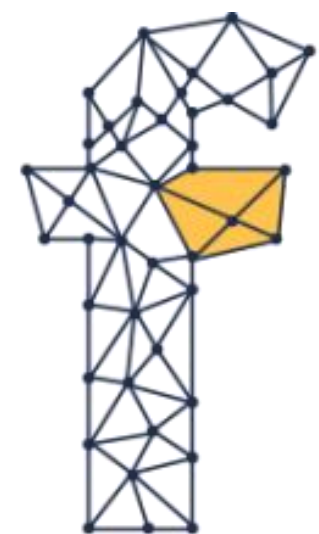


CRAFTING A STRONG FREELANCER VALUE PROPOSITION

Are Organizations Ready?



Flexinglt[®]

Business consultants & Experts.
Curated, On-demand.



December 2019

Our latest research on the readiness of leading organizations in India to find, manage and support the best freelance talent

Research Objective

- ▶ To assess the readiness of leading organizations in India to find, manage and support the best freelance talent

Key Themes:

- ▶ Best practices and insights on defining a freelancer value proposition across industries
- ▶ Evolution of freelance compensation structures and benefits in line with an increasing flexible workforce
- ▶ Readiness of organizations in terms of infrastructure, systems and processes

Research Design

- ▶ **15+** detailed, structured interviews with a range of experts in the domain: HR Leaders, Business Heads, Consulting Firms, Experienced Freelancers, Industry Commentators
- ▶ Online survey with two complimentary questionnaires:
 - **560+** Freelance Consultants
 - **50+** Business and HR Leaders from organizations actively engaging freelancers

Building a strong Freelancer Value Proposition- Takeaways (1/3)

1. Freelancing is a rapidly growing and yet relatively new career choice for professionals in India; It is also one offering real flexibility, especially for women professionals

- ▶ Despite the growth of freelancing globally, it is a more recent trend in India; 53% of the consultants surveyed have been freelancing for less than 2 years
- ▶ With 41% women freelancers working remotely and 71% working on a part-time basis, independent work is a core strategy to reverse India's falling Labour Force Participation Rate (LFPR) for women

2. Companies need to get much more organised about working with freelancers - HR needs to play a bigger role; formal practices to access and onboard the best fit talent are a must-have

- ▶ Currently business teams are driving the decision and process to hire freelancers (64%), on an as-needed basis, and with limited involvement of HR
- ▶ Referral (networks) is the #1 source of talent/projects, with flexible talent platforms rapidly emerging as a key source (20%) and a channel that is expected to grow meaningfully in the coming years

▪



Building a strong Freelancer Value Proposition- Takeaways (2/3)

3. Organisations are leveraging flexible talent on strategically important projects, and expect to expand their reliance on such talent

- ▶ Freelancers surveyed are highly satisfied (90%+) with the purpose and quality of project based work being offered
- ▶ Organizations in turn show a high degree of comfort (93%) to leverage flexible talent for strategic work and carve out the roles and responsibilities clearly
- ▶ Multiple studies indicate that organisations expect to see independent talent comprise 15%+ of their workforce in the next 5 years

4. However, critical soft issues such as on-boarding and integration of external talent need greater focus and improvement

- ▶ 65% of freelancers surveyed state that Organizations are starting to solve for key hygiene factors such as technology and operational support needed by external talent.
- ▶ However, a lot more needs to be done on structured on-boarding for freelancers, coaching internal teams on how to work with external talent, and ensuring mentorship and regular feedback



Building a strong Freelancer Value Proposition- Takeaways (3/3)

5. On freelancer compensation & benefits, there is an urgent need for a defined and transparent framework

- ▶ Freelancers rely on project budgets, external and internal benchmarks rather than on the basis of their quote in over 80% of the cases; 30%+ freelancers do not get a premium over their full-time counterparts despite the lack of other benefits
- ▶ Over 40% freelancers indicated that they do not get any non-monetary benefits; Disparity in perception as 75% of business leaders cited that non-monetary benefits were offered
- ▶ In fact, we find that freelancers in India do not expect benefits, and seasoned consultants build this into their fees; advance payment, adherence to project scope and timely payments are key factors

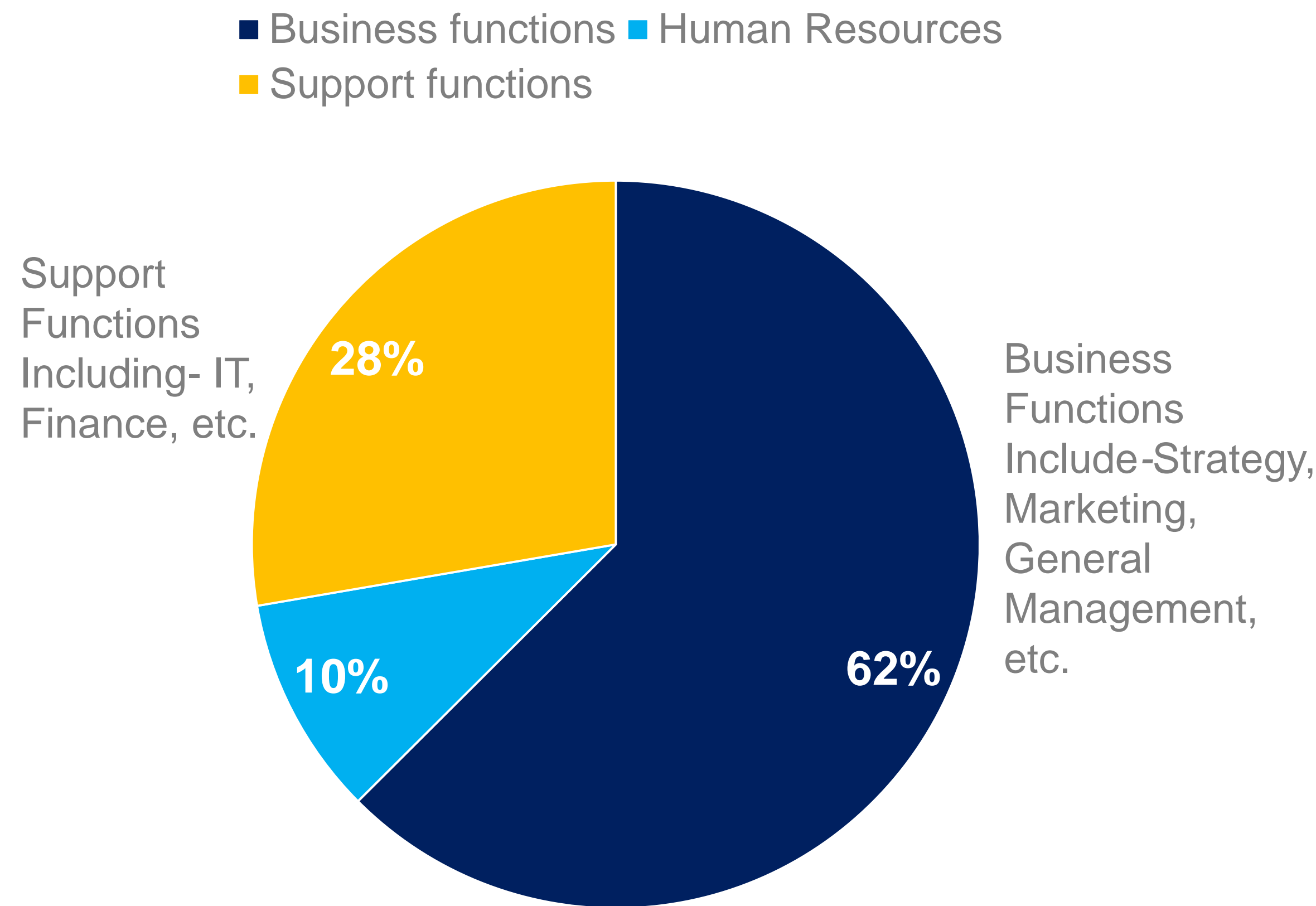
6. Forward-looking companies are taking creative steps to leverage the best independent talent

- ▶ Partnerships with flexible talent platforms for access to trusted talent
- ▶ Dedicated HR team managing external talent end-to end, from sourcing to onboarding to project completion
- ▶ Structured onboarding and orientation programs for freelancers
- ▶ Clear compensation policy, including a 25-30% premium for freelancers to account for lack of long-term benefits and to access specialised skills
- ▶ Openness to extending benefits to external talent similar to what's offered to traditional employees
- ▶ Structured performance management which acts as a pre-requisite to rehiring
- ▶ Pair with 'buddies' and extend learning opportunities

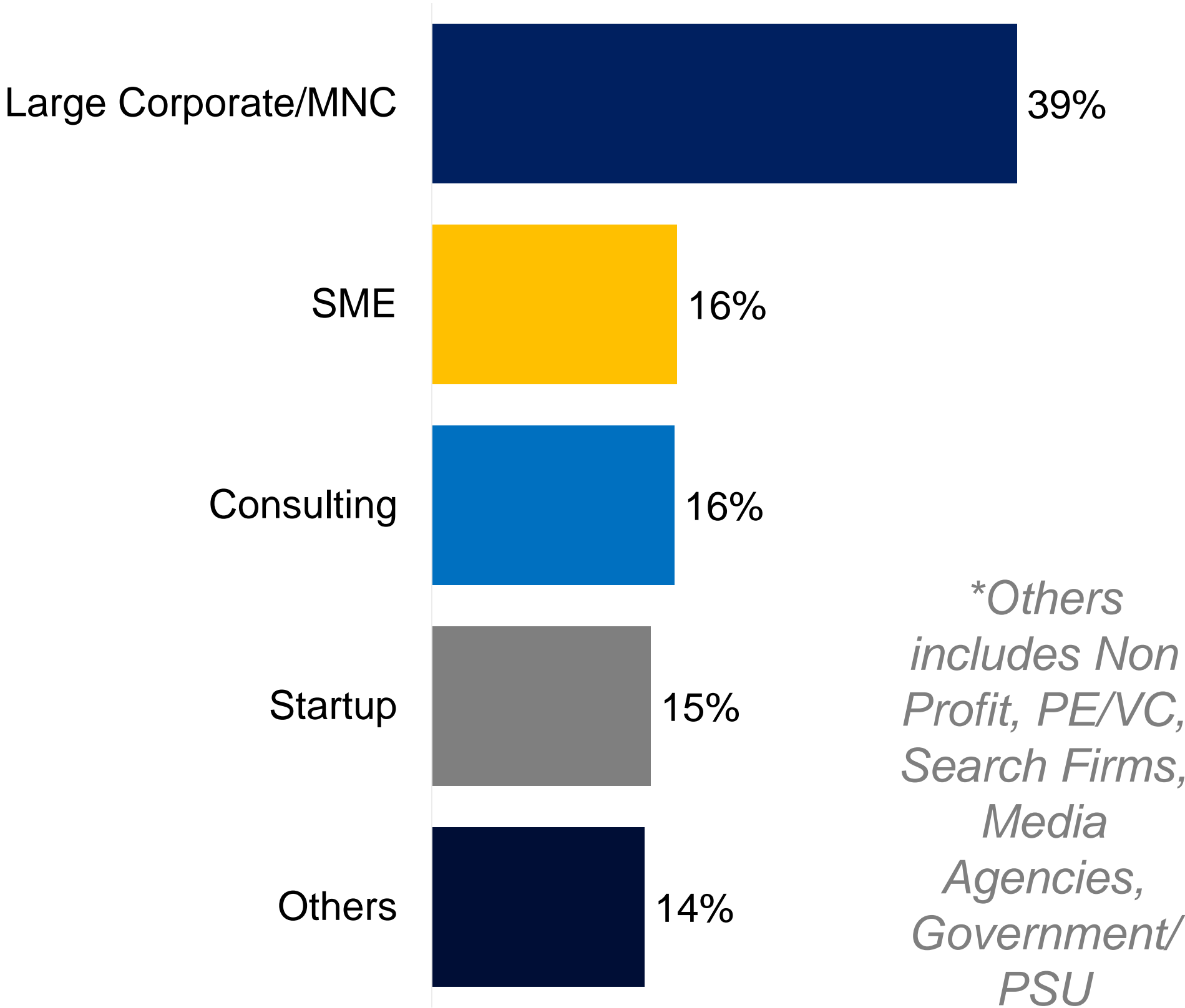


Freelancers surveyed represented a broad mix of skills

The respondents represent all key functions...



...and have worked across organization types

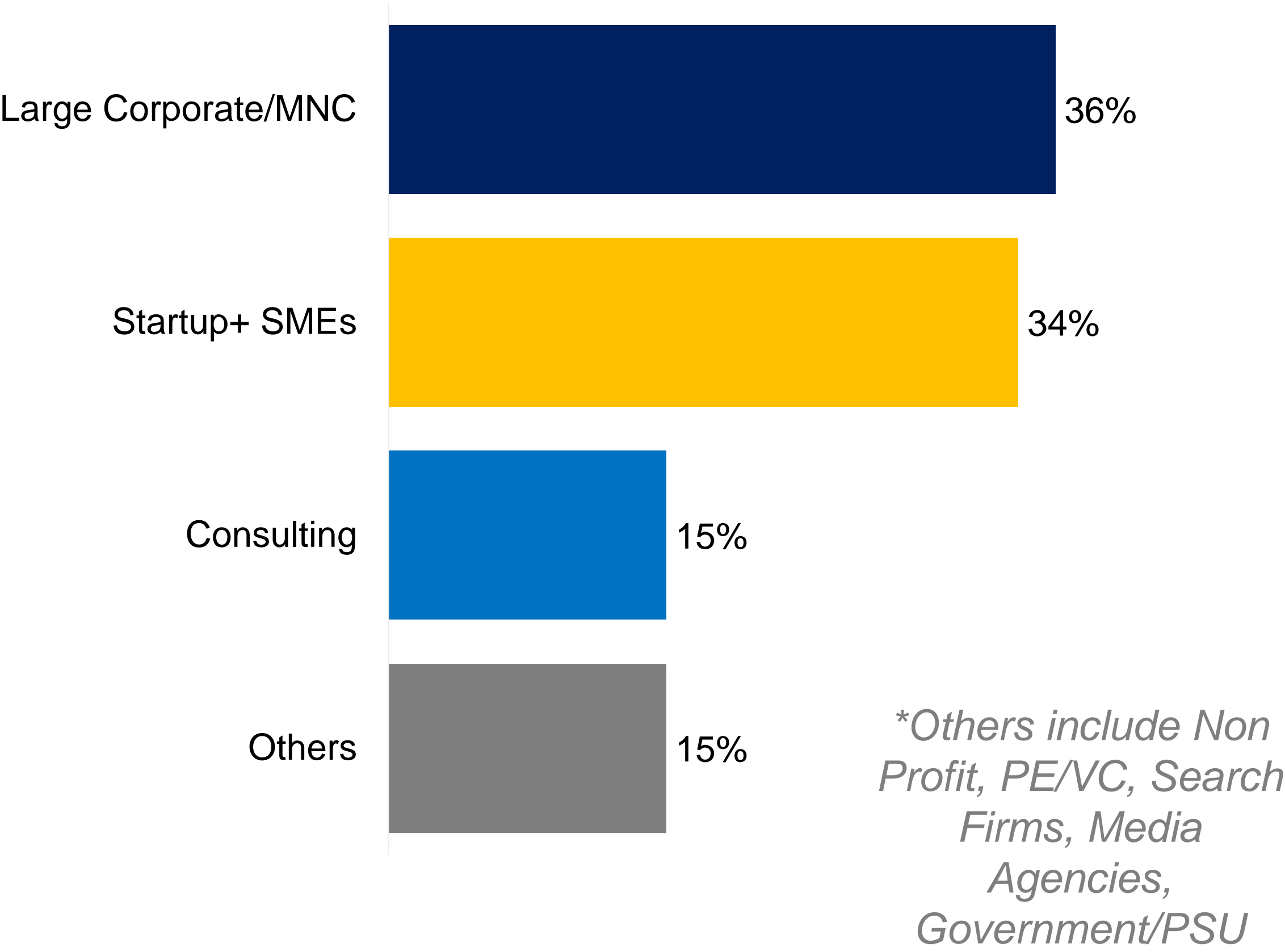


► 30% of the survey respondents were women



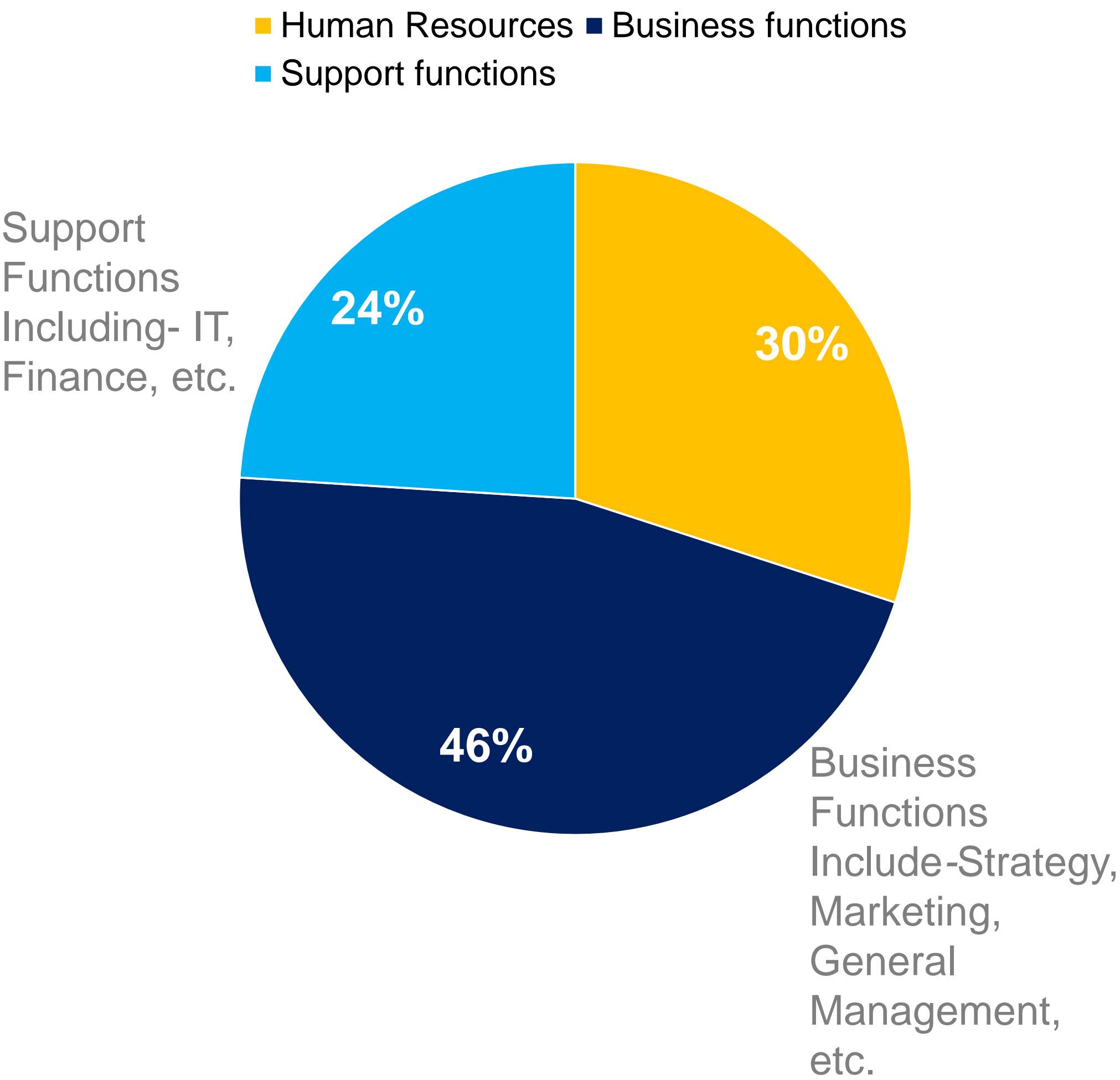
Our research presents trends and best practices from business and HR stakeholders across a range of organizations

My organization is best described as...



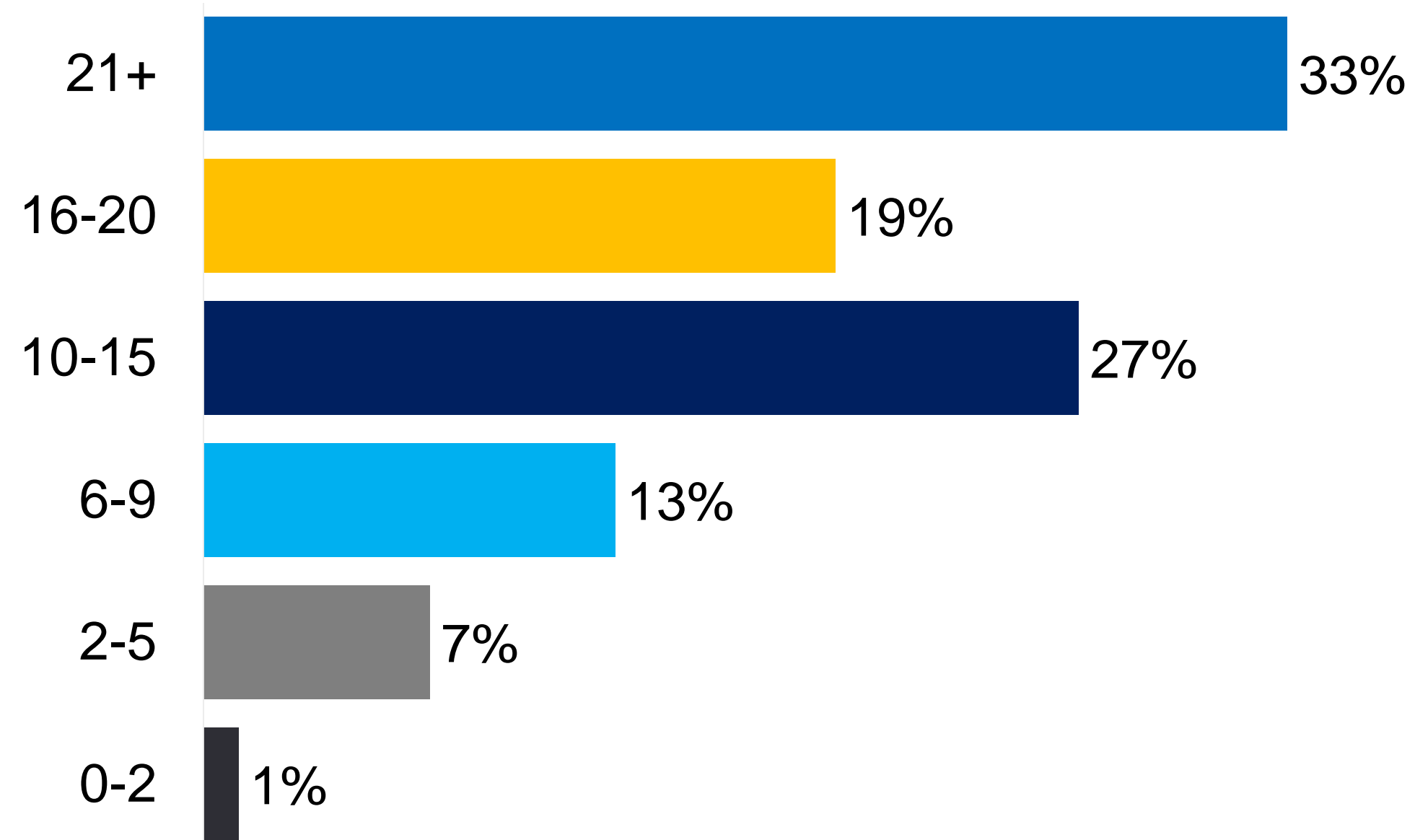
76% of the organizations are in India while 24% are overseas

and I work as a part of...

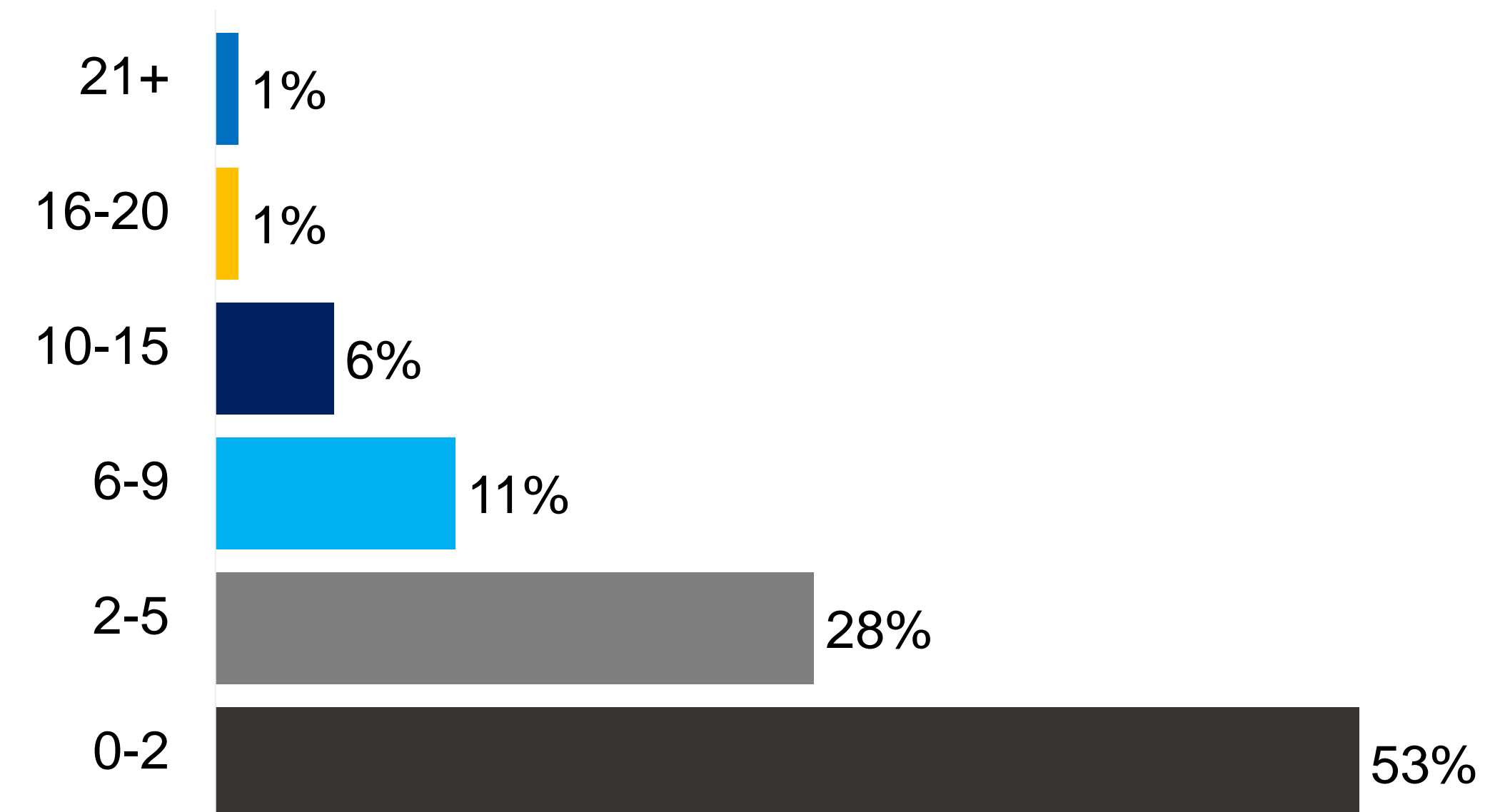


While 79% of the freelancers have 10+ yrs. of total experience, they are new to freelancing - more than half have been freelancing for less than 2 years

Total professional work experience of freelancers (in years)



of years the respondents have worked as a freelancer

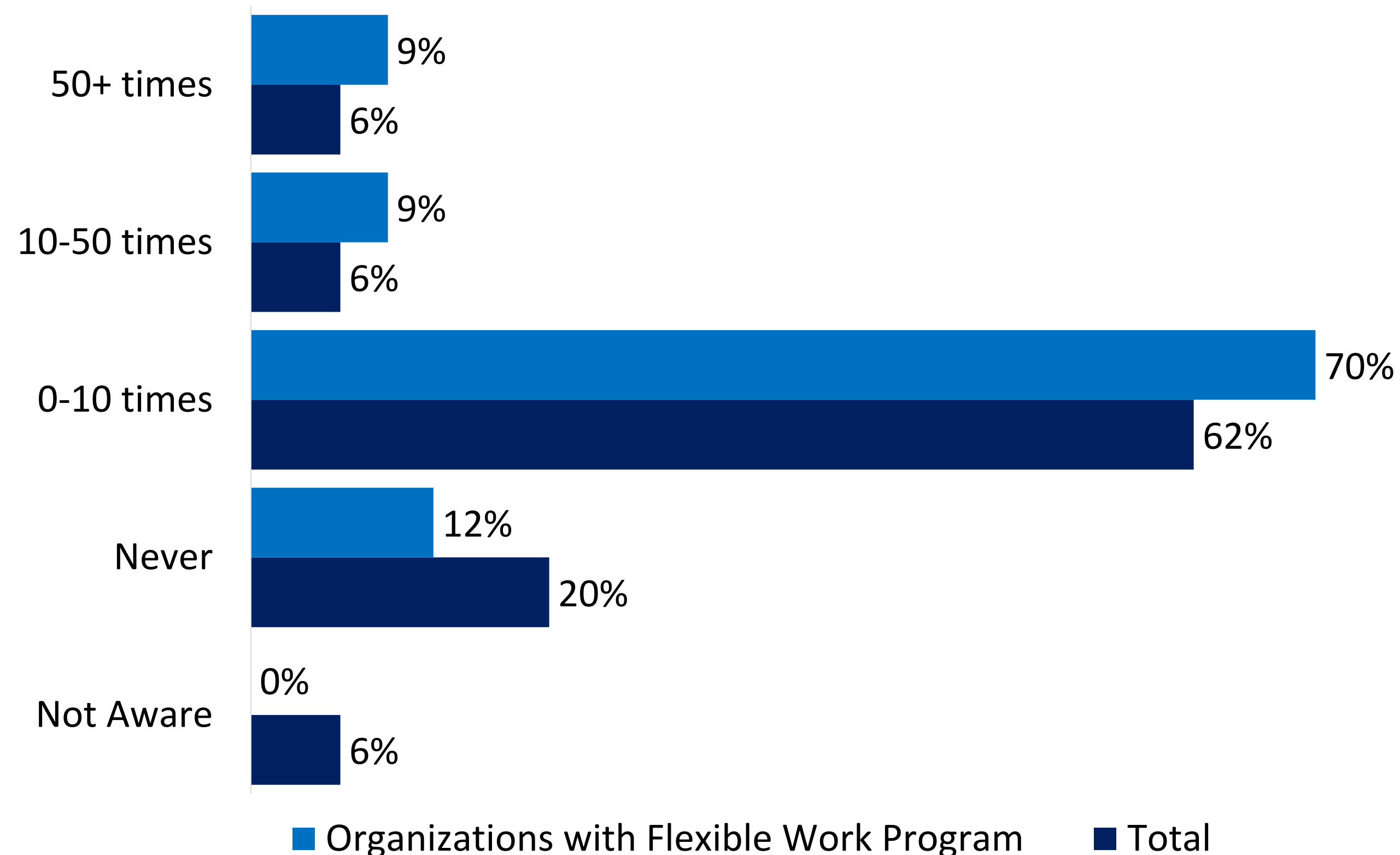


“Contrary to widespread assumptions, most freelancers surveyed said that they do not choose gig work for lack of better options... (the benefits) include greater autonomy and flexibility in their work and private lives and better choices of projects.” **BCG Report - The New Freelancers (2019)**



Organisations with flexible work programs are more likely to leverage freelancers

Flexible talent has been hired by my organization in the last 12 months



Flexible work programs are work arrangements wherein employees are given greater scheduling freedom in how they fulfil the obligations of their positions. It can include flexible time, compressed weeks, innovation, child and elder care solutions etc.

► *“In large corporates, the demand for flexible talent is driven by the need for specific skill sets, and to drive specific projects and surge priorities.”*

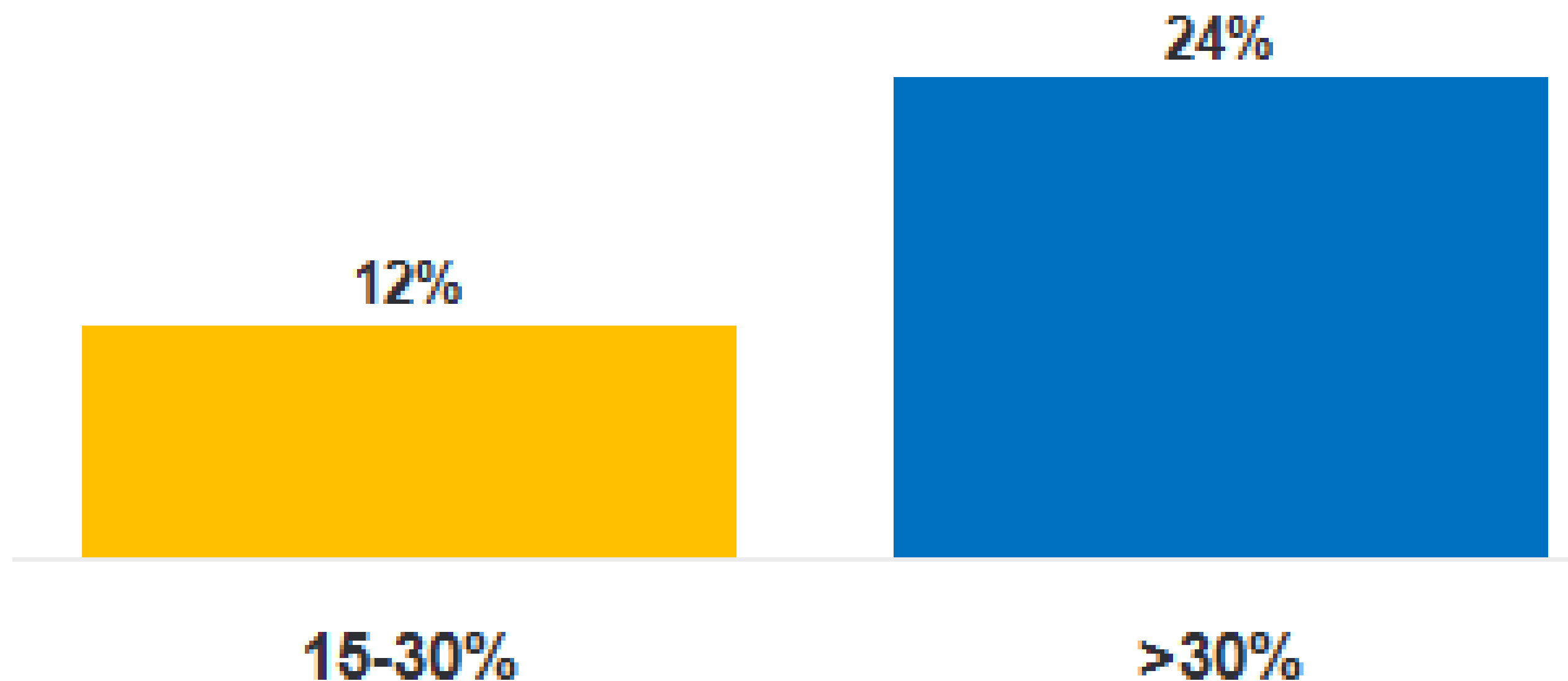
HR Head at a multinational technology services company

► *“Flexible talent will drastically reduce the shortage of trained manpower and will further enhance the productivity of organisations “*

High growth Start-up

In the next 5 years, 35%+ organisations expect to have a workforce comprising >15% flexible talent

What % of your workforce do you expect to have on flexible rolls in the next 5 years?



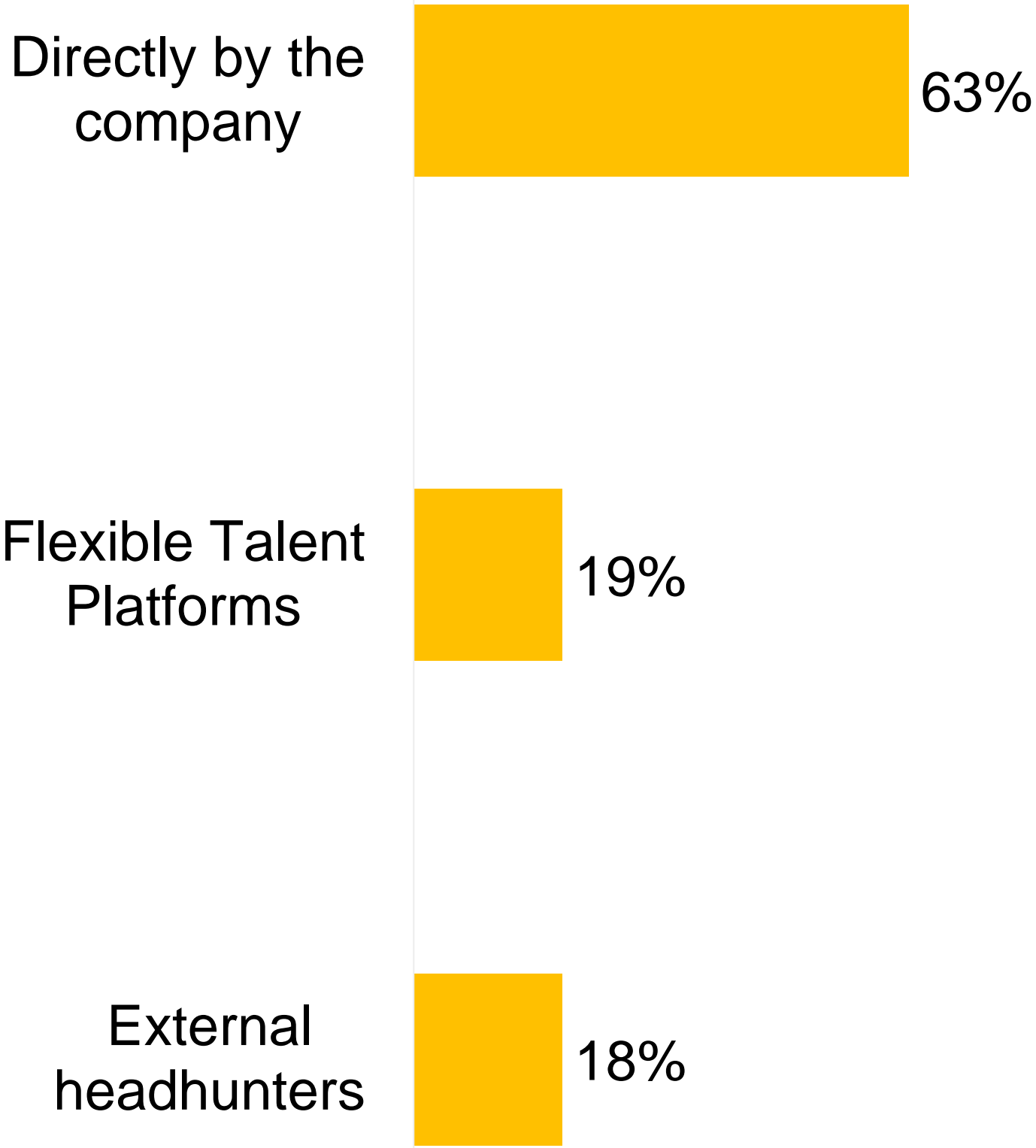
“This is the key to be competitive in the future...”

Clients are also becoming more accepting of the ‘gig’ model - for some clients 65-70% of the staffing could be gig and floating resources.”

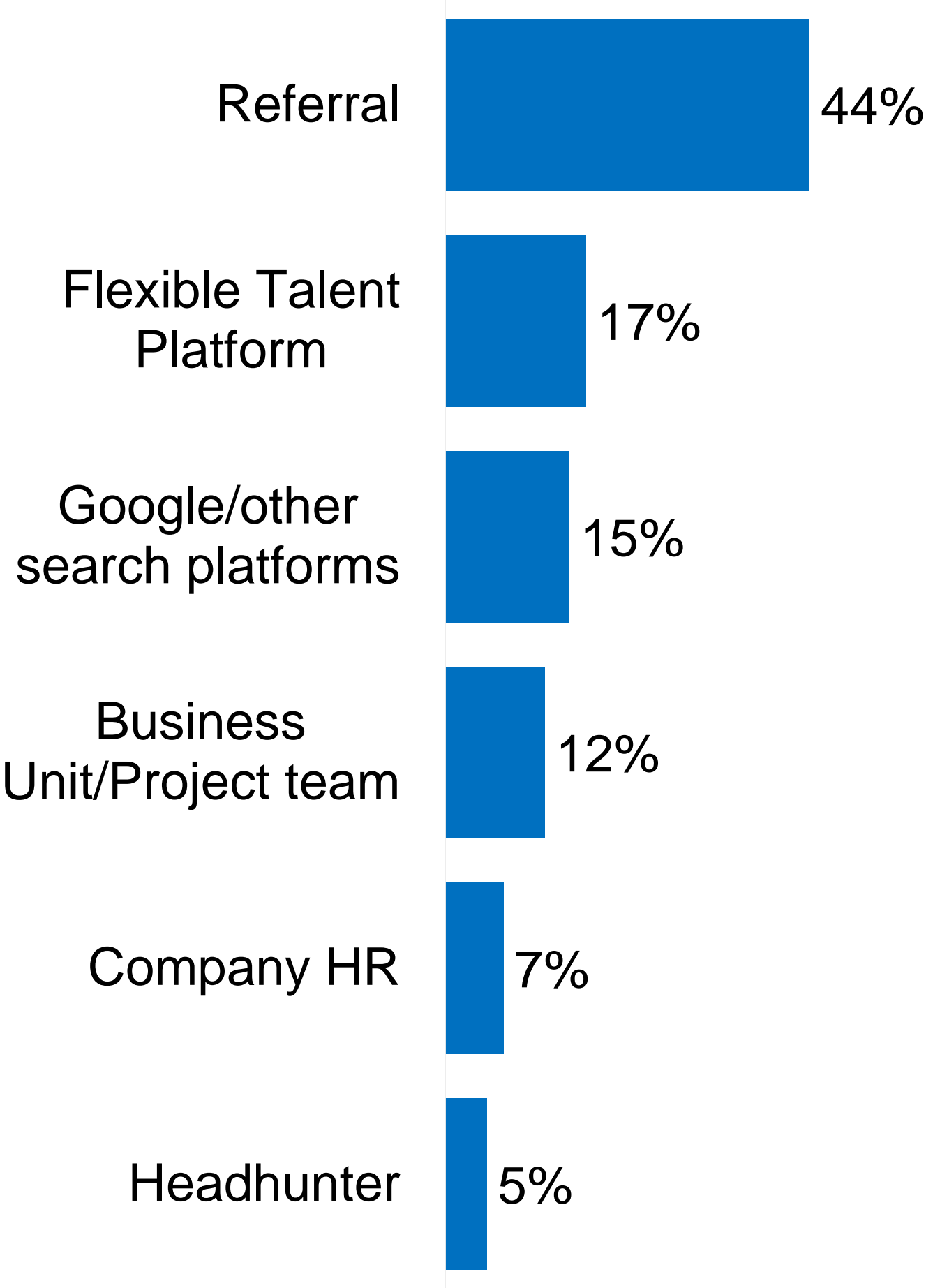
Partner, People advisory practice at an international professional services firm

Referrals and flexible talent platforms are top sources for projects, with the role of platforms set to amplify

According to organisations, Flexible Talent is usually hired



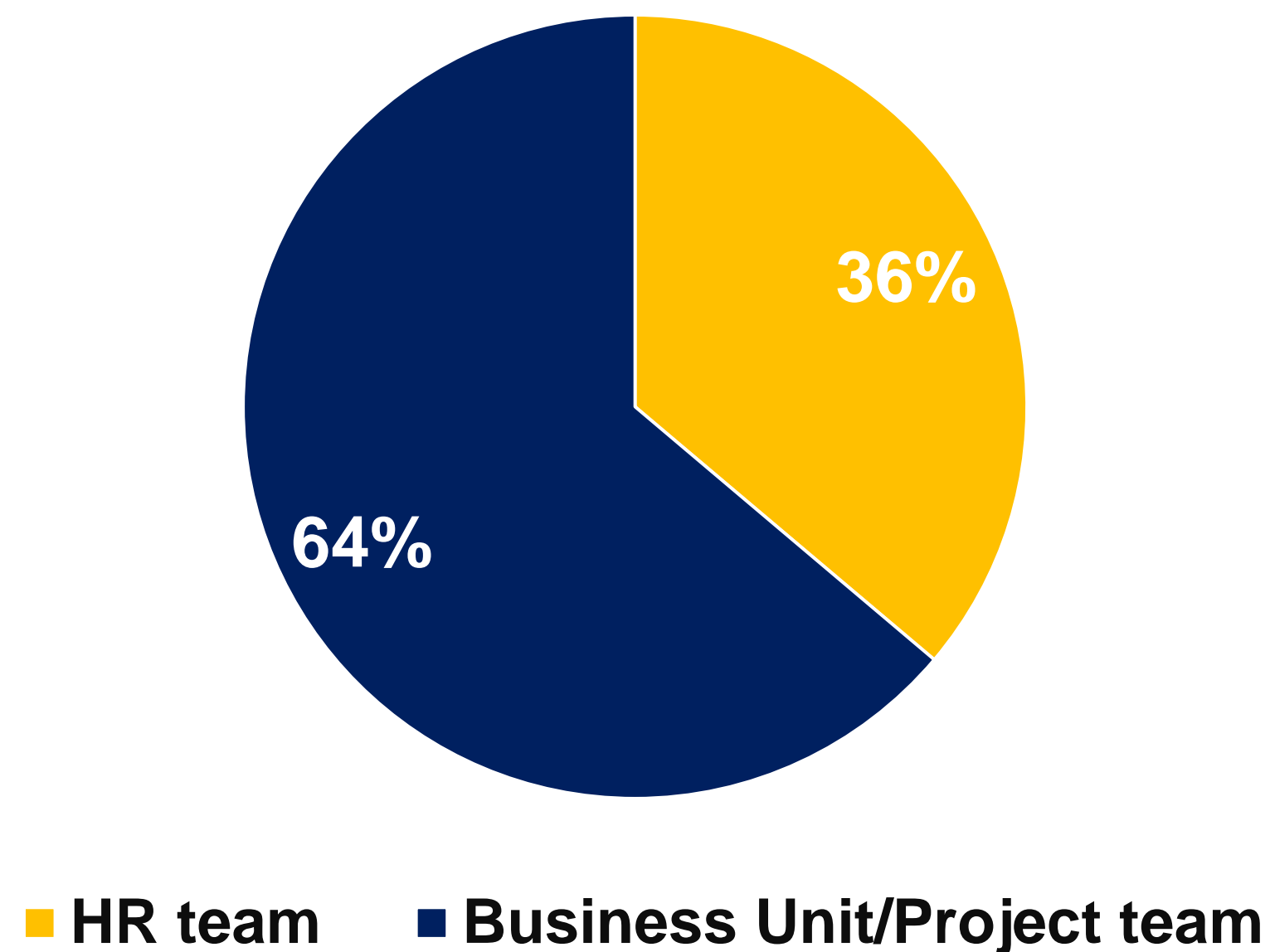
Freelancers surveyed came to know of the assignment through



*In BCG's **The Future of Work** (2018) report, of 6,500 executives surveyed worldwide, 50% agreed that corporate adoption of gig platforms would be a significant or highly significant trend.*

Surprisingly, HR teams were involved in just over a third of all freelancer hiring decisions

Hiring Process – Key Decision Makers



“As the alternative workforce moves into the mainstream, organizations need to take a strategic approach to tapping into this important source of talent. Organizations can use innovative approaches to move beyond “managing” these people to “optimizing” and “leveraging”, creating new connections among HR, the business, procurement, and IT, among others, to do so effectively.”

Deloitte Report – Global Human Capital Trends (2019)

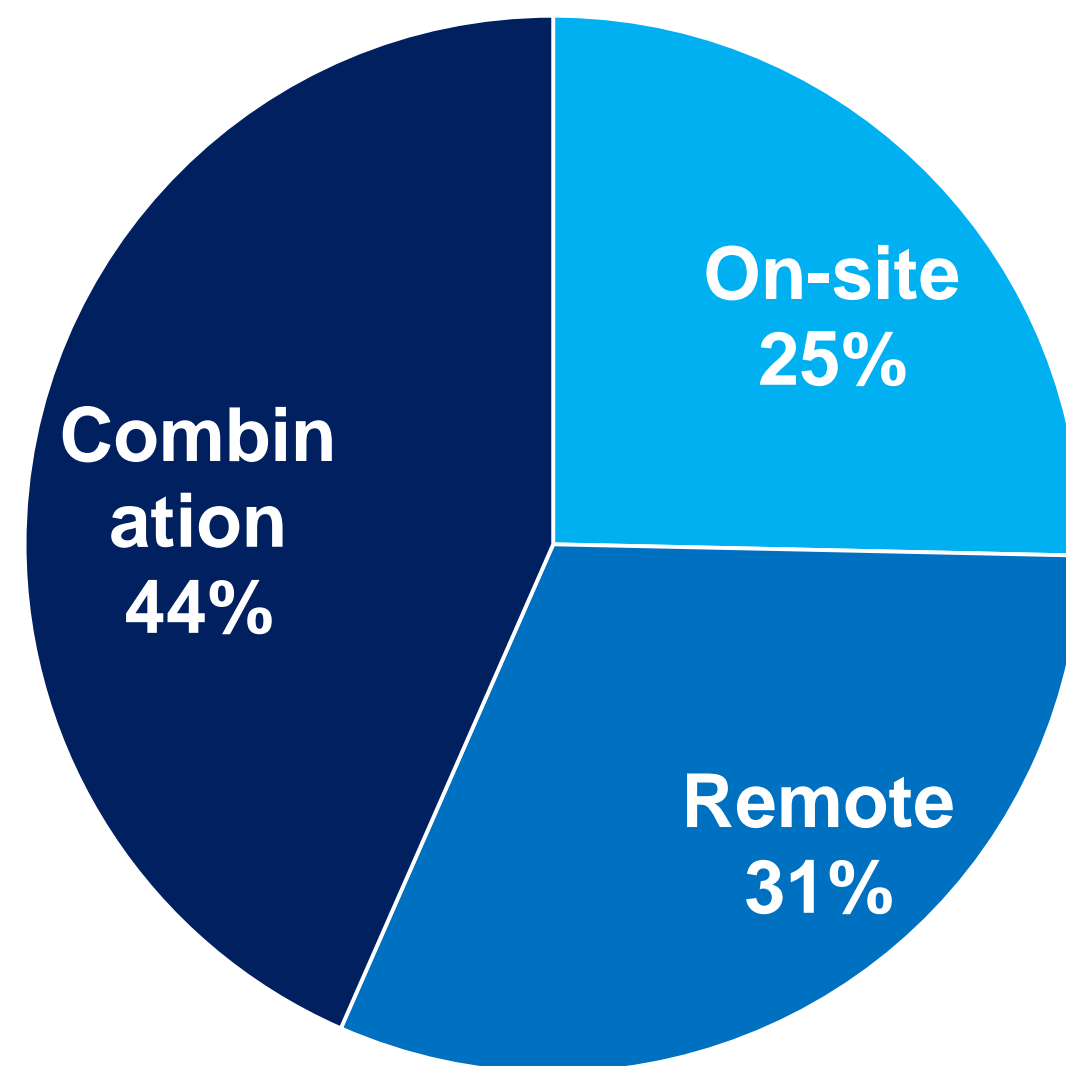
“HR needs to play a proactive role so that systems and processes are laid out for using flexible talent - these are missing today.

This includes thinking about freelancer compensation where no defined norms are in place at most organisations.”

HR Lead at a multinational technology services and consulting company

Freelancing is offering a high degree of flexibility to professionals to choose the intensity and nature of their work

75% of projects offer flexibility on where to work



Location

64% of projects require part-time capacity

Part-time



Full-time

Capacity

Projects offered across a mix of durations

6 months +



38%

3-6 months

15%

1-3 months

24%

Less than 1 month

23%

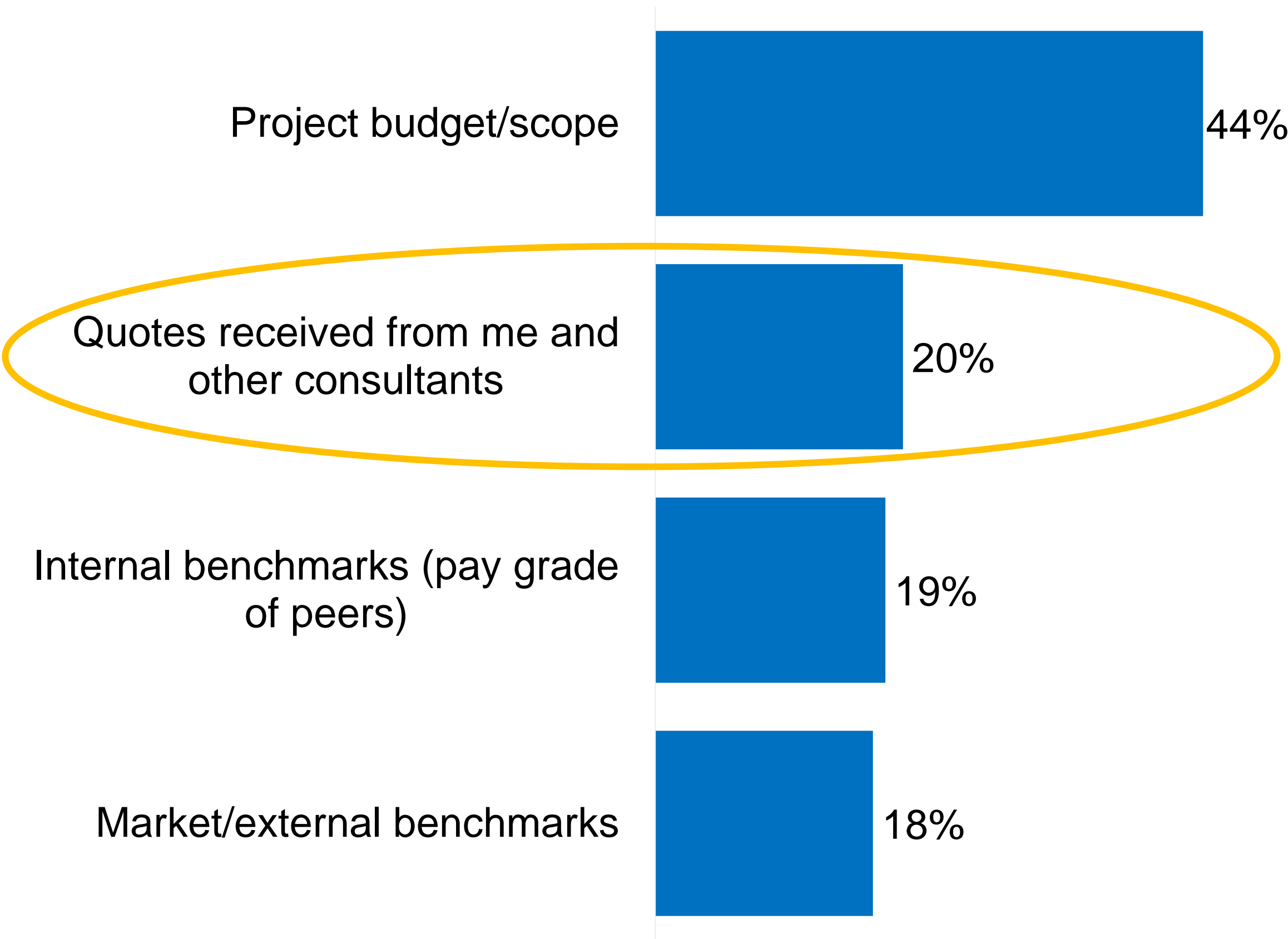
Duration

Women freelancers are benefiting from flexible work opportunities with 41% working remotely and 71% working on a part-time basis. Independent work is a core strategy to reverse India's falling Labour Force Participation Rate (LFPR) for women.

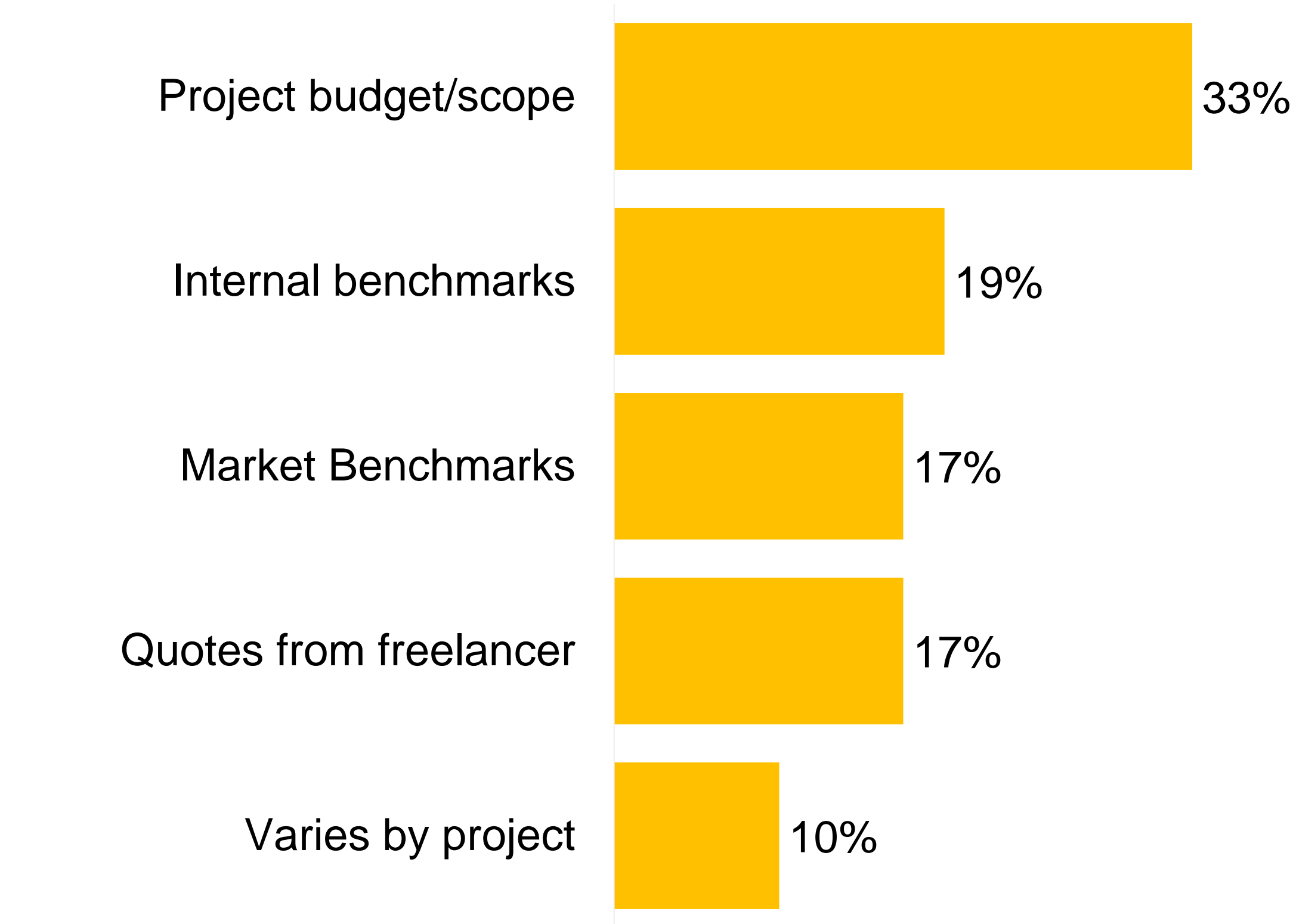


Need for a transparent compensation framework; Over 80% freelancers' quotes rely on project budgets, external and internal benchmarks

Freelancers base their fee on

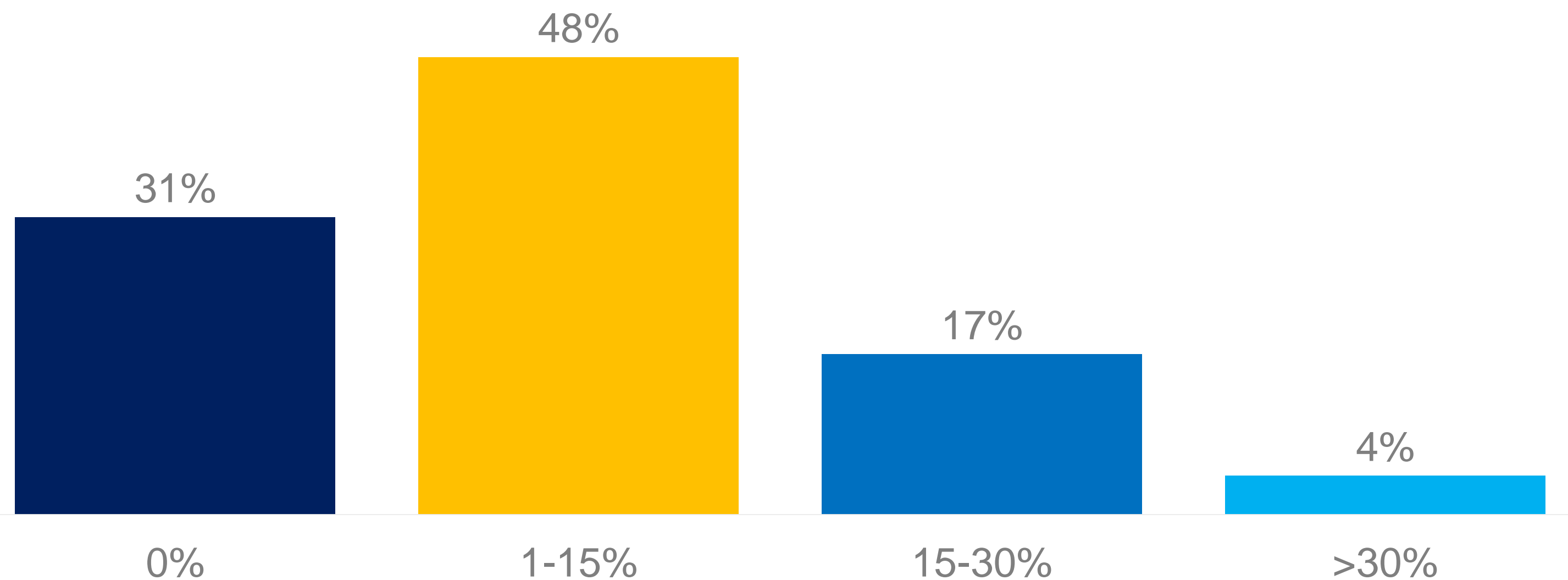


Organizations determined compensation based on



We also need clear benchmarks on the premium freelancers should command, to account for the lack of long-term benefits and access to specialized skills on-demand

Typical premium paid to freelancers compared to peers in permanent roles

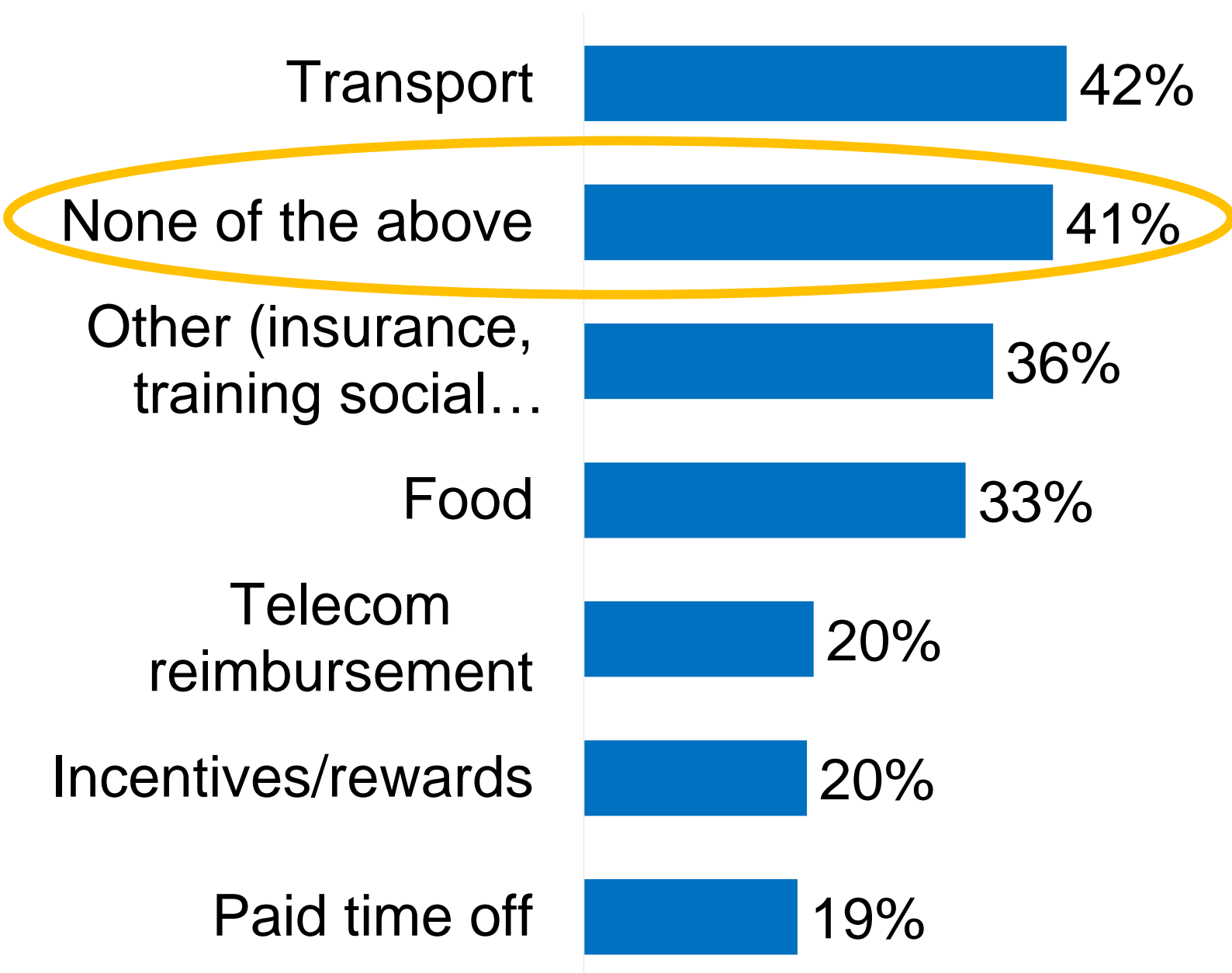


31% freelancers don't get a premium over permanent employees despite the lack of other benefits

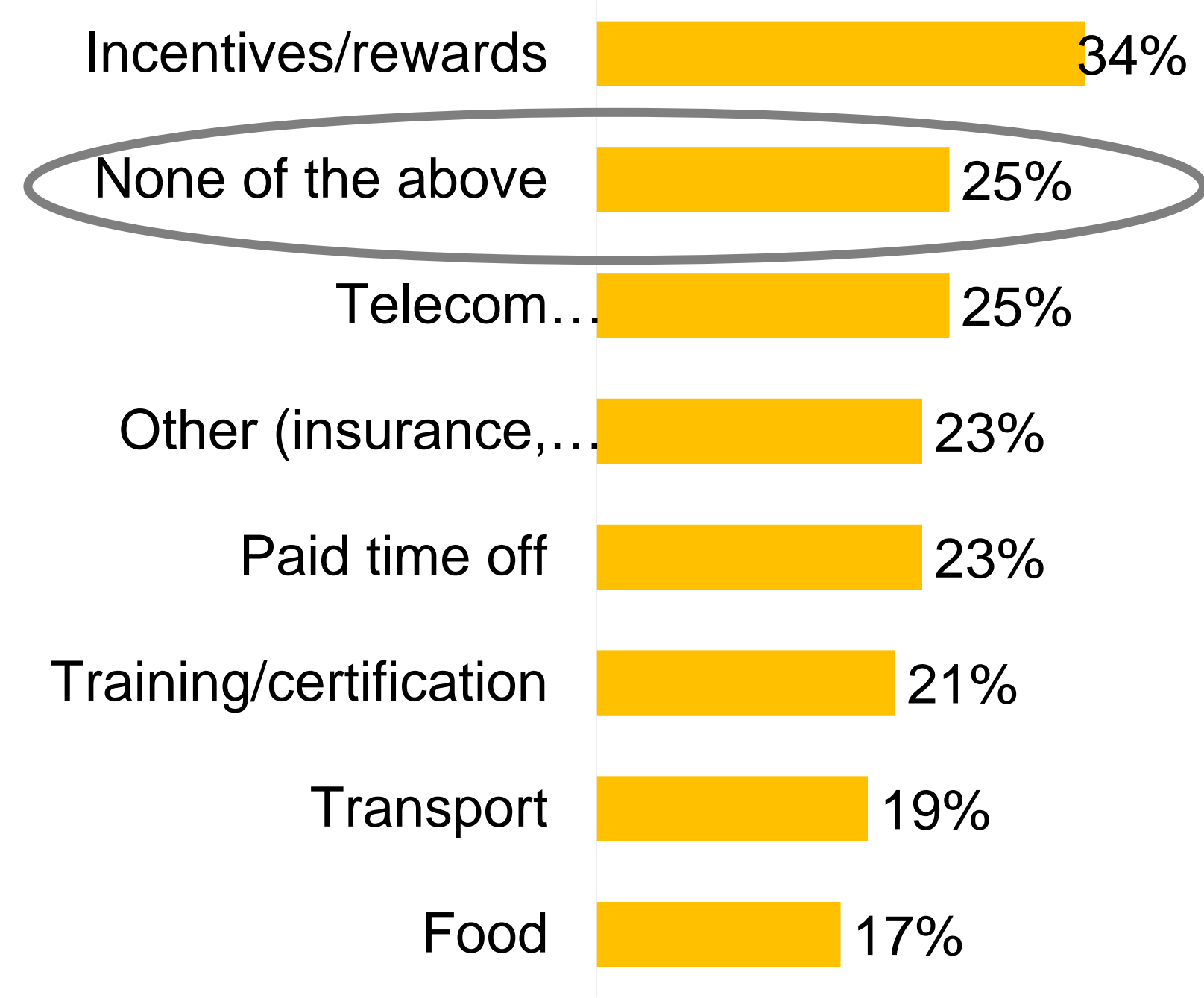
- ▶ *"(Consultants) don't expect benefits and factor this into the fee they command for their work."*
High end, experienced consultant
- ▶ *"Typically freelancers are paid 25-30% more than a permanent employee to account for no benefits and higher risk."*
HR Lead at an international foundation

40%+ freelancers indicated that they do not get non-monetary benefits; Disparity in perception as 75% of business leaders said benefits were offered

According to freelancers, they were provided the following benefits beyond the fee negotiated



Organizations surveyed said they provide the following benefits beyond the fee negotiated to flexible talent



34% of the organizations surveyed said incentives or rewards were provided to consultants while only 20% of freelancers quoted receiving such benefits.

“The benefits given to freelancers really depend on what the freelancers ask for. Most of them are not getting access to any longer term benefits. The simpler aspects like access to the canteen and some transport are in place”

HR Head at a multinational technology services and consulting company

90% of the projects that freelancers worked on were of strategic priority

Freelancer Views

Organizational Imperatives: Strategic fit

- 93%** I understood where my contribution fit within the overall initiative.
- 93%** The role given to me was a good match to my skill set/experience.
- 90%** The project I worked on was a strategic priority for the organization.
- 83%** My work stream had clearly defined responsibilities and goals.

Organizational Imperatives: Acceptance

- 80%** My team respected my flexible timings and worked around my other commitments.
- 79%** I was involved in team meetings and/or project reviews.
- 73%** The team manager/project lead was able to manage the full time and flexible resources well.
- 71%** I received all the inputs I required to deliver my project in a timely manner.

"Projects offered for flexible talent are strategic, lucrative and thus attractive for any freelancer"
FMCG MNC

More than 80% freelancers found payment practices satisfactory

Freelancer Views

Compensation and Benefits Strategy

- 80%** The invoicing and payment practices were satisfactory.
- 65%** There was a standard contract in place for flexible/part time workers.
- 30%** I was provided opportunities to attend training programs organized during my assignment.

Support Systems/ Enablers

- 83%** I was briefed clearly on data confidentiality requirements.
- 72%** The technology infrastructure was conducive to flexible work (e.g. videoconferencing, shared servers, other co working tools).
- 68%** I was provided access to all the facilities required in the office building.
- 65%** I was given all logistical support required (e.g. office desk, access card, work station, transport).

“Timely payments and equal treatment for freelancers and full time employees makes all the difference”

**Senior
Independent
Consultant**

However, there is an urgent need to establish processes to onboard external talent, help them fit in and feel valued

Freelancer Views

Flexible Talent Management

- 64%** I was given regular feedback during the course of the project.
- 63%** There was a formal review at the end of the assignment.
- 50%** The HR team had provided me all the information I required before I began my assignment.
- 47%** There was a structured onboarding program in place before my assignment started.
- 44%** I was asked to provide feedback on my team/manager at the end of the assignment.
- 34%** I was assigned a buddy/mentor to help me during my assignment.

- *"Gig workers are not a part of performance management & appraisals at a system level. It's very dependent on their project/service leaders"*

Partner, People advisory practice at a multinational professional services firm

- *"Appraisal, learning and development should be extended to consultants as well"*

HR Lead at an international foundation

And in fact, organisations agree and have identified this as a gap as well

Organisation Views

Flexible Talent Management

- 76%** HR maintains relationships with multiple channels that provide access to flexible talent.
- 71%** Our talent search teams are equipped to hire based on skills required for specific projects.
- 58%** We seek 360 degree feedback from flexible hires, team members and project managers, both during and at the end of the assignment.
- 47%** We have a structured onboarding program for flexible hires.

“Performance management is a must for all consultants - helps with rehiring.”

Partner, People advisory practice at a multinational professional services firm

While organisations are leveraging freelancers for strategic projects, more effort needs to be made to train employees on how to manage blended teams

Organisation Views

Organizational Imperatives

- 93%** Each project team member is given an individual work stream with clearly defined responsibilities and goals.
- 93%** We are open to including flexible (part time, remote, contractual) talent with relevant skills as part of strategic projects.
- 82%** I participate in the hiring process for flexible talent.
- 78%** There is regular interaction and inputs among all team members; consultants are part of regular team meetings.
- 62%** Different departments/functions are open to sharing talent for strategic initiatives.
- 47%** Employees are given regular trainings for working in and managing flexible teams.

"Training is critical. We need to have defined output templates and are also thinking about a more formal program when we kick-off projects."

**Managing
Director of a
leading
business-
knowledge
provider**

Organisations are solving for the hygiene factors, but more dedicated support and defined systems are needed

Organisation Views

Support Systems/ Enablers

- 87%** We have set rules on data confidentiality for external consultants.
- 82%** Our technology infrastructure is conducive to flexible work (e.g. videoconferencing, shared servers, other co working tools).
- 67%** We have a dedicated admin support to help consultants navigate logistics (e.g. access/id cards, workstation, transport, food etc) in the office building.

Compensation and Benefits Strategy

- 89%** We actively manage interactions with the finance team to ensure invoices are cleared smoothly.
- 73%** We have a standard contract in place for flexible/part time workers, signed off by our legal team.
- 58%** We provide flexible hires with opportunities to attend training programs organized during their assignment.

“Set IT norms, defined payment cycles and others systems act as enablers for easy working.”

Technology services provider

Forward-looking companies are defining a strong freelancer value proposition

An International Foundation

A Global Professional Services Firm

Organization Imperatives

- Think actively about where and how to onboard consultants.
- Clear deliverables and how output will be measured is defined.

- External talent is a core strategy of the organization; 150-200 freelancers deployed per year, with 70-80%+ in strategic roles.

Compensation Strategy

- Consultants are offered the same terms and benefits as FTEs.

- Defined slabs by skill and experience as a guide.
- Typically 25-30% premium offered to external talent, as compared to permanent employees, to account for the lack of benefits.

Flexible Talent Management

- All consultants, even on short-term contracts, go through the standard orientation program (for employees); the aim is to build strong ownership.

- Dedicated, centralised team to route and manage all requests for independent talent.
- Performance management is a requisite for all consultants and aids in rehiring.
- The organization facilitates feedback to external talent from their customers/clients.

Support Systems/ Enablers

- HR ensures that all support systems and approvals are in place prior to the start of the assignment.

- The central, dedicated team comprises HR, finance and operations staff to ensure everything from sourcing, onboarding (contracts, infrastructure) and project support (invoicing) can be handled efficiently.

