The United States and the northern European countries, in the forefront of self-employed teleworking

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The ever increasing trend of companies to downsize their workforce is promoting the appearance of "elancers", self-employed workers online who use technology to offer their services to companies without linking themselves to them on a permanent basis.

In 1980, teleworkers represented 0.4 percent of the world's workforce. Today, this percentage has risen to 4.1 percent, according to figures furnished by the French firm Sodexho. This trend is on the increase. The increasing use of new technology, above all, of personal computers and electronic networks, allows employees to work away from the office without losing access to corporate resources. At the same time, the ongoing business need to downsize in order to reduce costs favours contracting temporary workers and adopting outsourcing strategies. While in 1963 companies listed in the index Fortune 500 employed one in every five workers, in 1998 the rate had decreased to one in ten.

In this context, the new emerging model is that of the online self-employed worker. They are what Thomas Malone, founder and director of the MIT initiative "Creation of Organisations for the Twenty-First Century", calls "elancers". These professionals use new technologies to hire out their services to companies without being contracted and without having solid links to the company. Contact with the company is only maintained until a specific project is completed, from which point they immediately become free agents again.

For Malone, the generalisation of this type of distance working causes a change in actual business structures, giving way to an organisation made up of networks of temporary and flexible workers. The new system will reduce the importance of centralisation in decision making and will be placed in an economy based on the individual, to the detriment of the traditional role of companies. In this economy, which professor Malone calls the elance economy, the role of big companies will consist in establishing operational standards and norms for the networks of professionals working with them. As this happens, Malone explains, the frontiers between companies will slowly wither away and individuals will come to form part of a network of which no one person will have control.

The International Telework Association and Council (ITAC) points out that in the United States 28 million people (one in five) avail themselves of some type of telework. In the European Union the number is lower. According to data from the European Commission, published in 2000, in the countries that make up the European Union there
are ten million teleworkers, of which 17.2 percent are elancers. In addition to this imbalance between continents, there are also important differences between the different countries in the European Union.

Whilst the northern and central European countries are in the forefront of adopting teleworking, the southern countries are to be found in the rear. Germany is the European country with the highest number of teleworkers. It has more than two million distance workers and it experienced an increase of 34 percent between 1994 and 1999, a percentage far superior to Spain, which grew eleven percent in the same period. In the case of elancers, Austria has half a million and Denmark fifty thousand. The studies concur that elancers are increasingly coming to represent a higher percentage amongst the total number of professionals who are distance workers, although there is a distinct growth rate between the countries in the north and the south of Europe.

Differences
These differences in behaviour appear to be due to cultural factors. The workers in southern Europe resist dispensing with personal contact and managers prefer to control their employees' work directly. In the refusal to adopt teleworking formulas there are also other important factors, like available space in private housing and, above all, the quality of the technological infrastructure. European governments are starting to stimulate initiatives dedicated to reducing these differences, as they understand that teleworking is a formula that allows a reduction in unemployment and an increase in productivity. But, of course, they are not all advantages.

The elance economy will offer workers a flexible environment and greater independence (especially in creative tasks) although professionals online run the risk of seeing themselves isolated and neglected by companies and the administration. In Malone's judgement, in this type of economy the networks of professionals will solve these problems in a similar way to the medieval guilds: directly protecting their members.

The Question

What impact will elancers have on the economy?"

A slow but steady increase
Javier Quintanilla, IESE teacher

The elance economy is a tangible reality and is already here. The coming years will witness a singular increase in the number of self-employed workers online but not at the rate predicted by certain sources both in the United States and in Europe. This increase will be slower although more sustained. The rise and fall of e-business has verified that for new business concepts to establish themselves what is needed is the parallel coincidence of many different factors. The further development of teleworking is still up against many cultural barriers in addition to important shortages in sufficiently advanced technological infrastructure. And so it appears obvious that the actual organisation of the work (self-employed workers who carry out their work in the entrepreneur's installations) has a long life in front of it. That is why, the silent but steady growth of elance is already unstoppable.
The Internet promotes the figure of the freelance worker
Juan Manuel Cruz, Director of Human Consulting, PwC

The Internet possesses an enormous potential for the carrying out of services under the independent professional model. This situation will generate in the next few years a new concept of freelance working which will allow many professionals to carry out their work at a distance substantially reducing certain fixed costs. However, this model still presents some doubts about its introduction as an economic reality or as a source of complementary earnings.

At the moment there exist various key questions. On the one hand, there is a lack of a clear legal basis for the teleworker and there exist some difficulties in establishing secure commercial relations over the net. On the other hand, there is no culture of using technology amongst the recipients of professional advice. Even so, what is being developed at the moment is the actual practice of a freelance method on the Internet in the area of teletraining, through the figure of the online tutor, which will be an experience to follow in the coming months.