

## TRANSCRIPT FOR MICHAEL FRACCARO: FUTURE OF WORK, JOBS, AND CULTURE (EPISODE 3)

**Dr. Harpeet Singh:** [00:00:00.74] Hello, everyone. I'm Harpeet Singh, welcoming you to the Future of Work Pioneers podcast. Today, we are speaking with Michael Fraccaro, the Chief People Officer of MasterCard. In his role, Michael is responsible for all H.R. functions globally, including driving cultural transformation and building leadership capability. Prior to joining MasterCard, Michael was a core member of the H.R. Leadership Team at HSBC Group in Hong Kong. Earlier, [00:00:30.0] he held senior H.R. positions in banking and financial services in Australia and the Middle East, working extensively across different cultures. Mike and I were introduced sometime back by the MasterCard CEO Ajay Banga, another great leader. During this time, I had the opportunity to interact with many individuals at MasterCard and I can say that it is a company that cares deeply about not only its employees but also the broader communities [00:01:00.0] it serves. The social impact that the MasterCard Foundation has been making is phenomenal. Michael, welcome to the show.

**Michael Fraccaro:** [00:01:10.1] Thank you. Thank you for having me on the on the show Harpreet. Glad to be here.

**Dr. Harpeet Singh:** [00:01:14.81] Thank you. Glad to have you You've had an international background that one can expect from someone leading an international organization. Tell us about your journey and how this international experience has [00:01:30.0] shaped you as an individual.

**Michael Fraccaro:** [00:01:33.86] Yes, so my journey, actually, it's almost like accidental journey here, if you will, because when I left university, there was one thing I knew. I actually studied education and I was a secondary high school teacher in one of the suburbs in Sydney and for me, that was that was my focus. But I had a mentor at the school. She was a lady who [00:02:00.0] was advanced in her career. And she spoke to me that three years into my tenure as a high school teacher and said, Michael, maybe you could do something else and I wasn't sure whether it was a vote of confidence that she saw something in me or whether it was a vote of no confidence. She thought I was doing something else. But it really spurred a really fundamental question in my mind about what is it that [00:02:30.0] I wanted to do. And at that point in Australia, the government had been investing through what was called a training guarantee levy,

where industries which had a payroll over a certain amount had to spend a percentage was one percent, one and a half, two percent of the Hiero on training. And there was this this big wave of demand, people with some kind of education [00:03:00.0] and interest in training to enter into the co-op world. And that was really my fore my stem to go into the corporate world. And I work for a company that was in technology that basically developed banking applications, software for out for the banking sector across Australia. So that was sort of the start into human development, human capital management development. And [00:03:30.0] from there, I got this huge interest to invest my own education as well, but university to accommodate or accumulate other qualifications, but also with this idea about what pathways my education could actually take me to. And so after about 10 years working in this this organization, there was an opportunity to work abroad in [00:04:00.0] Saudi Arabia and I took an opportunity to pack up things at a young family at the time and we moved to Riyadh in Saudi Arabia and I worked for a bank for a couple of years and I guess the story, if I'm not going to go through every aspect of it, but the store for my career is always these turning points. You know, the lady at my school, the turning point around this opportunity in Middle East and then when I came [00:04:30.0] back to Australia, there was another turning point where an opportunity came up to join HSBC in Hong Kong. But there are always these learning points and I find that for me, it was always about this curiosity, this ambition, boys connected to people and advancing in organizations and people. I know it sounds a little cliché's, but that was the way it started. I would never dream when [00:05:00.0] I started off my career that I'd be sitting here in this company of MasterCard running the people function in a Fortune 500 company with a great CEO and great people and colleague. So, I'm living the dream, if you will.

**Dr. Harpeet Singh:** [00:05:17.97] quiet an adventurous background you have there. You know most people would hesitate to move to another country on a different continent and you did that three times I did.

**Michael Fraccaro:** [00:05:30.0] And, [00:05:30.0] you know, a lot of support from family. But, you know, there's a lot of lessons learnt along the way. You know, you learn a lot about yourself, your resilience level, your appetite for change and adapting to different environments, but also the personal side, you know, the impact on your family and the challenges of moving families and young children that it has on parents that don't want to see you leave. The children [00:06:00.0] are there, you know, adventurous and so

forth and obviously your wife and all your partner are that there's a lot of factors to contend with. But it's a huge learning and I always encourage individuals that have a career conversation, you know, you've got to do what's right for you. There's no there's no one right or wrong approach to this. But for me, I've had this amazing journey and what I've seen and what [00:06:30.0] I've been able to experience and what I've learnt from being in other cultures and different environments, it's just incredible. I've really enjoyed it.

**Dr. Harpeet Singh:** [00:06:39.03] That's great. So, we are discussing future work today. Right. So, what does that mean to you? Someone who leads a massive organization.

**Michael Fraccaro:** [00:06:53.55] Yeah, yeah, look, we've been discussing future of work for a number of years. [00:07:00.0] In fact, my first came into the role as Chief people officer. One of the first pieces of work that I did with my team was to actually talk about the future of work. What did it really mean for our organization? What does it mean for the industry that we operate in? What's it mean for society? And so, we did quite a bit of research upfront working with our analytics team. We worked with some academics. We worked with history leaders and with [00:07:30.0] our peers to really uncover what is the future of work. Is it in the early phases? It was all about automation, robotics, artificial intelligence. All of this was to take jobs away and there was a level of anxiety and fear that was being brought in. So, there was a psychology and behavioral list asked about the future of work. But there was the other side, which [00:08:00.0] was about, you know, what are the great opportunities that come from reimagining the way that work gets done? And that was really the first start of how we began thinking about it at MasterCard, laying out all of the different specs that we need to consider. But then what are practical implications for our work and what we do and what are the kind of policies and benefits that we need to think through to really [00:08:30.0] look at the future of work? So, we did a couple of things. One was around. We were early adopters for technology and technology transformation, sort of one piece. So, we used checkbox and incremental fashion with artificial intelligence to increase capacity of basic work and function. So, if I think about our global business service center where we [00:09:00.0] process know accounts payable, accounts receivable, basic H.R. questions and so forth. There are numerous tools that are available, i.e., we kept growing as a company. Now, since I've been here, we've grown five times the size from when I joined in 2012. We couldn't just keep growing our human capital. We also had to find efficiencies, and

this was a way of finding and extracting capacity [00:09:30.0] in our workflows by using technology. So that's one place but the other piece about the future work really came to a part where I really love working for Mastercard is around the culture aspects. What does it mean? What are the issues that people are dealing with as it comes to the future of work? And so, we've also changed the profile of the people that we have. We have people that we've got over fifty four percent of [00:10:00.0] the workforce is millennial in India, where we've got a big operation, it's 82 percent. So, we've got a multigenerational workforce and the future of what means different things for people at different stages of a career. So, we've had to think very differently about things like health and wellbeing, mental well-being. We've had to think about what we do from a constant learning [00:10:30.0] aspect and culture to ensure that learning is a really core aspect of our culture. And so, there's a number of those aspects. Well, from a cultural aspect that we've had to draw into the organization as well and the kind of behaviors that you need as you think about the future of work. What's interesting now is where actually think about the future of work and I think this crisis is covered 19 [00:11:00.0] crises has really forced us to rethink about our work and how work is done. So, I'll give you a statistic- Ninety seven percent of our workforce today is working remotely. There is a three percent and essentially the three cents are some of the essential workers who need to come in because we've got cables and certain activities that require people to be physically on the premise. [00:11:30.0] But everyone else is working from home. So, we're now working through with all of these changes. What will the future look like? Do we need to have these big facilities and buildings? When we bring people back into the office, what office layout looks like, how do we press social distancing? Do we have physical meetings? We'll be doing meetings remotely. So, there's a whole range of themes that we're now exploring at the Mastercard. I continue to [00:12:00.0] find this topic fascinating, and I think we are learning a lot in this journey.

**Dr. Harpeet Singh:** [00:12:08.08] So, you know, we've all come to appreciate the remote work and I think there are always the pros and cons of remote work. But generally, what I found so I started my career in the financial services as well and I find the banks and financial institutions are often not as [00:12:30.0] open to such changes and COVID-19 have become the agent of digital transformation in ways we never imagined. So, you do think that people are going to be more open minded in the financial industry as a result?

**Michael Fraccaro:** [00:12:47.62] I really do. I really believe so. I mean, on a number of CHRO networks and calls and we're discussing these particular themes, you know, there is going to be a certain job within [00:13:00.0] financial service you think about bank branches where people are doing their transactions. They can be some reconfiguration of how a bank bench looks like and how customers will be dealt. But generally speaking, there are there are a number of jobs that can be done remotely and I think there was some stigma, even with some managers and leaders, that if you're not present physically in the office where the manager is and where the team [00:13:30.0] is, have work be done? And I think this social experiment of what we're going through right now with Covid 19 is actually demonstrating that, you know, people's productivity, the way that people interact, social cohesion, all those things that you think can happen in a physical environment can also have in a virtual environment. And there's pluses and minuses with both but I think there is going to be much more of an appetite at the other [00:14:00.0] end of this than there was because, you know, in most cases proven that it can work.

**Dr. Harpeet Singh:** [00:14:07.23] Another aspect of this is contingent work for freelancers. Right. When you think of future work, that's what kind of pops in your mind as well. How would you describe the interaction of such people or use of such folks within your organization?

**Michael Fraccaro:** [00:14:29.08] So we do [00:14:30.0] use a contingent workers and gig workers for certain projects, and quite often, you know, where there are peaks of work, we require, let's say from a technology perspective, we will engage with them with contingent workforce organizations to bring in specific skills that we need to complete a task and when that project or task went down, either they get moved and redeployed to somewhere [00:15:00.0] else or they wind off. I do see that in the future there will be a continuation of the use average of contingent workers, certainly for our industry. I'm not sure about others, but I do see that. What I would say is that there is this aspect around how you ensure that when you're leveraging these contingent workers and you can be very clear and deliberate and intentional, [00:15:30.0] that the kind of work they're doing. How do you check the quality of the work? How do you ensure, even from a security directive, that you're able to vet that kind of work that's being done from a safety and security perspective as well? I think it does raise some of those questions as

well. But I believe that we will continue to see that as a part of our workforce, as we do with that [00:16:00.0] regular full-time employees.

**Dr. Harpeet Singh:** [00:16:03.36] So other than the question around, how do you manage a freelancer? Are there other concerns and perhaps security of data and what are the other things that are hurdles that need to be overcome?

**Michael Fraccaro:** [00:16:19.67] Yes, some of that is the security of data and being very clear about what kind of access individuals, contingent [00:16:30.0] workers will have to data and that's an important part. The other important part is, is around committed to the mission and so quite often you'll have contingent workers that at rollin rollout, you also want them to be very committed to your cause and your mission and therefore, that's an important part and said that there is a line that you have to also ensure it's not crossed. [00:17:00.0] There is a blurring of the line around that contingent workers and who they are and are employees and who they are from a culture perspective as well and I think as we continue to go through this journey of blending workforce as well, being very mindful about how you still get the same level of output commitment with contingent workers, because at MasterCard at least I can speak from experience, We [00:17:30.0] do treat people like one big family and now there are there are aspects where if a contingent worker badge you wear is a different color to your regular employee and that's done from a security perspective. But you want to ensure that they still feel engaged. What you do and how you operate. And I think there are some of the other, you know, consequences or impacts that we continue to [00:18:00.0] work through.

**Dr. Harpeet Singh:** [00:18:01.85] So you know, I don't think that it brings me to the next question around culture, and MasterCard's done a tremendous job in building a people centric culture. Can you speak to that and how you've been able to achieve that?

**Michael Fraccaro:** [00:18:19.21] Yes, the culture is an amazing story here at MasterCard, you know. And I would premise it around a 10-year journey, because we know cultures [00:18:30.0] don't shift overnight. But it does with leadership and a lot of this credit goes to our CEO, who, when he came into the organization, recognized tremendous amount of opportunity and potential from the business perspective. He saw that MasterCard was seen as a credit card company and the joke at the time was that

MasterCard was a place where bankers [00:19:00.0] would, it was come retire, almost like a country club feel, and he felt that there is so much untapped potential that the only way to achieve business outcomes and what we were promising the street and our customers was really to shift the culture and it was a couple of aspects. One was around the kind of diversity of people that we'd bring in, the kind of experiences, the kind [00:19:30.0] of backgrounds. So not just recruiting from single sources like banks or other processes, but also from technology, government, retail consulting, a whole range and the perimeter was if we are going to be you know, this is powerhouse in the payments space, the only way that could innovate was actually by creating an environment where everyone, anyone from any background [00:20:00.0] would be welcomed and that their ideas would actually value rather than having some person comes from the same school or the same background thinking the same way. That's not going to propel innovation. And so, it was those kinds of principles that really helped this through the culture. And then we led on three critical principles of culture. One was around for risk taking. So the idea [00:20:30.0] here was that if we're going to enter into new markets, new segments compete in different areas, that we're not always going to have all the information, but we're going to have to make some decisions and actually take some risks rather than delivering everything to a committee and to another committee, make decisions. The idea was, let's instill risk taking into the culture. That was one. The second was around a sense of urgency. So again, linked [00:21:00.0] to the first one. This was all about speed. And that if you're going to innovate, you can't just wait until everything is perfect. You have to push things out, you have to test things and you iterate along the way. Having this sense of urgency rather than bureaucracy. And then the final prince was really around ownership, that the culture had to be that if you walked at a cafeteria and you saw a little or you saw a dropping on where you would treat it and treat the place as it was your home and you wouldn't see it, pretend that you didn't see and walk past it, you'd be down and you'd pick it up and you put into the wastebasket. But this whole sense of ownership that we wanted people, our employees, to feel a part of this realization that everything we did was as part of a joint ownership. There were really three principles. And so, our [00:22:00.0] performance management, our leadership executive programs were all printed around those three principles that we encouraged. If I fast-Forward to 2019 last year, as we continue to grow, and I mentioned we've grown at times from when I joined both organically but also through acquisitions. The question was, is our culture still relevant today as it was 10 years before? So, what [00:22:30.0] we did, my team and business leaders, we actually

did employ crowdsourcing. We actually reached out to 400 employees from the acquired companies, from the different markets around the world to say these three principles that we outlined so relevant. Is there anything different? And so, what we landed on was three principles that still resonate for all 20,000 employees. But there are a couple of ads [00:23:00.0] to it. One was simplification. So, this additional principle that in a world of over communication, an industry such as ours, where there are so many voices for customers as well as internally, we need to make things simpler. So that means an added principle that we've added into our culture. And then the other aspect, the most important one is decency, that everything that we do [00:23:30.0] is underpinned by this culture of D.C. And so, RJ, probably a few years ago talked about, you know, we've hired people for the IQ, the EQ, but most importantly, is that DQ, the decency quotient. And what this really means is that, you know, we are a winning culture. We want to compete. We want to keep doing great things as a company but have to be done the right way. And the decency quotient [00:24:00.0] is a filter, if you will, which basically is there where we say, you know, my hand is not in your face, it's on your back. And the decency quotient is a way of being a reinforcer of all of the elements of our culture that will enable us to go on to better and brighter things. And that, again, filters through to the entire organization. So, they're really the key principles of the culture that really, I'm proud of, of where we are today.

**Dr. Harpeet Singh:** [00:24:30.55] That's [00:24:30.0] fascinating. So, I guess philosophically, one can begin with such a vision. How do you implement something like that for 20,000 people? How do you actually realize such a vision?

**Michael Fraccaro:** [00:24:49.37] Yeah. Yeah. I look, it is not something that you just come in and flip a switch. It's a multi-year journey. [00:25:00.0] Any kind of translation has to have a vision. But then there's all the inability. So, I think things like the, for example, job description. So, when we were molding people to apply for jobs in the organization, we would say it's like, okay, you need to have 10 years' experience in financial services or fifteen years. We took that element out. That's [00:25:30.0] a cultural shift when you take away years of service vs. an impact and demonstration of certain attributes. That's a big message to companies and candidates to basically say, hey, this organization is really walking the talk around being innovative and they're valuing me not because I've spent 20 years in a different organization, but what I can bring to the organization. [00:26:00.0] It's those things. So, yes, you can have a big



scale program, but the PowerPoint presentations and placards on walls aren't going to transform the culture. It's the little nudges. It's these little aspects within your systems that really make that change. And it's the way that people behave. And so, know recognizing and reward those that live the MasterCard way, as well as being hard [00:26:30.0] on the areas or the individuals that are not following the MasterCard way. And we give people to charities too, you know, to learn to use moments where they may have gone away from the MasterCard way as a teacher learning moment. That is really the goal in basically instilling this across the organization.

**Dr. Harpeet Singh:** [00:26:55.62] That's great. I bet a lot of companies can learn from that, you [00:27:00.0] know, even startups. You know, as a startup, we have such a hard time building a culture that I can't imagine how it's done on such a large scale. That's very impressive.

**Michael Fraccaro:** [00:27:13.09] I mean that Harpreet, you said that scale is really the one question that Raj and I spoke a lot about, because we said, look, you know, when it was 4000 people, you know, everybody, you could pick up the phone and you know, everybody when you get to twenty thousand and you've acquired [00:27:30.0] 10 companies in a short period of time, you start to lose that personal connection. And so, you know, one of the challenges you have is how do you scale culture? And it is through some of these mechanisms. But is the constant reinforcement for your employees through these mechanisms to bring people together. Even things like with the acquisitions to transfer culture, we have a program to migrate [00:28:00.0] or move talent from the acquired company into MasterCard and MasterCard people going into the acquired companies because that transference of knowledge and skills is the only one of the ways in also shared culture and best practice, in fact, we learn as well best practices from other organizations with a quarter elements of other cultures, of companies that we've acquired. We say, wow, we love that. So, things like deployment [00:28:30.0] and the urgency pace, which I spoke about some of the company board about will be very, very rapid in the way that I did it because they were small and now nimble. Though we learnt from that. So, this is an iterative process. You have to find what works for you. But also, with the view, this big view of how you scale and sustain culture, that's extremely important.

**Dr. Harpeet Singh:** [00:28:55.98] And you also have a program around where folks are [00:29:00.0] required to volunteer for a week.

**Michael Fraccaro:** [00:29:04.39] Yes. So, we have a number of programs. So, one is the voluntary program of volunteering. Essentially, we give every employee five days a year to volunteer and they can do whatever program, whether it's a local community, whether it's a food bank, anything at all. So, we have this volunteerism program which continue to [00:29:30.0] reinforce. We have seen a force for good. So, we recognize people at the year end and quarterly around some of the initiatives that people do. So that's very much embedded in the culture. This is how the social pact aspect is, not just something on the side. It's very much embedded into who we are as well, which is a big draw card as well for our people.

**Dr. Harpeet Singh:** [00:29:55.72] So given this concern for employees, for people in [00:30:00.0] your job and you've kind of touched on this, that technology is going to make many jobs obsolete. Right? Is it? And in the McKinsey studies that predict as much as 50 to 70 percent in some economies. So how do we think about that issue and how are you thinking about it? So what are you trying to do to mitigate the negative impacts of that?

**Michael Fraccaro:** [00:30:30.87] Yeah, [00:30:30.0] I look at it the other way, I look at the great opportunities that technology and transformation brings to the world of work. So the numbers have, for example, a couple of years ago there was there was talk about crypto currencies and there still is cryptocurrency, block chain, Artificial intelligence. We've actually created jobs. We've actually got an AI garage is what we call it. And [00:31:00.0] so, you know, we've created a lot of other work and opportunities as a result of the advancement of technology. So, I do look at it the other way. I think I think some of those studies may be missing that, yes, there are certain types of tasks and activities that will go away, but there will be a push and a drive to other industries into other jobs and activities. I think that [00:31:30.0] the fundamental message that we have to our employees is around, look, the world is going to keep changing and keep moving. Technology is rapidly advancing. And the only way for you to remain relevant and engaged from a work perspective is to devote time to learning. And so, you know, if I think about our uprising's technology function as an example, [00:32:00.0] you know, we went out many years to a couple of years ago and said, look,

every employee in our operations technology is given at least two hours of per week to learn in one hundred hours a year minimum where it's not frowned upon. It's actually encouraged for them to continue to learn. We've done partnerships with universities. In fact, one of the universities in St. Louis, where is our main operates a technology area, cyber [00:32:30.0] security is such an important skill and area of expertise for our business that we partnered with Washington University as well as our own technical experts. And we've done the curriculum and the professors will go into our campus in St. Louis and been training our teams over a three-month period and they get a certificate at the end. And we're scaling down other parts around the world. So, you know, this whole thing about the future of work and transformation, [00:33:00.0] there may be some industries where it's impacted and particularly in areas, you know, in manufacturing or transportation, so forth, in different industries that clearly will be impacted. But for us, we actually just give it to an upside and an opportunity.

**Dr. Harpeet Singh:** [00:33:23.52] Well, that's a great way to think about it. I think there's a lot of opportunity and Blockchain [00:33:30.0] and AI, that you described. So absolutely, you know, companies like yours are actually creating a lot of jobs as well.

**Michael Fraccaro:** [00:33:40.79] It is. It is. I'll give you another little anecdote which links to this, but also links to the culture, as is part of the Covid 19 response with overkeen accounting. So every fortnight, Ajay and myself are hosting an all employee web call. [00:34:00.0] And this is where I will give an update about the business that the majority of the time answering questions from employees. And on the 7th of April, Ajay talked about he's been receiving so many emails from people wanting to know how they can help our company. And it wasn't about volunteering through philanthropic activities. It was about what more can we be doing in the company. And so, on the call, he said, look, there are five [00:34:30.0] strategic initiatives that we've gotten that business. And I went through what the five are. But let's say one of them is government, right? Let's say the government was one. It was one of them. I need 50 volunteers. And what I'd like you to do, after the Call, is send me an email and we will ask you two to one of these five initiatives. Within a day we had over 400 volunteers, if you will, saying I'm prepared to do whatever [00:35:00.0] you can, whatever I can to actually devote some time in addition to my job to some of the initiatives. So, it basically spoke to a couple of things. One is that the culture that people are willing, where they have the capacity to be able to step up and do something. But secondly, many of the people that put their hand up,

they saw as an opportunity to learn to be exposed to a different part of their business outside of their core area and we're linking this now into development [00:35:30.0] plans and part of their career conversations in a year to say, hey, we've allocated a hundred out of the 400 already. But we see that you've got an interest in this particular area and using that as a way of continuous this culture of learning in the organization. So, it's just another example of this whole mission about, you know, you've got to continue to find ways, be curious and continue to learn.

**Dr. Harpeet Singh:** [00:36:00.04] Yeah. [00:36:00.0] And what a better way to learn than actually working on a project of some sort. I mean, that does show me that the best way to learn.

**Michael Fraccaro:** [00:36:08.11] It is. It is indeed.

**Dr. Harpeet Singh:** [00:36:10.77] So, Michael, any parting words for our audience?

[00:36:17.79]

**Michael Fraccaro:** [00:36:19.09] I think the pun words really, it's an incredible time right now to be sitting in the head of HR, the chief people officer position. Someone mentored me last [00:36:30.0] week I was on a call and said, you know, the GFC, the global financial crisis, really elevated the role of the chief financial officer and I think Covered 19 is elevating the role of H.R. and the age of the heads of H.R. as well, because the number of calls that were on navigating the organization, whether it's facilities, public policy, security, technology, your own team is just incredible. But you're learning every day because every day you know, the first six week was trashing, it was reacting. This period, the period that we're in now, is thinking about the future. It's about how do we get people back to the office safely and then what are the things that have happened that are temporary? So, some of the policy changes were temporary. But what are the things that we're learning when we come out [00:37:30.0] of this that will actually be permanent and long term? And that, for me, is a really exciting part of this. This next stage that I'm really enjoying it. I'm loving a minute of it. And I look forward to speaking to you again, Harpreet and I, that this has been a helpful insight into the world of MasterCard and the capital function.

**Dr. Harpeet Singh:** [00:37:54.07] Yes, it has been. Thank you so much for your time. It's been a real pleasure speaking with you.

**Michael Fraccaro:** [00:37:58.66] Thank you very much. Over [00:38:00.0] this. Thank you.