

TRANSCRIPT FOR THOMAS KOCHAN: FUTURE OF WORK AND A NEW SOCIAL CONTRACT (EPISODE 2)

Harpreet Singh: [00:00:05.15] Hello everyone. This is Harpreet Singh saying at Harvard University welcoming you to the Future of Work Pioneers podcast. Today, we are delighted to be speaking with Dr. Thomas Kochan, who is the George Maverick Banker, Professor of Management. Professor Work and Employment Research. And the co-director of the Institute for Work and Employment Research at the M.I.T. Sloan School of Management. Professor Kochan, [00:00:30.0] Welcome to the show.

Thomas Kochan: [00:00:32.36] Well, it's nice to be here.

Harpreet Singh: [00:00:34.78] I want to start by understanding a little bit about your background. Can you tell us where you grew up? Some defining moments for your life and how you ended up in academia?

Thomas Kochan: [00:00:46.48] Sure. Well, I grew up on a small dairy farm in the state of Wisconsin in the Midwest, and got sort of, I guess, intrigued by how people work together, because on a small farm, you [00:01:00.0] have to work with your neighbors. You have to work as a family and I didn't really understand why I was interested in it, but it seemed like it stuck with me through college at the University of Wisconsin, had a very, very good program in industrial relations. And so that's what I did. And then ended up teaching at Cornell in their school of Labor and industrial relations. And then came to M.I.T. in 1980 to work on [00:01:30.0] rebuilding our Ph.D. program and really accelerate research on work and employment issues. And over the years, I've always valued this field because it allows us to teach students about these issues, to do good research with companies and with public policy organizations and labor market institutions and unions and to be involved in practical and public policy affairs. So, it's a nice mix and [00:02:00.0] it keeps me busy.

Harpreet Singh: [00:02:03.34] I can see you've been very busy, so your work focuses largely on how to shape the future work. How did you get interested in this idea of research? And what have been your main motivations for doing this kind of work?

Thomas Kochan: [00:02:20.25] Well, over the years, a constant theme in my work has been the need to update our public policies, our institutions [00:02:30.0] and our organizational practices to catch up with the changing nature of work. The changing workforce, increased diversity, obviously in the workforce, the changing way in which we organize work, whether it's in traditional employment relationships or more of what we now call the gig economy or where we need for much better collaboration between workers and employers and unions and companies and so on and so I've been [00:03:00.0] constantly interested in how we can change work. And then as these debates around automation robots going to take all of our jobs and what's the future of A.I. and so on. I began encouraging us at M.I.T. to take up those issues. And we now have a task force working future home, I tell you that I'm part of. I also teach an online course through the M.I.T [00:03:30.0] and edX platform on shaping work of the future. And there it's takes up all of these themes and draws in lots of experts, but really focuses on how do we build a new social contract in America and around the world to deal with these issues, because we have so many people left behind, so much need for innovation. And we are not addressing these issues adequately in an age where inequality [00:04:00.0] gets worse and worse. And now with the COVID crisis, we see a lot of the weaknesses in our policies and our institutions and our practices are laying bare for all to see and the need for a very quick emergency responses. So, my hope is that right now we will use this as a learning opportunity to get on with building a new social contract that is more inclusive [00:04:30.0] for people in society and deals with some of the tragic consequences that we're experiencing at work today.

Harpreet Singh: [00:04:40.8] So it's very interesting. How do you take Rousseau's social contract and you translate that to the contemporary one? One of the salient features here.

Thomas Kochan: [00:04:51.81] Well, when I use that term, obviously it is borrowed from our philosopher friends who used it in the political sense, *charga* or so, others as well. But I define it as what are the mutual expectations and obligations that we have for employers, for workers, for public policy makers with respect to work in employment relationships. What do we expect out of work? What should we hold all the parties accountable for helping to achieve? And then how can we make sure that this is inclusive? Because the essence [00:05:30.0] of the social contract is our political philosophers used it was what are the obligations of the state government to the citizens

and what are the reciprocal obligations of the citizens to contributing to an effective and just a stake in society. So just applying that to the workplace where we spend so much of our energy and time and we depend on it for so much of our economic livelihood, our so our [00:06:00.0] identities, our social interactions and our psychological welfare. I believe we can we can build a better social contract if we can get all of the parties, workers and their representatives, employers, government and I would put in educators now given the importance of education in our labor force. If we can get these parties to work together, I think we can build a better social contract at work that is both more productive, more resilient [00:06:30.0] and more equitable and more inclusive.

Harpreet Singh: [00:06:33.45] So in that social contract, you see that these various stakeholders coming to the table and it is one player, you know, has more power than another person. For example, if we add more power to the government, then we have more in a socialist context, not a capitalist context. So how do you think about capitalism, Socialism [00:07:00.0] in this picture?

Thomas Kochan: [00:07:03.84] Well, I believe the since the 1980s, we have vested much, much more power in the business community and corporations. We've deregulated in the United States. A lot of our labor markets and a lot of our product markets. And we've had international competition and that has given employers more choice on where they locate, where we've allowed [00:07:30.0] more flexibility. Free sample in how we define who is an employee union, who is an independent contractor. And we've decimated the United States, at least pretty much the labor movement. And so right now, I think the real challenge comes in. How do we get employers to be more responsive and to recognize that the world is changing? And I think we are now in a world that is [00:08:00.0] changing. We're seeing much, much more employee activism, much more interest in having a stronger voice at work, a more productive voice. They don't want necessarily just to go back to unions as we've defined them or shape them in the past, but they expect to have a voice. And right now, in the corporate situation, we see some countries in Europe doing a better job of bringing these parties together, what they call [00:08:30.0] social partners in Germany and Scandinavia, in the United States. We don't see any of that. And so, we're seeing more conflicts and more challenges develop at the workplace because we don't have that kind of institutional interaction and mutual respect. And I think we've got to learn from this experience that that's a missing part of our society and a missing part of our workplaces. And we're gonna have to

rebalance power. But we have to do it in a way that people understand [00:09:00.0] that we've got to we've got to prepare for a more productive economy and a more resilient one.

Harpreet Singh: [00:09:08.13] So you mentioned some of these other nations, such as Germany. So, what are they doing that is different? What do you like about them?

Thomas Kochan: [00:09:17.68] Well, that's a really good question. There's three things that they're doing differently. First, when the crisis began to really hit in Germany and Denmark and Sweden, the [00:09:30.0] leaders of the country turn to industry and labor and said, here's what we are going to do and here's what we hope you will do. And work together on this. And so, for example, in Germany, they have something called short hours or read it where instead of laying people off, they have provisions that are widely used to reduce hours to everyone. Everybody takes a bit of a pay cut. Their [00:10:00.0] government subsidizes through its unemployment insurance system. Some of that pay loss. And companies and unions can negotiate if they want to, to supplement that. And so, they did this a lot during the Great Recession of 2007 to 2009. And as a result, Germany came back faster and was more resilient after the recession subsided than [00:10:30.0] other countries, particularly than the United States and have a policy to try to keep people employed as much as they can, and they have the industry and labor working through adaptation. So, for example, a big industrial union in Germany called IGB Mittal worked with the Metal Workers Association of Employers to say here's a whole series [00:11:00.0] of safety precautions here, a whole series of other things that we think we need to do with you to manage through this process. And that, I think, will serve Germany very well. And you see some of that in Denmark. You see some of that in other countries. But we have not turned in that direction here. Now, some of us are working very hard at the moment at the state level to do some of this. The state of Washington in [00:11:30.0] it's because it was one of the first epicenters of the COVID crisis, turned to the health care sector and to labor unions active in health care and brought them together to work with their state commissioner responsible for managing through the crisis. We're trying to do some of that here in Massachusetts. It's a little slower going, but we're working on it. And I think we need to need [00:12:00.0] to do that at state levels in health care. I think there are other industries that are going to have massive redeployment of people to figure out how they're going to reopen as the economy comes back and to help those people who are now viewed as essential

workers. That is the health care workers, the people in our grocery store, people delivering food to the people who [00:12:30.0] are our food processors who need to keep the supply chain functioning. Those people were under-appreciated and often underpaid in the past. And they need to be. Their needs need to be addressed because they have short term needs of going to work when there's risks. They're worried about their families. Some of them are getting sick. And we've got to figure out what's the appropriate way to provide more human resources in [00:13:00.0] those sectors, backup and support those workers and then figure out what do we learn from all of this going forward. So, I think that's why that's why I think this is such a critical moment for all of us to be working in a collaborative fashion on these issues and then to learn the lessons from it.

Harpreet Singh: [00:13:18.56] What are the hurdles, obviously US is a federal structure. So, each state can come in and, you know, redefine [00:13:30.0] policy. So, for example, when it came to universal health care, Massachusetts was at the forefront. And then many things right before, you know, other states on the federal government is just starting to think about many of those things. In the context of future work, is it the policymakers or their ideology that generally drives how the changes to come or is it, you know, influence from the corporate sector? what are the hurdles, [00:14:00.0] what are the challenges?

Thomas Kochan: [00:14:01.88] The challenges are that we have an impasse on policy making on these issues that has been going on for at least 30 years. Business and labor are at loggerheads and the ideological differences are pretty substantial. Business doesn't want any change or anything that reduces their discretion and doesn't want to do anything that reduces the discretion of individual [00:14:30.0] firms, as opposed to many of us now believe that we need solutions that cut across firms because we have some, as you know, and we all know some outstanding employers doing all kinds of innovative things. And we should be learning from those best practices. But then we have a lot of firms that are not as progressive, and we need to bring up the floor and try to find maybe industry wide institutions [00:15:00.0] that move in the right direction, so people aren't left out. But it's this ideological barrier that we have to break through. Now, I think we are breaking through it today because the hardships that people are experiencing are going to have an imprint on us and particularly on young people as they observe this in our court in trying [00:15:30.0] to find their way in the labor market,

maybe for their first job or early on and they're going to be asking you know, we've got to do something better than this. And so, I'm hoping that we will use this as a time to reflect on what led us to this situation, not to the COVID crisis obviously, that's a health care tragedy. But what [00:16:00.0] led us to be so unprepared and so unresilient, if that's a word to this kind of a shock on our society.

Harpreet Singh: [00:16:13.99] So, another related aspect to this is this goes beyond COVID 19. Obviously, this pandemic is massive and it's going to have lasting impact on our economy and our workforce. But I think [00:16:30.0] another major crisis that's about to happen is through AI and automation. And that also is going to impact folks in jobs with low cognitive skills for folks who cannot be upskilled. So how do you think about this new industrial revolution that's underway? And maybe you can start there and give us your thoughts on that.

Thomas Kochan: [00:17:00.71] Harpreet, [00:17:00.0] I think. That is still the biggest issue of our time. Once we get through this crisis, we'll be able to focus a bit more on it. But I think we've got to redefine how we bring artificial intelligence into our workplace and into our society. Too often, artificial intelligence and robotics for that matter, are developed [00:17:30.0] by some inventor, external outside of the world of business and the world of work. And they come up with a solution and push it through industry and push it on to companies and say, we've got a new set of tools here and we think it solves a set of problems and we can businesses can start to experiment with it. But they bring it in sequentially and they find that it may not be solving [00:18:00.0] the problems that they really have. We need to redefine it. So as we are in right now by society, which has a big stake in this, defining what our critical problems are and then putting A.I. to work to help resolve it and bring the multiple voices in society that have a stake in defining the problem to define it appropriately. That's what we're seeing now with all kinds of wonderful, wonderful, quick adaptations and [00:18:30.0] innovations with all sorts of technology in response to this crisis. We need a demand-pull form of artificial intelligence that says let's figure out what some of our biggest problems, whether it's in health care or in the environment, too, for dealing with climate change in a variety of other issues. And let's put our best talent to work in thinking about how we use A.I. Let [00:19:00.0] me give you my pet peeve example of where we have gone wrong. This whole notion of autonomous vehicles, driverless cars. Why do we care about having driverless cars? Who wants driverless cars? Well, you have all these entrepreneurs out

there in the automobile industry and then in the high-tech industry is, you know, that are racing to be the first to get to what they call Level 5 [00:19:30.0] of autonomous vehicles. And it is where we can sit and read a book and then go from Boston to New York or wherever we need to go. Well, that's a long way off, but that's what they're trying to all focus on. Why do we care about that? Why wouldn't we want to really define the problem as, gee, we really want safer, more efficient, more accessible transportation systems in all [00:20:00.0] of this? Technology can help us get there, but we've got to integrate it with our urban planning systems, our highway systems the infrastructure that's needed and define it, define the technology as a piece of this larger system. And then, you know, we are benefiting from the enormous amount of new technology, including there is an artificial intelligence base to it because it keeps our [00:20:30.0] cars safe for all of the technology that we buy in in existing new vehicles, keeping us in the cars, appropriately, having collision avoidance before the driver might recognize the problem. Those are all wonderful, wonderful innovations that that can help us move us in a safer direction. But we shouldn't leave the decisions about what the artificial intelligence system is designed to solve [00:21:00.0] to just the entrepreneurs, because there they have a very narrow view of what what's at stake.

Harpreet Singh: [00:21:09.73] Recent Harvard put out a this thought leadership piece sometime back that you need some jurisdictions to provide. I guess de-regulation for the entrepreneur, if [00:21:30.0] we're going to move to the next level. So, for example, you know, if I want to have innovation in drones, then I need to, let's say, Idaho or Massachusetts to get them and to de-regulate the flying of drones in a certain area so that then we can have experimentation and we can move forward. I think that that kind of fits into your thesis that, you know, if you work with [00:22:00.0] the urban planners, if you work with the state and you work collaboratively, then even though we take more risks, we will be able to be de-risk some of that and we will be able to, you know, provide a better pathway to success so entrepreneur is not working unilaterally or working in a larger ecosystem.

Thomas Kochan: [00:22:22.42] Yes, absolutely. And put this on a global scale. I mean, the potential for using the [00:22:30.0] combination data and g._p._s and the technology of drones for delivering medical supplies in rural areas or in developing countries that don't have the transportation infrastructure and get needed medical supplies to people efficiently is just an enormous potential for world health. And if [00:23:00.0] we thought

about it that way, then then you would think about, OK, in sub-Saharan Africa, what kind of systems do we need to support building that kind of capacity for distribution and what the technology of the drones and what size? And how do they need to be designed and where do they fit into all of the other elements that are needed? That's an enormous potential for technology. And in [00:23:30.0] the artificial intelligence based all of that is critical. And people have all the talent, motivation and skills needed to develop those kinds of tools for good uses. And I want to see more of that, because I think we will benefit enormously. And yes, there will be some, you know, the debate about are we going to lose more jobs than we create? We don't. We're [00:24:00.0] going to we're going to create new jobs. We're going to lose some jobs. That's the history of technological change and we should prepare for that development as well so that we take due care of those people who most are at risk for losing a job in our fair to them in terms of giving them advanced training and other activities, helping them to make that adjustment, compensating them, dealing with the losses because society [00:24:30.0] benefits. But the big opportunities are to shape the technology, not to view it as some outside deterministic law of physics or law of mathematics, but it is something that that we can we can shape to address problems. We can bring the right stakeholders together and we can have enormous, enormous potential. I think in particularly in the climate change [00:25:00.0] area, this isn't my area of expertise, but I think there's enormous, enormous potential for using these technologies in helping us to build the infrastructure and to mitigate the effects of climate change as well as it, as I mentioned, health care and reducing poverty around the world.

Harpreet Singh: [00:25:25.35] So we know that some jobs will be lost and there are some [00:25:30.0] dire predictions that a lot of jobs are going to be lost as things become more automated over the next few years. So, who has the responsibility for upskilling? Is it academia? Is it big corporations? Is it government? Obviously, academia is going to continue doing what it's doing. But when it comes to corporations and governments like what are the ways in which they can be engaged?

Thomas Kochan: [00:25:59.55] Let me go back [00:26:00.0] to this point about the social contract, because it's all of us. We can't just leave it to corporations. We can't just leave it to government. And certainly, we can't just leave it to education. We are probably the most conservative, slowest institution changes, as you know. But I think there is change in education. And what we are doing right here is a new way of

educating and reaching, you know, large, large audiences, hopefully with constructive materials, [00:26:30.0] ideas and information and so on. And the online courses like the one I teach, but the ones that are taught by thousands of people now are going to expand. What we need to do is to move beyond the normal audiences of young people in college to support lifelong learning of people at all occupational levels. And if we do that on education, then we are contributing our part under social contract [00:27:00.0] and using these technologies, in this case, communication technologies and so on to contribute to a new social contract. Corporations have a particular responsibility because they do have are the moving parties in most of the economic innovation, and rightfully so both entrepreneurs from upstart startup organizations, but [00:27:30.0] also large companies and they have a responsibility to be open to other voices working with them to address these issues. Labor is unions and works councils and sitting on corporate boards of directors. In some countries, from co-determination in Europe and elsewhere has a special obligation to say we've got to prepare our members [00:28:00.0] and the workforce in general for the changes and technologies. That means we have to, as labor, learn about these technologies and what how they operate, how they might affect work, how do we help facilitate them and at the same time make sure that worker interests are brought into this process. So, I think that's the kind of combination. And then government, since government funds a lot of the basic technology in [00:28:30.0] all of our countries, they have a right to have a voice in in this. But I don't think any of us would want government to dictate what the technology should do. We want them to support basic research. We want them to hold people accountable for using it in ethical ways and protecting privacy. And we want them to make sure that the that the funding is addressing [00:29:00.0] large problems and create the incentives so they shouldn't tell the universities or the research labs how to modify their investments in autonomous vehicles, but they should create incentives with funding to say we want to fund efficient, safe, accessible transportation systems. And if you can help us figure out how to do that with your genius [00:29:30.0] technologies, then that's fantastic. But what we're going to shape at least the call for some of these bigger questions and then let the marketplace of ideas and our science and technology experts and our social scientists work together to make it happen.

Harpreet Singh: [00:29:53.32] So have you, in this context, thought about how one measures the skills gap that, [00:30:00.0] you know, how do we think about reskilling, upskilling?

Thomas Kochan: [00:30:05.75] Yeah, well, I think we have to recognize that the skills of the future are a hybrid mix of both technical literacy, to be sure, because we are in a world of rapidly changing and advancing technologies. So all workers, young and existing workers in the labor force need to have some facility [00:30:30.0] and working with technology and some will be deep and some will not be quite as deep, but at least being able to not be afraid of it, to use it, to work with it and to apply it in their particular jobs. But we also need to invest in what many, many people now see described as the soft skills. That is, technology is not self-implementing. We solve problems with technology [00:31:00.0] and with each other by being good at communicating and problem solving, leadership and negotiating and resolving different points of view in a work group or in an organization, because we bring different ideas and therefore some people are strong minded and so we have to work on negotiating in a constructive way. But these social skills are becoming even more important in an interdependent world. And so, when we measure skills, [00:31:30.0] we've got to think about the technical and the social skills. And both are teachable. Certainly, the technical skills at different levels for different people are teachable. But the social skills can be taught through experience by teamwork. You know, I'm delighted to see so many of our young people now in great high schools, vocational schools, colleges, working [00:32:00.0] in teams on problems, getting much more engaged in sharing ideas and contributing in teamwork, because that is so important in our workplaces. Even in this world of virtual communications, the kind of ability now to work together, even if we're not in the same place. And to share ideas and to be able to make progress together, even if we're not physically together, is becoming even more important and more apparent. So, I don't think there is a single skill that we are missing. It's this combination and that's where we should be putting our energy. I believe it's as much a training and workforce development gap as it is a skills gap. If we put our energy to [00:33:00.0] really investing in the workforce and providing them the opportunities mixed in both online, in classroom and on the job training and education, that's the ticket to preparing the workforce for the future success.

Harpreet Singh: [00:33:20.65] Speaking of gaps, you talk extensively about the voice gap. Can you talk about that?

Thomas Kochan: [00:33:28.35] Sure. We have a [00:33:30.0] problem around the world, but particularly in the United States, with the decline of unions over the last 40 years. Right now, at a peak in the United States, about one third of the labor force was represented under unions and collective bargaining. And during that time period, from the 1940s to the 1970s, we saw a social contract of sorts where wages and productivity moved up together. As the economy got stronger, workers [00:34:00.0] were able to get their fair share and both business and the workforce thrived, and more people moved into the middle class. From the 1980s, as unions declined and global competition became much more intense, technological change occurred, a number of things happened. The gap between productivity and wages grew. Productivity continued to grow at a reasonable pace and [00:34:30.0] wages essentially flatlined. And that's why we see so much anger and frustration out there in society. And so today we did a survey over the last two years, two surveys to try to measure what are workers saying about their voice at work. And we're finding three things. One, the majority of workers say that they don't have as much say or influence on issues that they care about at the workplace, whether it's wages and benefits, [00:35:00.0] but also safety respect on the job. That's the Metoo movement and the feeling that people are being discriminated or not respected. The issues around having a voice on how much are they contributing to producing high quality goods and services that they're proud of and so on. That's a significant majority of the workforce says we're experiencing less of a voice than we think we ought to have at work. The [00:35:30.0] second thing we find is that when you ask about union membership, there's a dramatic increase in desire to join a union today compared to earlier time periods. In the earlier time periods, we have done surveys on this from the 1970s and then in the 1990s and about one third of the workforce that wasn't organized, and they would join a union if given the chance today. That's 50 percent. Forty eight percent. But if you add in existing workers, it's just about 50 percent. Now, what do they mean by that? And the third thing that we're finding is they want new forms of voice. Yes. They still want something called a union or whatever it is that engages in negotiations to improve their economic conditions. And that's very strong yet. But they also want a voice on how do they do their work. How can they contribute at the workplace to improve being operations so that [00:36:30.0] the work is more meaningful and more productive and they're serving their clients, the students, their patients, wherever their customers are more effectively, because that helps them feel like they're really providing a valued service. And secondly, they want a voice in the big decisions that companies are making, and they want to work collaboratively on

shaping those. That's that voice gap. And they would like to have a voice at the corporate [00:37:00.0] level by sitting on boards of directors so that we get more of a stakeholder view of the firm and not just a firm view that they're there just to maximize shareholder value. And so, there is a sea change in what workers want. They want more of a voice, but they want new forms of having a voice at all levels of the workplace and the enterprise. And so, I think it's up to us to update [00:37:30.0] our policies and our practices, not to move forward. The business round table, as you know, recently made a statement that they think now that they should pay more attention to multiple stakeholder interests, not just share owners, but suppliers, customers, employees, the community and so on. Well, we've got to hold their feet to the fire. I think those are nice words, but only if they start listening and engaging employees in the key decisions that affect [00:38:00.0] how the company actually operates. Well, we see that play out in reality, and that's where I think we need to go.

Harpreet Singh: [00:38:08.43] So are you finding that this desire is among certain demographic? You know, obviously, people who are more marginalized are going to be more dissatisfied. I've seen this at Harvard where the graduate students are try to be join a union essentially and organized themselves because they feel [00:38:30.0] that the \$20000 a stipend is not sufficient. Right. So, I are you finding that the people who are knowledge workers may not have such a desire of folks who are driving an Uber are more likely to feel that way.

Thomas Kochan: [00:38:47.1] Well, there's certainly a good deal of that, but it's actually surprisingly broad based across the workforce. Certainly Uber drivers, the graduate students, the [00:39:00.0] people on the frontlines that are delivering groceries now, Instacart workers and so on have become much, much more visible and much more vocal in expressing their dissatisfaction with conditions, but it also goes, you know, we had a walk out of Google employees about a year ago and we're seeing it with professionals in communications and entertainment world. And [00:39:30.0] what we're seeing in companies like Amazon, the warehouse workers, they're kind of in between. They're not the lowest paid, but they are on the front lines. We're working in pretty harsh conditions. And they're saying that their safety is at risk and now in the current environment, with all of the COVID pressures, we're seeing more of that escalate. We're seeing teachers high school and elementary school [00:40:00.0] teachers who are so critical to the future. But we've allowed their compensation to slide

relative to others in society over the last couple of decades. And we are seeing teachers stand up for their students and their families to say we need better budgets. We need public investment in education. And they're using a phrase that I kind of enjoy and [00:40:30.0] appreciate. It's called bargaining for the common good. And that has really resonated in places like Los Angeles, Chicago and all over the country to say we're here for ourselves to improve our job conditions. But we're also here to improve education. And we're here for our students and their families. And they're building coalitions in the community and it's resonating. So, I think this is a much more widespread phenomenon [00:41:00.0] than just the most marginalized. The most marginalized are the ones who feel this the greatest, often don't have the resources to organize. So, we see people with a little bit more potential in resources and maybe a little bit more potential bargaining power being more vocal than those at the real bottom in of our occupational structure.

Harpreet Singh: [00:41:28.45] So you think it's not [00:41:30.0] merely economics. But there is much more to it.

Thomas Kochan: [00:41:34.92] It's economics, for sure, but it's much more. And a feeling that people want to be respected for their work. One of the best assignments that we use in our courses here at Sloan with our MBAs, eMBAs(executive MBA) is to have them every time we teach [00:42:00.0] this course on managing businesses for people in profits, they go out, they're assigned to go out and interview workers. Don't go and talk to your MBA colleagues. Go and find a lower income worker and talk to someone who's in a regular job that is the standard job and then go to find someone who is in more of independent contractor the gig work and ask them to just tell them about their work, tell them what their [00:42:30.0] experience, tell them what their aspirations are, tell them what they really like and what their concerns are. And it's really an eye-opening assignment. The students love it. They come back and they say, you know, I've never done that. You know, we don't do enough of listening to people. They come back with very moving stories about how people are living on the margins and people are worried about where they're going to get health care. And [00:43:00.0] people are worried about how technology will affect them in the future. And people are really proud of what they do when they serve the students in the cafeteria, because that's where, you know, they may find some of these people or where the people in the dorms are taking care of their security at night or where the Uber drivers are taking

them. And they hear their stories about how this is nice, [00:43:30.0] really flexible work for them, but they don't have any voice. And when they get a customer who maybe has a bad day and gives them a bad rating, they have no way of really getting to a person at Uber or Lyft. They just get this algorithm and they can't change it even if they've had an abusive customer. And so, this lack of an ability to be respected by first the customers or by [00:44:00.0] the company really comes through in students. So I think that's what we're hearing, that we they are people are really excited about the work they do when they serve our students, when they serve the customer as Uber driver, and maybe take someone somewhere that maybe an elderly person or whoever has a particular problem. They all have good stories about how good they feel about it. Maybe they've gotten the extra [00:44:30.0] extra mile in that case. So, helping that person. And people want to do a great job in what they do, and they want to feel valued and respected. And that's the message that we're getting when we go out and talk with them. And that's why we find that a very powerful assignment.

Harpreet Singh: [00:44:51.22] It is important to develop that empathy amongst the students. So, it's great that you're doing this. So, have you looked at some [00:45:00.0] of blockchain companies that how they distribute ownership? Is that the way of the future, perhaps?

Thomas Kochan: [00:45:11.5] Well, I think blockchain is one of those technologies that if we put it to good use, it can have enormous, enormous value. I'm not an expert on blockchain, to be sure. But what I see is it does provide new ways of managing [00:45:30.0] commerce and managing communication and the flow of resources. Just think of the ways in which perhaps in the southern of the hemisphere, an area that you know very, very well, how much we could use blockchain to empower in the informal sector, the entrepreneurs, the women, men who are in the small markets and don't have access to effective banking [00:46:00.0] and capital and to use blockchain to extend it out to them so that they can get resources flowing even faster and they can find markets and they can get payment in efficient ways, in reliable ways, and make their part of the economy much more productive and maybe more rewarding for them. So, I think blockchain has an enormous potential. Now, [00:46:30.0] it obviously is, as we all know, can be misused, has been misused. And so, we have to be very careful about it. But I do think we shouldn't be afraid of it. We should ask currently on harness the potential of this wonderful technology, you know, in the when banking moved more and

more toward online options, that was [00:47:00.0] viewed as, oh, that's only a limited potential. So. Well, I can't remember the last time I went to a bank because you could do so much. There's obviously some things you need a person and you still do some of this with people online. But obviously, there are some transactions that you have to actually physically go and that will never, never change. But so much of this now can be done through [00:47:30.0] through electronic transfers and other kinds of e-commerce. And we're going to see more and more of that in blockchain as a particular role to play in making that part of our economy more efficient and more accessible. And that means we've got to make sure that our broadband technologies are distributed across the world into our rural and our low-income areas so that [00:48:00.0] everyone can benefit from it. What we're seeing this in a little bit different way now with all of our children and in our case, grandchildren who are having to be online for their education because they can. The schools are closed. Well, I watched we had our two little granddaughters here for about a week and they started when they started the online. And it was wonderful to see the teachers and how [00:48:30.0] they adapted the lesson plans and how that how this worked. Well, that was fine, because we have good broadband in our house. They have their own laptop and we have an extra laptop and so on. So, the technology was all there for them to participate. But younger granddaughter who is in sixth grade, noticed not everybody in her class was online. Where are they? Well, some of them probably didn't have those advantages. We've [00:49:00.0] got to extend all this wonderful technology. Across our society so that it's not only the privileged who can make use of the online opportunities, but everyone can, and.

Harpreet Singh: [00:49:14.29] I think now this is so mainstream that it is quite sad to see some people still don't have access.

Thomas Kochan: [00:49:24.38] That's a solvable problem. I mean, that that's eminently solvable. It just takes investment and probably [00:49:30.0] Public and private investment.

Harpreet Singh: [00:49:32.9] Absolutely. Yeah. So, we haven't really touched upon one theme, which is the gig economy. And how there is the growth in freelancing? Can you talk about that, that that's come up in your work?

Thomas Kochan: [00:49:49.04] Sure. And we spend a lot of time on this. And again, I think the freelance economy has all kinds of potential, [00:50:00.0] positive potential. And it is already because it provides more flexibility. And for people who can attract business from multiple customers, opportunity to learn and to see how the business changes over time and to keep up with the innovations and new technologies that they may encounter with different customers and so on. And then in the flexibility that that provides in terms of scheduling [00:50:30.0] and fitting into one's life, all of those are real advantages that we need to build on. What we haven't solved, though, is the fact that our employment systems, at least in the United States, but really around the world, were built on an old model of standard employment where the firm took care of training, took care of , in the United States, health benefits, provided the safety precautions, managed safety and provided [00:51:00.0] the sick leave and provided all of those kinds of safety net benefits. And we haven't figured out how to do that with this new part of the workforce. So many of the people who are flourishing in the gig economy that I know many of them have a partner spouse who has a regular job to get those benefits and to get that coverage that's needed for health care and so on. And [00:51:30.0] that allows the other partner to then explore these other opportunities. But we know many people don't have that family structure or have that that kind of opportunity. And so, we can't. We've got to extend the safety net to everybody who works and figure out what's the right way to adapt to this and not try to push everyone back into regular employment. [00:52:00.0] That's not going to happen. But let's let this gig economy find its appropriate level, whatever that level is. And let's make sure that as we do that, we bring the necessary functions to support the gig workers and to allow them to do their innovative work and still have the protections in a time when a crisis hits or they or [00:52:30.0] someone in their family is sick or they're out of work for family reasons to have a child or whatever. And so, we've got to extend those benefits and that takes political will. There are solutions. There are combinations of ways to do this. And some countries are doing a better job of it. But I think it's a mistake to try to push everyone back into this old classification of [00:53:00.0] standard work, because that's not the way this work is being done and, in some cases, people are misclassified, and they should be. We should rectify that and enforce that. But I think we need to have a much more flexible way to provide the basic labor market protections to the workers.

Harpreet Singh: [00:53:23.03] So on that note, so what is the future of what looks like 30 years from today, 50 years from today, you [00:53:30.0] see the structural changes, you see more people freelancing. What does that look like?

Thomas Kochan: [00:53:37.01] Well, it's a little hard to predict the long run. Most of times people are wrong. I think the trends are clear. There's no question there's going to be growth in independent work of some sort or another. We have a worldwide market for services that people can [00:54:00.0] use, the technology that we're using here and Allied ways of getting their ideas, their talents, their services, goods that they can produce distributed worldwide. And that leads to more entrepreneurial opportunities and leads to more work like we find in the gig economy and we see the platforms. [00:54:30.0] I mean, while I'm a big critic of the way in which Uber has carried out its responsibilities. The fact is that platform technologies are becoming much, much more efficient at linking customers and providers in all kinds of markets. So, let's use that technology let it grow. Let's let it find its own level. I don't think the world is all gonna go in a gig world direction. There's going to be a [00:55:00.0] mix, but we're going to have a diversity of employment relationships. And we are going to have, I think, even some other ones that one of them might already exist. I think they're going to grow. I think employee ownership is an opportunity. I think we're going to see more collective responses to how we organize and more networks of entrepreneurs linked together in some fashion and have to share markets and opportunities and protect each other and stabilize their incomes a little bit more. And we already see that in lots of markets where I might be an independent contractor, but you and I might have a business relationship so that when I'm a little short, if I contact you, you're overloaded, we already have an understanding. We know each other, we know where each other are good at and who else is in our network. We can rely on them. We can get the job done and [00:56:00.0] we can share some of the benefits. I think we're going to see a lot of that. And that requires, again, a different way of sharing responsibilities, benefits, information, payment, trust. Those has to be high trust networks or, you know, we don't we don't really get the benefits of it. If it's an adversarial kind of situation or a legalistic one where you and I are always screwing each other up. You know who's got the right payment? Influence on that has to be a trust [00:56:30.0] set of relationships, and I think that's where we're going to see enormous growth in the future. I don't know how big that will come become, but I think the days of the single independent contractor, while they may

continue to grow. I think we're going to see that morph into a more open network set of arrangements that have to be worked out.

Harpreet Singh: [00:56:57.18] Yes, I absolutely I think the debate there's a lot [00:57:00.0] of interdependence. And if we can build those kinds of networks and also safety nets, benefits, something that can benefit everyone.

Thomas Kochan: [00:57:08.82] Yeah. So, it's an exciting time. Yes. Yeah. Some people see it as a scary time. Yeah. And I understand that. But if we are proactive in shaping work of the future, then I think we will get the best out of technology, the best out of our human potential and the best [00:57:30.0] out of our institutional relationships. But that's a tall order. And we need to we need to get on with the task.

Harpreet Singh: [00:57:38.82] Great. This is a great place to stop and really appreciate your time. It's been such a pleasure Professor Kochan to be with you today.

Thomas Kochan: [00:57:46.89] Really enjoyed this. And I look forward to seeing how this whole series comes together.