and a further 28% saying they're at least as productive when working remotely as they are when in the office.

It's a pretty huge shift, as Paul Wolfe, SVP and head of global human resources at Indeed explains:

"Before the pandemic, we were so used to the paradigm of working we were in that we couldn't think beyond what was so ingrained in our mind about how we work. Pre pandemic, 5% of our workforce were remote. Now, 11,000 Indeed employees are working remotely and doing their jobs very effectively."

Alastair Simpson, VP of design at Dropbox, agrees that there's been a real sea-change in how we view work:

"I think one of the biggest assumptions that we've had to challenge in the last [18] months has been that great work only happens in the same place, at the same time, between 9-5."

It's interesting to note that it's not just *existing* jobs that are changing, with current workers having their contracts changed to reflect new circumstances. This shift to remote work is fundamentally changing how job openings are positioned and advertised, and how job seekers are looking for them — a sign of a much greater development in work habits.

"Many employees have thrived in this kind of flexible work-from-home environment," says Scott Blumsack, SVP and global head of strategy at Monster. "Flexibility continues to be one of key elements employees and candidates are looking for in a job. Searches for remote jobs have risen significantly, and 'remote' remains one of our top five search keywords."

While the world of work is the origin of all these changes, that's not to say it affects work alone. One of the greatest revelations of the past year for many employees has been what working from home has enabled *outside* of the workplace. Employees, liberated from long commutes, have found more productive ways to spend their time, and enjoy the greater flexibility in balancing work and personal lives.

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>
> **Paul Wolfe,**
> SVP and head of global human resources, Indeed

Kate Lister, president of Global Workplace Analytics, describes it as symptomatic of a greater 'push toward purpose' driven by the pandemic and the hybrid-working boom:

"We've been talking about engagement for years, but all we really need is something that we were really *passionate* about – whether that's at work, or in our personal lives – so we can we can really feel good about who we're working for and what we're doing in the world. Smart employers will try to marry both."

Many executives are sensing the way the wind is changing. A recent PwC study found that US executives are planning considerable new investments to support hybrid working, particularly around virtual collaboration and connectivity. In fact, nearly half of CEOs surveyed say they plan to increase long-term investment in digital transformation by 10% or more, including technology solutions to support higher levels of remote working.

Workers are clear about what they want, and business leaders are willing to spend to address the situation. But what pivots are businesses making?

Section 2

How businesses are responding

Our survey results of 2000 business leaders across North America, Europe, ANZ and Japan offers a clear picture of the situation on the ground.
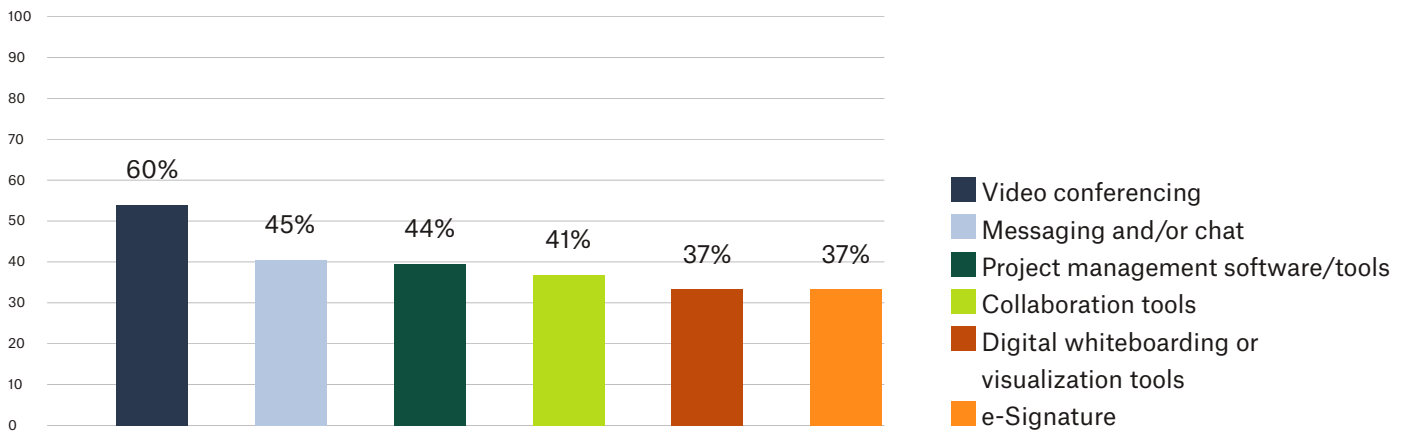
One of the clearest takeaways from the research is that businesses are well aware of the benefits of remote or hybrid working on a variety of different areas:

- Employee wellbeing - 82%
- Employee retention - 77%
- Productivity - 74%
- Innovation - 74%
- Meeting business objectives - 73%

3 in 4

business leaders recognized increased productivity and innovation as a benefit of remote working

Elsewhere, the data shows that businesses have been working hard to respond to the challenges of the COVID pandemic. Most have invested in a variety of different tools to smooth the way, including:

Legend:
- Video conferencing — 60%
- Messaging and/or chat — 45%
- Project management software/tools — 44%
- Collaboration tools — 41%
- Digital whiteboarding or visualization tools — 37%
- e-Signature — 37%

Despite massive investment in the tools above, only 1% of those we surveyed said no further improvements were needed to make remote working easier — and a staggering 65% said significant or notable improvements were still needed.

While businesses have tried their best in a difficult situation — and many have made huge strides towards more flexible, more effective ways of working — it's clear that even greater, more tailored efforts are needed.

"There's no going back to the way we used to work. It's just *different* now. So we need to focus on what's next, what I call 'the next normal'." says Paul Wolfe at Indeed.

Striking the right balance — remote, hybrid, or in-office?
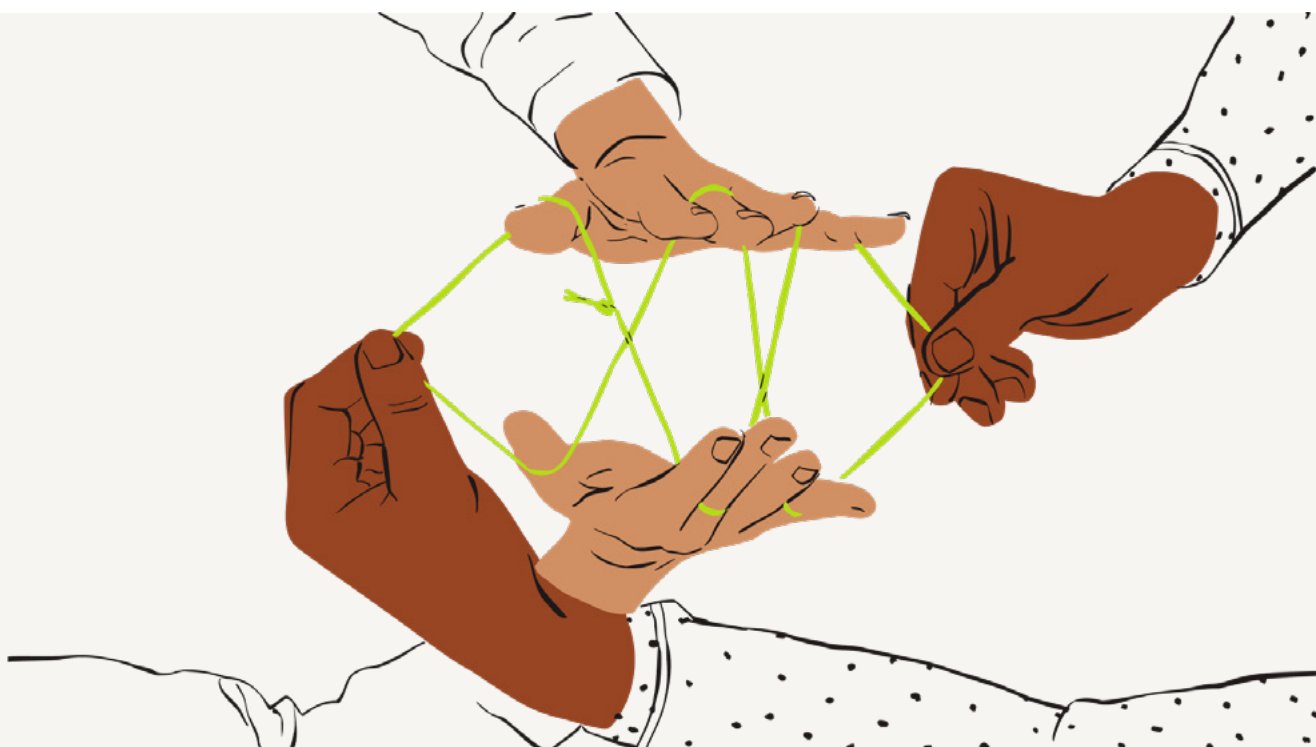
Among those we surveyed, 72% of respondents reported that traditionally office-based employees will be expected to work in a hybrid way by the end of 2021.

Despite the fact that most employees want choice, we found only 3% of businesses will actually give them the freedom to choose how they want to work. Meanwhile, a quarter of businesses revealed they would implement 'full-time remote' or 'full-time office' policies when asked how they'll be working by the end of 2021.

- 13% will opt for remote all of the time
- 12% office based all the time
- 3% of businesses saying employees have the freedom to choose how they want to work.

74%

of business leaders admitted their employees may leave if they were unable to work flexibly

	Total	US and Canada	UK	France	Germany	Australia and New Zealand	Japan
Remote all of the time	13%	16%	7%	6%	20%	7%	12%
Hybrid, but the majority of their time will be remote	41%	34%	43%	42%	45%	51%	43%
Hybrid, but the majority of their time will be in the office	31%	31%	34%	34%	26%	34%	29%
Office based all of the time	12%	14%	12%	15%	6%	6%	14%
Employees will have the freedom to choose how they want to work	3%	3%	2%	1%	4%	2%	2%
Don't know – it's hard to say at this point	1%	1%	2%	2%	0%	0%	1%

This kind of one-size-fits-all approach isn't ideal for everyone. Our survey also found that while employees see the benefits of different ways of working, 71% strongly or somewhat agree that it would be difficult to fulfill their career ambitions if they aren't office-based at least some of the time.

"Many employees have reasons to work from home, whether they're personal, technical, or just a matter of preference," says Perrine Farque, an award-winning diversity and inclusion expert at Inspired Human and best-selling author of *Inclusion*. "But, whether consciously or subconsciously, managers tend to promote the people they see more face to face. We need to make sure that, just because remote workers are less 'visible', they're not overlooked. Extra effort is required to avoid this kind of 'two-tier' workforce that might emerge in a hybrid world, and ensure everyone gets the promotions and growth opportunities they deserve."

While fully-remote working is great for many, it's not always right for everyone, says Paul Wolfe from Indeed:

"We may have all been working from home, but the playing field isn't level by any stretch of the imagination. The only thing that's level is that we're all dialing in; we're all joining the meeting in the same way. Personally, I have a separate space I can go and work in and get the peace and quiet I need, but not everyone has that, and their remote-working experience is markedly different."

Getting the balance wrong isn't just a zero-sum game, however. Our respondents foresaw a range of issues if they weren't able to adapt to the choice economy in the right way, with 74% admitting that employees at their organization could start to leave if they do not enable them to work flexibly.

Kate Lister puts it bluntly: "If employers don't adapt, employees are going to vote with their feet. We've already seen it in a lot of the companies that we're working with, particularly those that have not communicated with their people about what their intent is. People are now desperate for this kind of flexibility, especially as many have now reevaluated their goals and, ultimately, how they want to live their lives."

Dr. Britt Andreatta, an expert in neuroscience and CEO of 7th Mind, Inc concurs.

"Companies that don't adjust and make some of these shifts are simply not going to be here in a decade. They might not even be here in two years."
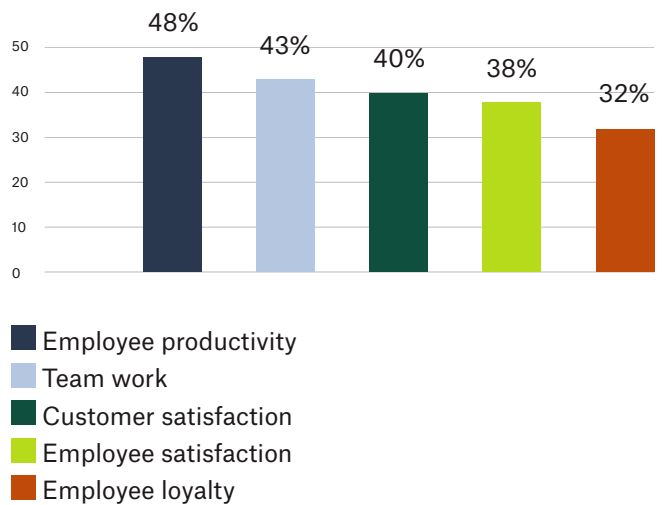
According to Scott Blumsack, it's not just about losing existing talent, but struggling to find new talent, too.

"The majority of businesses [who fail to adapt to hybrid working] will see their ability to attract talent really collapse. One of the top things we're hearing from employees and candidates is how much they value flexible and hybrid work environments, and it'll be far more challenging now to try and go back to the way things were."

Making hybrid work successful is not only about where employees work, but also *how* they do it. Respondents saw a range of potential barriers to productivity when working remotely, including:
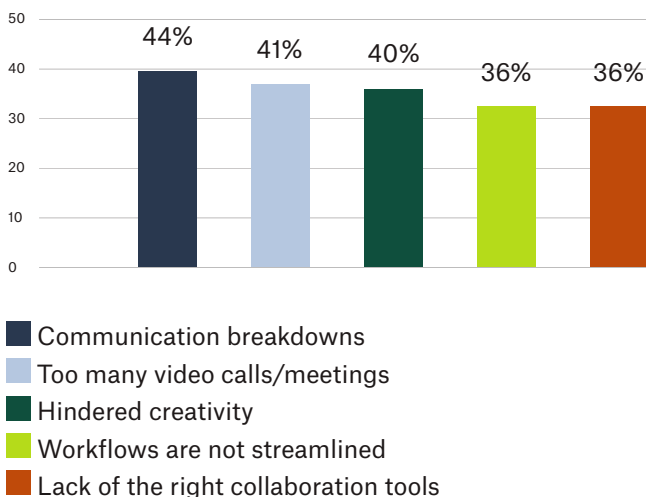
The final barrier in the graph below — the lack of collaboration tools — is particularly damaging to businesses. Respondents noted that failure to collaborate effectively on projects impacted a range of aspects, including:

- Employee productivity — 48%
- Team work — 43%
- Customer satisfaction — 40%
- Employee satisfaction — 38%
- Employee loyalty — 32%

Ultimately, the lesson here is that businesses mustn't assume that one solution works for everybody: flexibility is key.

- Communication breakdowns — 44%
- Too many video calls/meetings — 41%
- Hindered creativity — 40%
- Workflows are not streamlined — 36%
- Lack of the right collaboration tools — 36%

Secondly, businesses can't consider their shift to flexible working complete just because they've finished bedding in new technology.

The potential benefits and drawbacks to implementing technology well — or badly — are significant. Businesses should know how to implement new systems effectively to ensure employees use them correctly and get the most value out of them.

"We can't just have great technology without having great learning, development, and management behind it."

says Perrine Farque. "Most managers have never been trained on how to manage a distributed workforce. And people aren't *born* managers or leaders, it's something they need to learn. And it's hard work, especially if you're managing teams across different countries, continents, and cultures."

It also means we'll need to reevaluate the situations where we do and don't use technology.

"We really need to be more thoughtful about when we bring people together, and how we use in-person time, whether it's on a screen or in a physical space," says Britt Andreatta. "We should use offices to do things that can only happen when humans are in the room together, like making decisions or bonding; connecting or rebuilding the emotional ties between them.

"But a lot of in-person stuff could be remote. There's a lot of information-sharing that happens in meetings that could be done through asynchronous tools instead; there's a lot of traditionally 'in-office' work that can now be achieved with online collaboration tools. We really need to change how we define work, how it's measured, how we do it, and where we do it."

That being said, the solution doesn't need to be overly complex, and you don't need to go it alone. There's a tried and tested path to ensuring you and your employees have everything you need for successful flexible working.

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> An expert in neuroscience,
> CEO of 7th Mind

Section 4

How to enable the choice economy

For businesses to truly thrive post-pandemic, there's a case to be made for going back to basics and focusing on what makes work really happen smoothly. And the best way to find that out is to listen to your employees.

In the opinion of Perrine Farque: "Getting qualitative and quantitative feedback from employees is essential, because they should drive what your organization does, and not the other way round. Starting with employees — what they want, what they need — and really acting upon that information is key." According to our research, the message from employees is loud and clear. The main area respondents wanted to see change was around enabling and supporting collaboration. 87% of the business leaders we surveyed agreed that improving team collaboration will be critical to the success of their organization in the future.

87%

of business leaders say improving collaboration is critical to the success of their organization

While collaboration is often presented as a goal in itself — collaborating for the sake of collaboration — the reality is that collaboration is more than a buzzword.

Remember, not all collaboration is *equal*. An always-on culture where employees are expected to be ready and waiting to collaborate at all hours of the day can quickly lead to collaboration fatigue, and, ultimately, burnout.

The answer is *smarter* collaboration that allows employees to be agile and efficient so they can take control of their daily workflows.
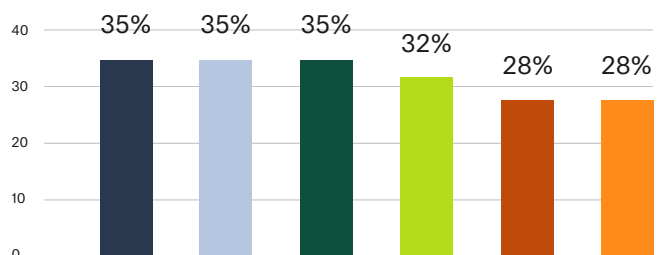
"Technology is paramount to this hybrid way of working," says Paul Wolfe at Indeed. "Don't get me wrong, Zoom fatigue is a real thing. But, ultimately, technology can, and is, helping me manage my day better. We just have to know how to use it correctly."

Our research confirmed that smarter collaboration within a business has a clear impact on a range of different business processes.

Senior leadership have an important role here, according to Melanie Collins, chief people officer at Dropbox.

"Trust from senior leadership is key. Part of what makes [hybrid working] effective is giving employees agency in how they design their workday. This requires shifting mindsets, and role-modeling the behaviors and practices you want employees to have. Whether that's adopting core collaborations hours, being transparent about boundaries, or taking off time to recharge."

Those we surveyed noted the following aspects of their organization's workflow could be improved by effective remote collaboration:

Aspect	Percentage
Task assignment/management	35%
Project monitoring and visibility	35%
Ability to provide/gather feedback in real time	35%
Files/content all accessible in one place	32%
Ability to share large files	28%
Integration with existing apps/tools	28%

■ Task assignment/management
■ Project monitoring and visibility
■ Ability to provide/gather feedback in real time
■ Files/content all accessible in one place
■ Ability to share large files
■ Integration with existing apps/tools

And the following were seen as particularly important for fostering stronger team collaboration in the future:

52% 52% 50% 48%
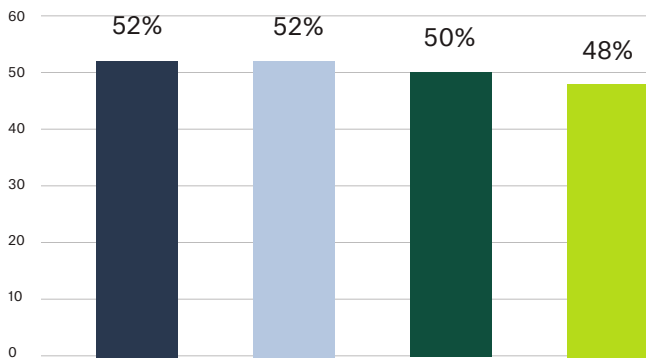
■ Tools/technologies to improve collaboration
■ Social interaction (e.g., in person and/or virtually)
■ Flexibility in working location and hours
■ Collaboration spaces for brainstorming, being creative etc

So, collaboration is a key driver behind making flexible work possible. But why should business leaders care? What is the potential outcome of this more flexible world of work?

Our survey found the following benefits of flexible working were considered most important by business leaders:

56%

of business leaders say flexible working would help them prioritize and manage their time better

56% 55% 54% 47% 44%
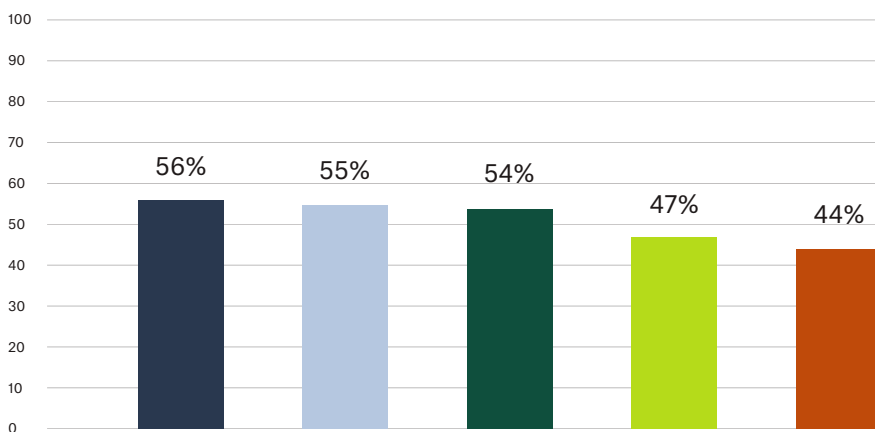
■ Better time management/ task prioritization
■ Greater productivity/ improved focus
■ Improved mental and physical well-being
■ Increased opportunity for family time
■ Easier to collaborate as/ when we need to as a team

Judging from our survey respondents, enabling the choice economy — and reaping all of its benefits — means finding the sweet spot between flexibility, technology, and collaboration.

That might sound complex – but it doesn't have to be.

Your checklist for enabling the choice economy

Knowing how to implement choice for a workforce of any size is a constant challenge. It's all about understanding where to start your journey, defining the right objectives, and creating a compelling roadmap for continued innovation.

To help you make the right decisions and drive meaningful change, we've created a checklist to help guide your thinking:

1.
Listen to your workforce

While this report has shown that many employees are demanding flexibility, you should always collect insights and feedback from your own teams ahead of any decision.

Ask them questions around how they would like to work, where they'd like to work, and what they are looking for from you. You might be surprised at what you find.

This kind of pulse survey isn't just a one-off, either. It should be conducted regularly as we progress beyond the pandemic and into the new world of working.

2.
Outline your core objectives to address workforce choice

Sometimes, the needs of the business appear at odds with the demands of the workforce. Giving your employees everything they want can be costly and may feel counter-intuitive. Striking the right balance is key.

Find out how investment will impact and filter through the organization. Do you need to boost your communication, or is it a case of enhancing productivity from disparate teams?

Following conversations with other stakeholders across the business, it may become evident that employee wellbeing is where you should focus your energies, for example. But wherever the insights and feedback takes you, that's where you should focus — even if it makes you feel a little uncomfortable. A happy workforce will always reward you.

3.
Invest to create continuous value

With your objectives defined, and the demands of your workforce assessed, you can begin the task of analyzing where best to invest budget. Don't start looking too hard at any particular technology at this stage. It'll skew your thinking and have you looking for problems first, rather than the other way round.

Consider running workshops with your key stakeholders and include customer feedback in your analysis. The output from these sessions will give you the crucial data you need to identify precisely where you can add the most value.

4.
Evaluate potential suppliers

Working through the insights derived from your workshops, map out a core list of requirements. Prioritize feature sets or functionality, and begin talking to suppliers, partners, and consultants to assess solutions for your needs.

Speak to as many potential partners as you can, and seek feedback from key stakeholders on your preferred options.

5.
Build a cross-functional team to manage the deployment

Once you've chosen a solution, now you need to build a team to ensure you get the most from your investment. Consider bringing in stakeholders from across the business, and harness their diverse skill sets to manage deployment.

Look to get things moving quickly, and evolve as you go. Your teams want to feel that you're listening to them and giving them what they want, so begin implementing what you can as soon as possible.

6.
Define a roadmap for continuous innovation

To avoid the 'big bang' of large upfront investment, take advantage of agile practices and keep improving your platform as you go.

Factor these considerations into your potential supplier discussions. And make sure that stakeholders are involved in the conversations relating to how to progress and adapt your technology ecosystem as you grow and innovate.

7.
Conduct regular surveys to assess your performance

Regular engagement with your workforce should serve as a benchmark for your ongoing performance, and a sense-check of the wellbeing of your teams.

For example, as we move beyond the pandemic, you may find a large shift in sentiment and a gradual shift back towards more consistent office working.

While there's no indication that this will happen anytime soon, regular surveys and workshops with teams will help you stay ahead of any sudden changes down the line. While creating a more flexible working environment ensures that all options remain open, moving with your workforce is key to keeping hold of your talent and attracting the best possible new talent, too.

Footnotes

*Dropbox commissioned Vanson Bourne to conduct 2,000 interviews with decision makers across the HR, IT, marketing, operations, and sales functions, in organizations of 10-1,000 employees. There was representation across the US & Canada, Europe, and APAC regions, and the survey was conducted in all public and private sectors (excluding financial services, healthcare, and telecoms)