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Quarterly review
N°2 — 2021

The Future of Work
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THE FUTURE OF WORK: FROM REMOTE TO HYBRID

The COVID-19 pandemic led to a major shift for the business world as lockdowns were imposed around the world and organizations were pushed, almost overnight, into an enforced experiment in remote working.

The pandemic has, almost overnight, completely shifted how we think about work and working models. In the short term, organizations have protected their employees and seized the advantages of remote working by adding a virtual layer to their existing operating models. In the report we examined how organizations can sustain these advantages and what changes they need to make to their operating models.

What is hybrid workforce and hybrid working model?

A hybrid workforce is distributed across different locations, from traditional office and factory spaces to remote locations, including within employees' living space, be it a family home or shared apartment.

A hybrid working model is characterized by the flexibility and choices it offers employees, and it can be an innovative way of driving new approaches to agility, collaboration, and ways of working.

To understand the evolution of "remote working" into "hybrid working," we surveyed 500 organizations and 5,000 employees from a range of sectors globally and conducted detailed interviews with academicians and executives. Based on our research, this report examines a range of key questions:

- What do organizations and employees think about the sustainability of remote working models?
- What gains can organizations expect from these models?
- Have organizations effectively managed the shift to remote work?
- What steps should organizations take to effectively implement a hybrid working model and leverage its benefits?

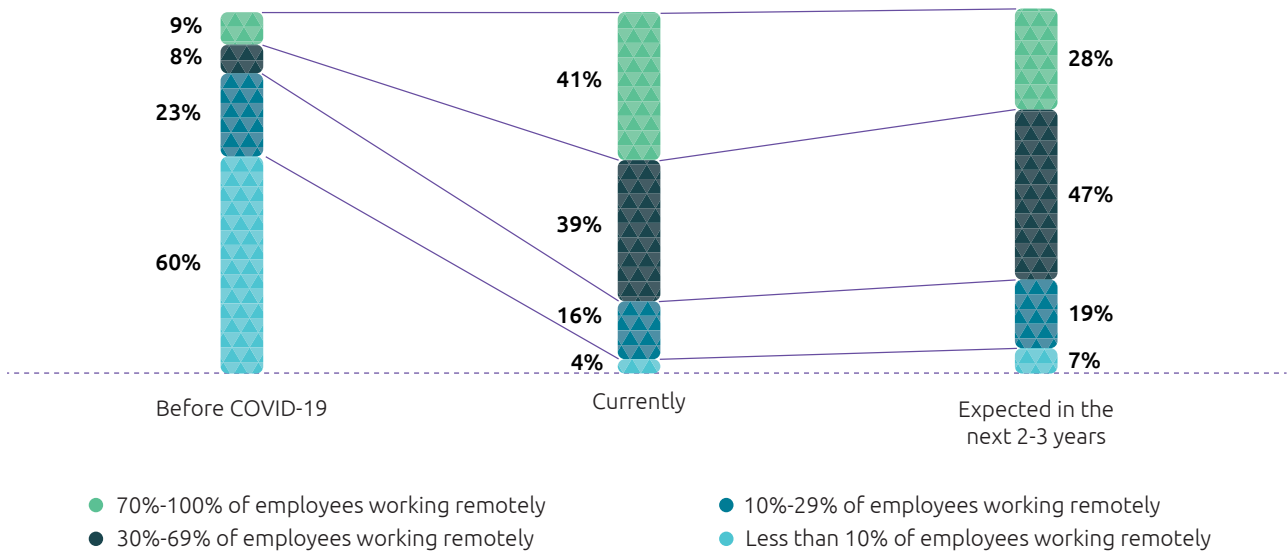
Remote work is here to stay

Organizations and employees both expect remote working models to stay

Widespread remote working has been quickly adopted as the norm by organizations. According to the executives in our study, three-quarters of organizations expect 30% or more of their employees to be working remotely, and over a quarter expect over 70% of staff to work remotely (see Figure 1).

Figure 1: Around three in ten organizations expect more than 70% of their employees working remotely in the next two to three years, up from just one in ten before COVID-19

What proportion of your organization's workforce works remotely?
(% of organizations)



Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=500 executives.

Executives believe that employees across functions will work from remote locations for 2.4 days per week on average in the post-pandemic “new normal.” This is close to a 70% rise from 1.4 days before the pandemic.

At a function level, 61% of employees in both operations and manufacturing functions said that they would be more comfortable with a remote model, despite these two functions traditionally being thought of as a natural fit with on-premises working. This implies that organizations, in order to meet employee expectations, will need to take a nuanced view of each function and understand roles which can be performed outside their premises. Organizations need to establish the “remoteability” of each role to understand which jobs can be transitioned smoothly and which cannot be done from remote locations.

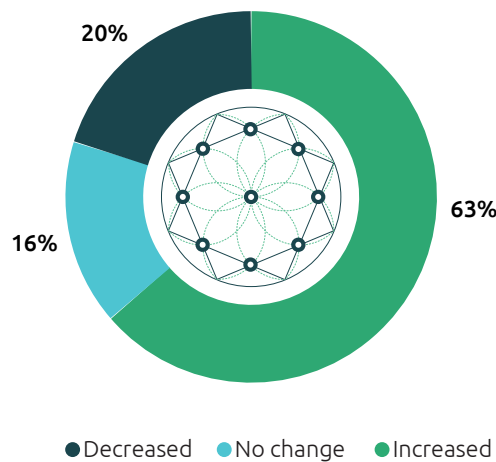
The shift to remote working has boosted productivity and cost savings

Organizations report productivity gains due to remote working and expect them be sustained post pandemic

Our organizational survey across 10 sectors and nine countries indicates that 63% of organizations have reported productivity gains in Q3-2020, due to remote working (see Figure 2). In terms of magnitude, average productivity gains range from 13–24%.

Figure 2: A majority of organizations report increased organizational productivity in Q3-2020 due to the shift to remote work

Percentage of organizations reporting productivity change due to remote working in Q3-2020



Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=500 organizations.

Nearly 70% of organizations believe that the productivity gains of remote working are sustainable beyond the pandemic as well. Companies project an overall productivity rise of 17% in the next two to three years.

A majority of companies say remote working will reduce costs

- In our survey, 92% of organizations expect real-estate cost savings in the next two to three years.
- Operational cost savings are projected in the range of 26% to 44% across sectors over the next two to three years.
- Furthermore, cost of business travel is expected to reduce between 26% to 45% in the next two to three years.

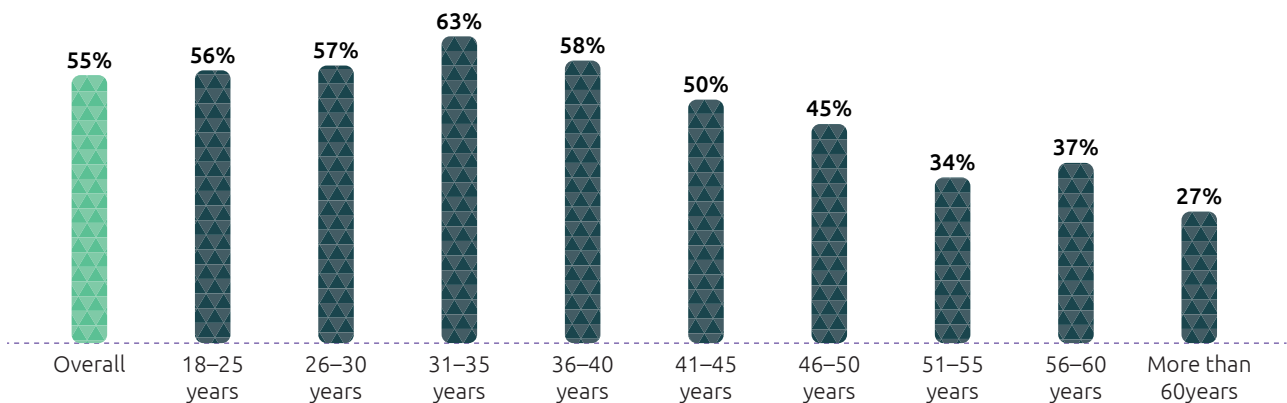
Have organizations effectively managed the shift to remote work?

Remote employee burnout is on the rise

As Figure 3 shows, more than half (55%) of employees feel burned out due to longer working hours in a remote environment. Moreover, 61% of employees aged 31–40 say that they feel burned out due to longer working hours in remote work.

Figure 3: Employees in the 31-40 age group feel more burned out in a remote environment

I feel burned out due to longer hours in a remote setup



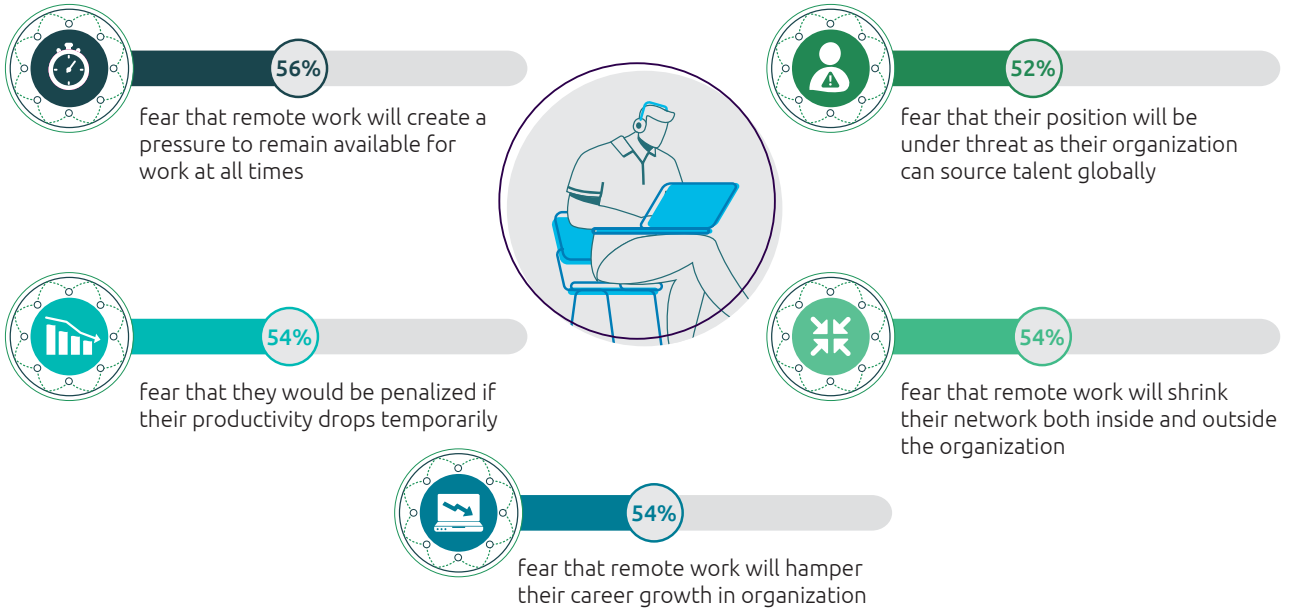
Source: Caggemini Research Institute, Remote workforce survey, September–October 2020, N=5,016 employees.

Employees are anxious about sustained remote work

Our survey also shows that employees feel significant apprehension about long-term remote work, which impacts their engagement, satisfaction and productivity (see Figure 4). For example, 56% fear the stresses and demands of being “always on.”

Figure 4: Constant pressure to be available at all times, and adverse impact on career growth and network are some of the fears employees have about remote work

Employee fears about remote working



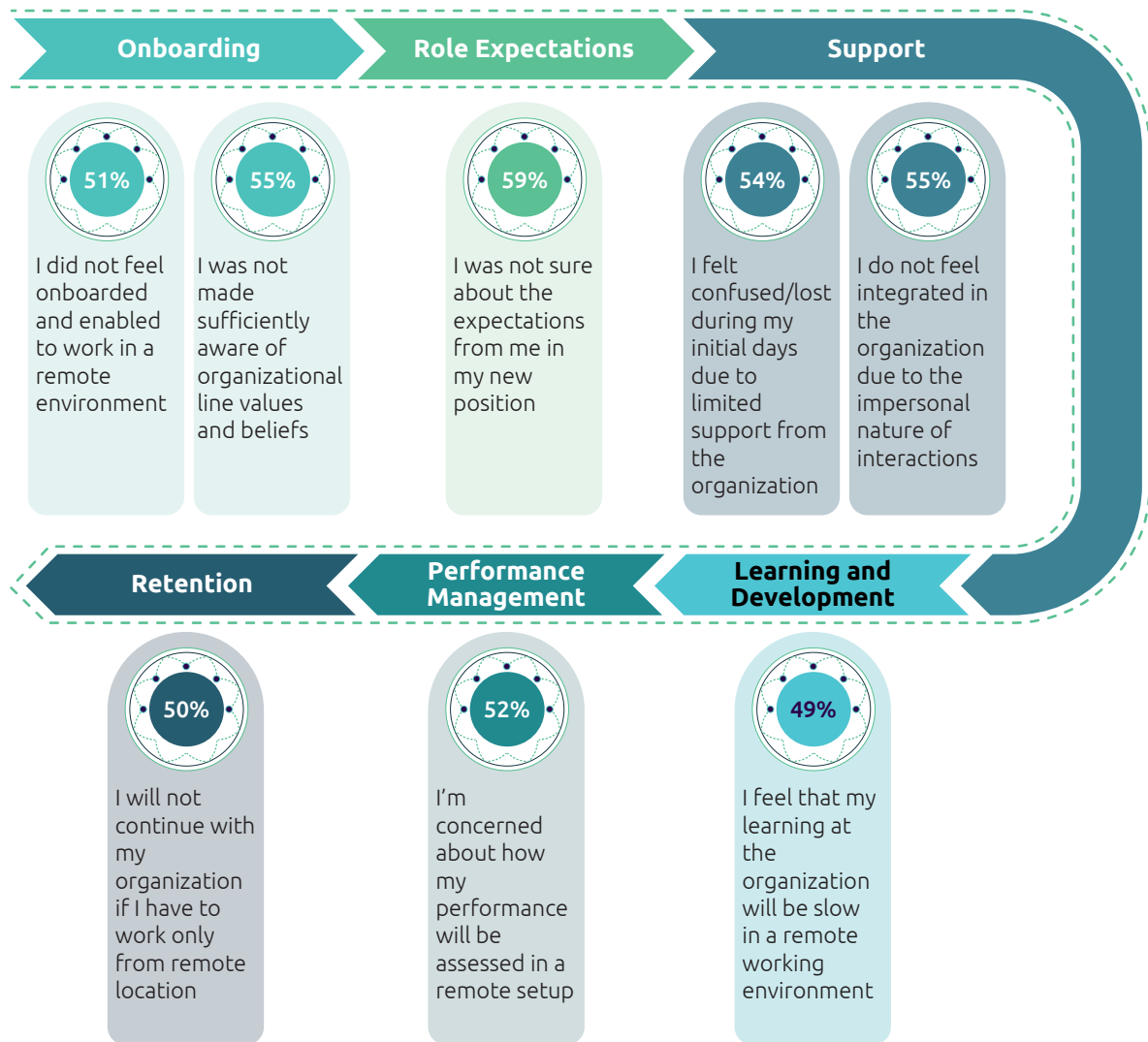
Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=5,016 employees.

A feeling of disconnection is also a significant issue. For example, 56% feel disconnected from their organization due to remote working.

Half of new joiners would quit if remote working were the only option

In our employee survey, we tried to understand the experience of remote working in a new organization during the pandemic among new joiners. As Figure 5 shows, we found significant issues. For example, 50% of these new joiners say that they would not continue with the organization if they had to work only from a remote location.

Figure 5: New joiners feel lost and not integrated with the team in a remote setup



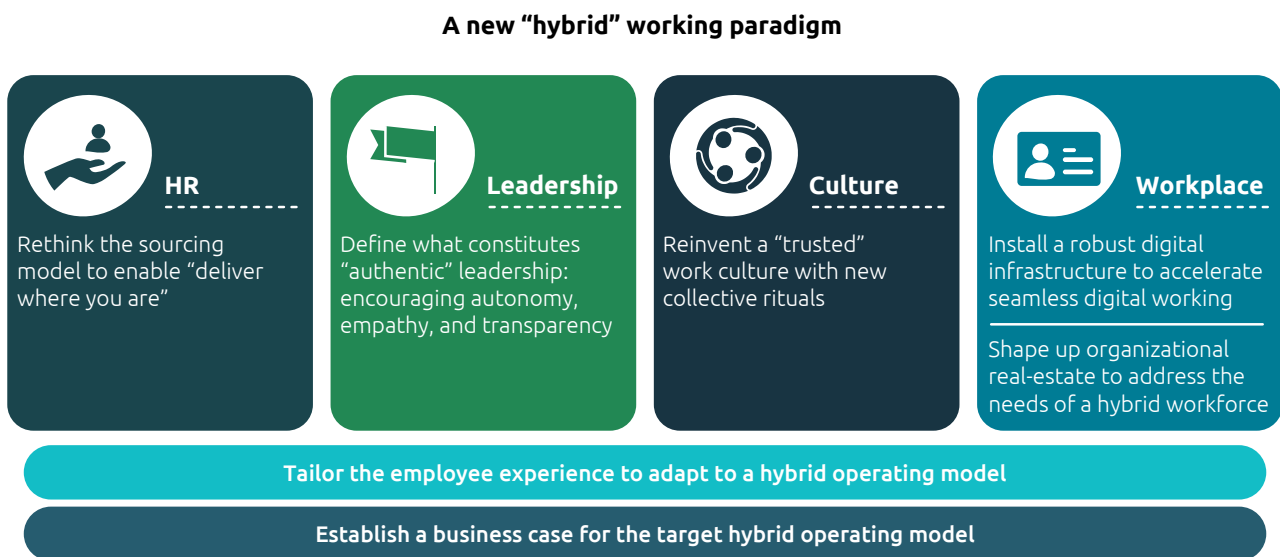
Source: Capgemini Research Institute, Remote workforce survey, September-October 2020, N=500 organizations, N=327 new joiners.

Beyond remote: Recommendations for shifting to a hybrid workforce future

The fully remote model that we have seen in recent months has delivered mixed results. It means that organizations will need to find the right operating model for a hybrid approach. This is not the same as imposing a virtual layer over the existing organization. Before leaders settle on one operating model, they need to test and iterate to determine the right fit for various functions. Leading organizations will create a prototype of a virtual organization, a minimum viable organization (MVO), where core components and characteristics of the future organizational model for each function are tested and optimized under real conditions.

Below we recommend a few considerations to establish the right operating model in a hybrid working world:

Figure 6: Key recommendations for a new hybrid working paradigm



Source: Capgemini Research Institute Analysis

For details on the research methodology and to read the full report, please visit: <https://www.capgemini.com/research/the-future-of-work/>

THE FLUID
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REVOLUTION:
HOW A BLENDED
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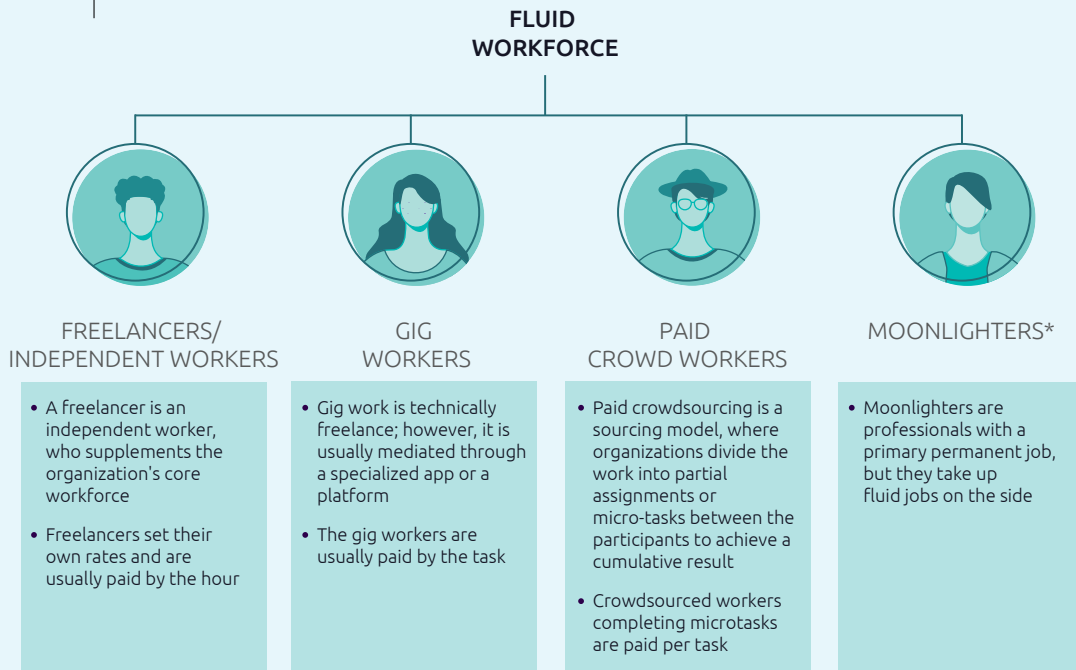
Rapid digital transformation and a volatile business environment has brought a sea change in the way organizations view talent. This is especially true in the way the workforce is orchestrated, with independent workers, freelancers, gig, and crowdsourced workers becoming increasingly important. We call this population the *fluid workforce*.

To understand the impact of fluid workforce on organizations, we conducted a survey of 500 executives from organizations using a fluid workforce across different sectors and countries, 4,000 fluid workers holding full-time and part-time fluid jobs in different sectors, and nearly 1,000 permanent employees. We supplemented it with a survey of 250 executives in the May 2020 to understand the impact of COVID-19 on fluid workforce. In addition, we also conducted one-on-one interviews with executives engaging with a fluid workforce.

Defining the fluid workforce

We define the fluid workforce as freelancers, independent, gig, or paid-crowdsourced workers. In other words, individuals who work on a temporary basis with organizations (either full time or part time) and are not on any employer's payroll. In this research, we do not include subcontractors from outsourcing or consulting organizations (see Figure 1).

Figure 1: Defining the fluid workforce



	FLUID WORKFORCE	PERMANENT EMPLOYEES
Nature of contract	Temporary	Permanent
Type of engagement	Not on the payroll	On the payroll of employer
Regulations	Employment rights and labor laws are currently evolving; varies by country	Structured employment rights and labor laws
Benefits	Limited/No benefits (insurance, gratuity, allowances, etc.)	Benefits such as insurance, gratuity, stock-options, bonus, etc.

Source: Capgemini Research Institute.

Fluid workers are becoming a core part of the organizational workforce

Our research suggests that organizations have started to see the fluid workforce as a top talent acquisition strategy and not just a short-term skills procurement. Around 68% of the organizations we surveyed say that the fluid workforce has become a crucial part of workforce planning.

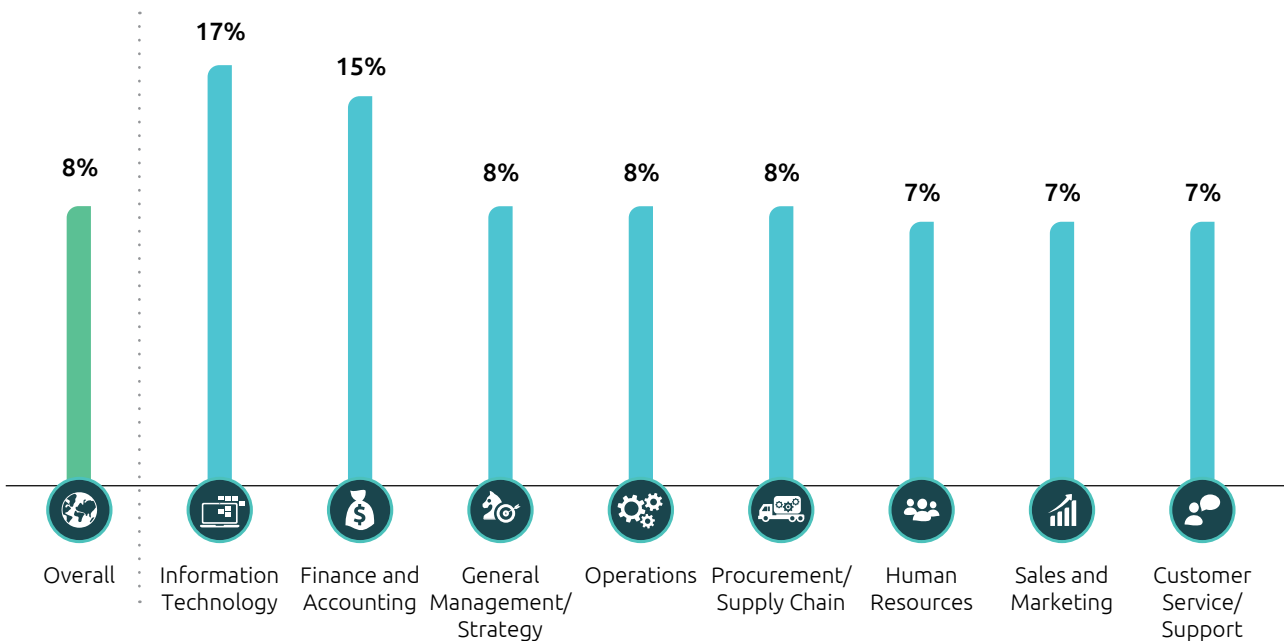
The fluid workforce approach is mainstream, with four in five organizations using it

Nearly 80% of the organizations surveyed say that they have used a fluid workforce over the past year. More than one in two organizations say that the number of fluid workers have increased in that period. Overall 70% of all organizations agreed that the current COVID-19 crisis will lead them to hire more fluid workers in the future.

Furthermore, around half of the organizations utilizing a fluid workforce have resorted to them for projects where the specific expertise needed is beyond the capabilities of the existing workforce or where they are unable to find the right talent within the local talent pools.

As Figure 2 shows, the fluid workforce constitutes about 8% of the total workforce in organizations (among the ones who use them). At a functional level, IT is the most enthusiastic adopter (17%), followed by finance and accounting (15%). The demand for new-age skillsets, such as AI/ML/blockchain specialists in IT, and data scientists and transformation experts in finance, are driving the use of the fluid workforce.

Figure 2: Fluid workforce as a % of workforce in functions



Source: Capgemini Research Institute Fluid Workforce Research, December 2019, N=389 organizations using fluid workers in the last year.

We estimate that large organizations will deploy nearly 80 million fluid workers in six priority sectors - six major sectors – automotive, retail, consumer products goods, financial services, utilities, and the public sector – representing an increase of 40% from 2019.

Organizations are plugging critical expertise gaps by using fluid workers in high-skilled roles

Organizations use fluid workers in a variety of high-skilled job roles across functional areas

Organizations use fluid workers in a range of high-skilled roles across functions, and majority of these roles are being delivered remotely. For instance, of the organizations using a fluid workforce in IT:

- 59% use it for AI/ML-related roles
- 56% use it for agile coaching
- 50% use it to fill blockchain specialist roles.

Also, many organizations rely on fluid workers to boost experimentation and innovation.

COVID-19 further drives the demand for mid-to-high skilled fluid workforce

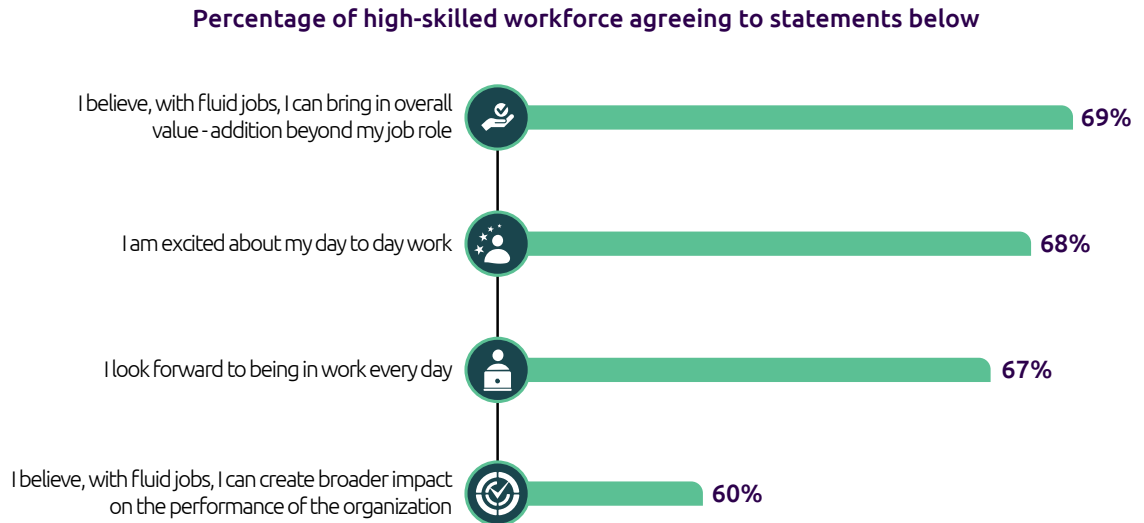
Fifty seven percent of the organizations who are planning to continue using or increase using fluid workforce in the next 12 months, will prefer to use them in mid-to-high skilled roles. They also plan to expand usage of fluid workforce beyond IT and finance and accounting functions to include a wider range.

High-skilled fluid workforce favor roles that match their skills and offer flexibility; and they find a sense of purpose in fluid roles

When asked about the reasons for preferring fluid work over permanent roles to high-skilled fluid workers, more than half ranked flexibility in timings or place of work among top three factors.

As Figure 3 shows, about 70% of the high-skilled fluid workforce are excited about their day-to-day work and look forward to being in work every day. Likewise, 69% believe that they bring value-addition beyond their job roles and 60% believe that they can create a broader impact on the performance of the organization. Organizations agree, with 72% satisfied with the “self-motivation” levels of fluid workers.

Figure 3: Extent of motivation and satisfaction: Fluid workforce performing high-skilled job roles



Source: Capgemini Research Institute Fluid Workforce Research, December 2019, N=3,139 fluid workforce who have taken up high-skilled jobs.

Organizations fail to provide an experience endearing to the fluid workforce

This research also finds out that currently crucial gaps exist throughout the fluid workforce lifecycle – from recruitment, onboarding, to learning, performance management and catering to sense of belongingness – and this does not match up with the experience they provide to permanent employees today.

Organizations have concerns about data security and intellectual property, but they are not managing these concerns in collaboration with fluid workers

More than 70% of the organizations are concerned that a fluid workforce poses a risk to information security. But many organizations currently lag in adequately sensitizing the fluid workforce on data and cybersecurity issues. Nearly half of fluid workers say that they have never received data or cybersecurity training from their client organizations.

Just providing briefings about organizational culture and values is not enough – many fluid workers struggle to fit into the culture and feel left out

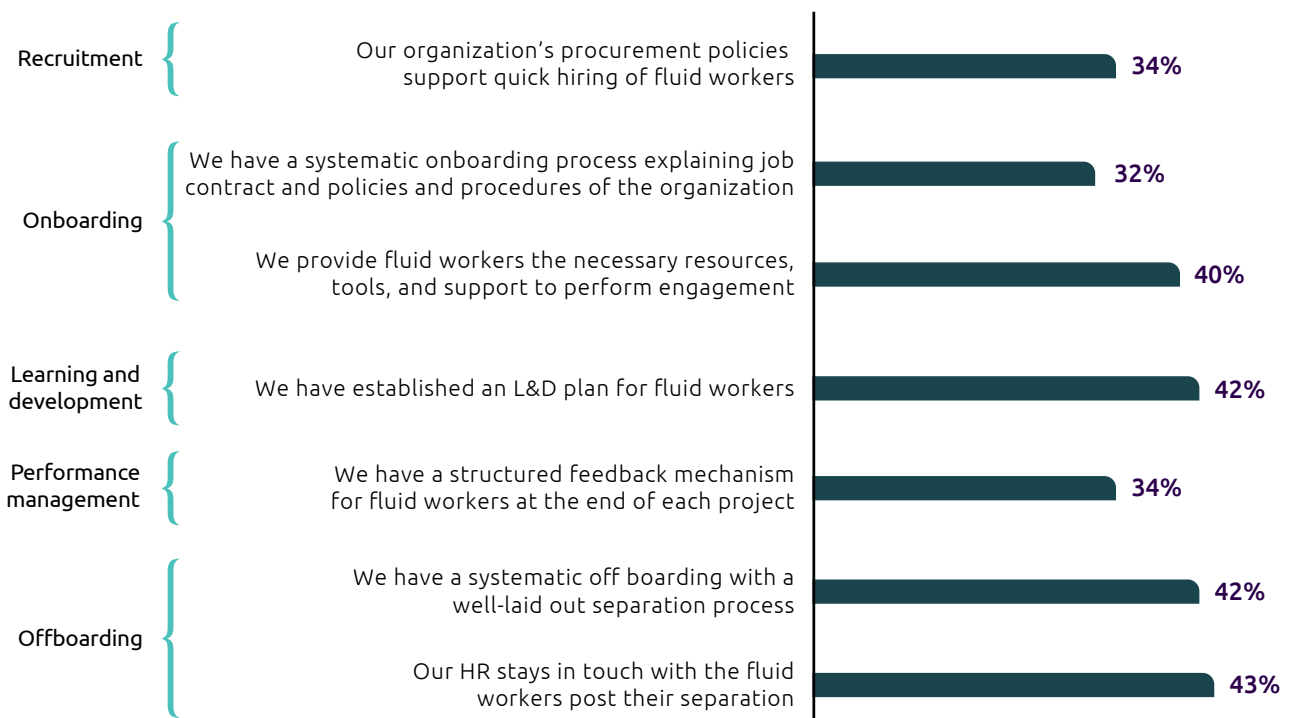
More than three-quarters of organizations agree that they brief the fluid workforce on their organization’s culture and values. However, more than half of the fluid workers find “not being considered as a part of a team” as challenging.

Similarly, only 43% of fluid workers said that any new ideas that they provide are encouraged by their managers and organizations, while 68% of permanent employees feel they are encouraged to share ideas.

Organizational process gaps exist throughout – from recruitment to offboarding

There are several areas, from recruitment to offboarding, where organizations do not have a robust approach in place. For example, only 34% of organizations feel strongly that their procurement policies for hiring fluid workers are quick and agile (see Figure 4).

Figure 4: Percentage of organizations with a highly developed approach for key processes (respondents who rate 6 or 7 (out of 7) to the following statements)



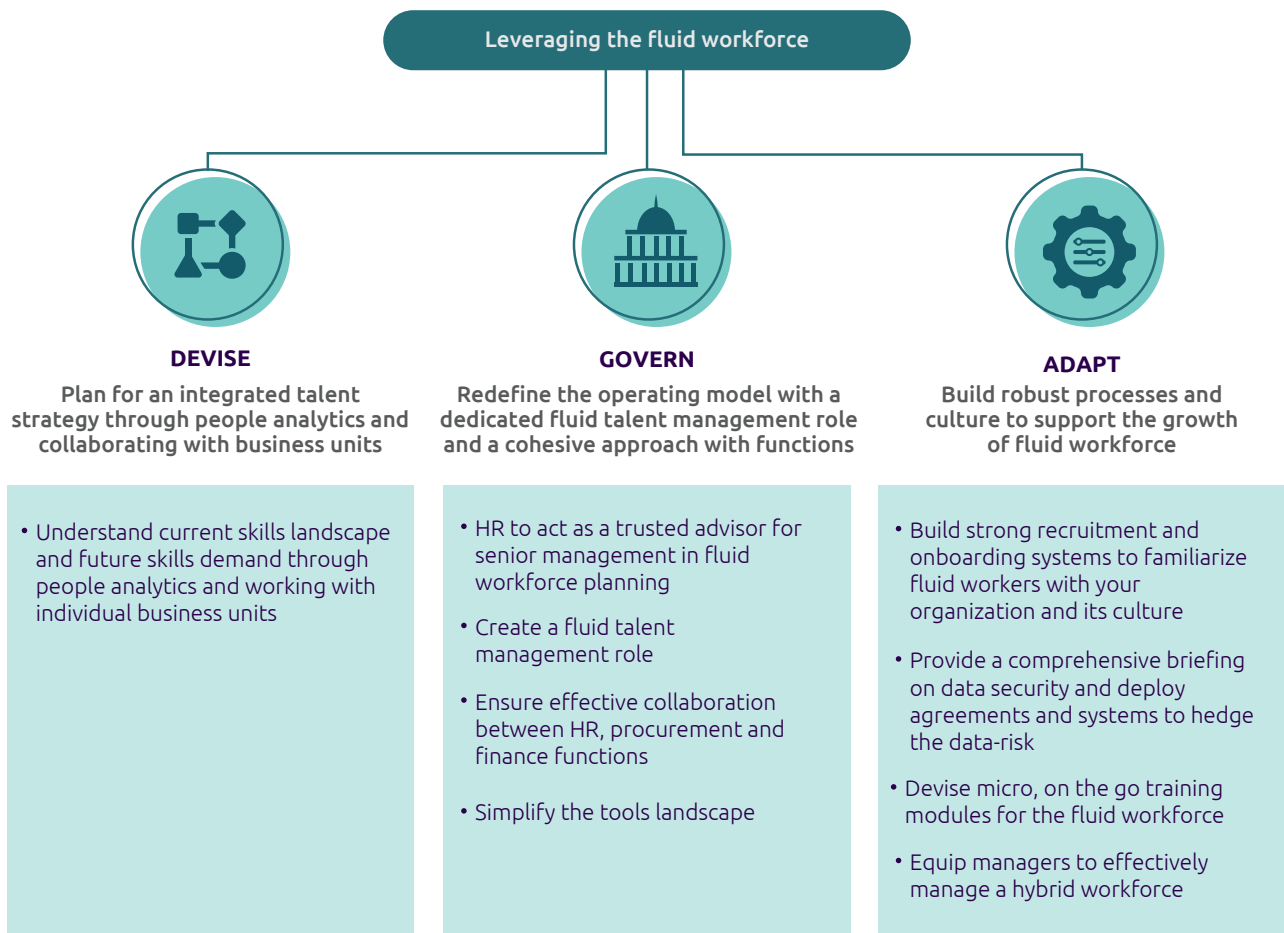
Source: Caggemini Research Institute Fluid Workforce Research, December 2019, N=389 organizations using fluid workers in the last year.

The journey to the future of work: a roadmap to a blended workforce

We identified a high-performing group of organizations who are leading the way in tapping the potential of fluid workforce. These front runners are organizations that are using fluid workers in variety of roles and are also generating significant benefits from their fluid approach.

Based on that analysis, below are our recommendations for organizations looking to leverage the value of an integrated workforce:

Figure 5: A roadmap to successfully leverage the blended workforce



Source: Capgemini Research Institute

For details on the research methodology and to read the full report, please visit: <https://www.capgemini.com/research/fluid-workforce/>

