

Conversations for tomorrow

Quarterly review
N°2 — 2021

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STEPHANE KASRIEL

Former Chief Executive Officer,
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THE FUTURE OF WORK IS THE FLUID WORKER

Stephane Kasriel is a tech entrepreneur, former CEO at Upwork Inc., a freelancing platform and a co-chair of the World Economic Forum Council on the New Social Contract. Stephane is an expert on future workforce trends, from the growth of flexible workforces to how companies should evolve and change the way they build teams.

The Capgemini Research Institute spoke to Stephane about the rise of the fluid workforce and the implications it has on organizations' business and talent strategies.

THE RISE OF THE FLUID WORKFORCE

Over the last few years, an increasing number of companies have been focusing on the fluid workforce. In your opinion, what is fueling this trend?

— There are two different sides – demand and supply. On the demand side, companies increasingly use a freelance workforce. This is partly because they must and partly because people want to be freelancers. So, companies that are always looking for highly skilled talent are being pulled into this by the supply. It is also driven by a stronger need for flexibility – shareholders are increasingly demanding that companies be more nimble, agile, cost effective, and move faster. In this agile environment, organizations are realizing that they are missing certain skills, or they do not have enough resources with certain skills, so being able to hire people on demand makes a ton of sense. The second reason on the demand side is the fact



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increasingly people are saying “I would rather have more flexibility.” In America, Millennials and Gen Z-ers are twice as likely to be freelancers than Baby Boomers. Baby Boomers – who were not freelancers – are retiring. Therefore, the younger generations are becoming the main generation in the workforce and about 50% of them have done some amount of freelancing in the last year. So, the number of freelancers is growing faster than the overall workforce.

that technology keeps on accelerating and, as a result, skills are becoming obsolete faster than ever before. So, as work becomes more specialized, it is less and less likely that organizations will have all the skills that they need internally.

On the supply side, if you ask people whether they truly want the constraints of a full-time job or whether they want to have more flexibility in life,

What are the top challenges organizations face in managing a fluid workforce?

— In many organizations, silos exist between the HR function, which manages the permanent workforce and procurement, which manages the fluid workers. And the two departments often use different tools, which causes redundancies. For example, the same resume could be in two totally different databases because the fluid worker might have engaged with the company once as a contractor and once as a full-time employee. This cannot be a good experience for anybody – neither the worker nor the company.

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Discussions

And this challenge arises because the buyers are different within the same organization.

A similar siloed situation also often exists in how the different groups use outsourcing. HR tends to engage with recruitment process outsourcing (RPO), but procurement deals with managed services providers (MSPs). The idea behind total workforce management is that you merge MSP and RPO; you merge human resource management systems (HRMS) and vendor management systems (VMS); and you merge services procurement with HR – and all of that becomes a single place where human beings that need to interact with a company are managed.

There is also a training challenge. Managers must be trained on how to handle diverse teams and mentor fluid workers, even if there are limitations on how much they can include them. The head of HR should recognize that somewhere between 10% and 30% of their workforce at any point in time will be these non-traditional workforces and that the managers in their organization that engage with those workforces are not trained at all on how to engage with them, how to retain them, and how to get them excited about the company.



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FLUID WORKERS AND A NEW SOCIAL CONTRACT

In terms of regulations on fluid workers, do you think there is a need for a new social contract between the employer and the fluid worker?

— If you are a full-time employee of a company, you get free or highly discounted healthcare coverage. But if you are a freelancer – and you try to buy your own healthcare insurance products – it is very expensive, because you do not have any negotiating power. So, for the same amount of income, the cost of healthcare for a freelancer is much higher and, therefore, their net income after paying for benefits is much lower. Fundamentally, it needs to be made sure that, for freelancers, benefits are affordable. This is whether they pay for it themselves and buy it from the government, union, or some kind of collective bargaining or co-op type of system; whether they buy it from their clients; or whether it is provided by platform such as Upwork. What happens if you are disabled? What happens if you are sick? What happens if you die? What happens if you want to go on vacation? What happens if you lose your source of income? All these issues that full-time employees have are also true for freelancers. And, as the number of freelancers grows, this becomes a big issue for government and society.

Also, training the independent fluid workforce is highly problematic today in most countries. In many cases, the worker would like the training, the company might want to give the training because it is economically in their interest. However, you cannot do it because that reclassifies the worker as being permanently employed.

Discussions

That is the work we are trying to do with the World Economic Forum. So, this idea of the new social contract is to say that a lot of these employment laws were created in the late 19th century, but the world has changed a lot – both on the supply side and the demand side. The basic needs of humans – to stay relevant, to feel protected, to be able to go on vacation – remain important. Therefore, as more and more of the workforce is freelancing, we need to create a social contract that is not tied to employment and allows companies to be more empowered to have different dealings with fluid workers.



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