

SOCIOLOGY FOR A NEW CENTURY



THIRD EDITION

CHANGING CONTOURS OF WORK

Jobs and Opportunities in the New Economy

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Chapter Four

Whose Jobs Are Secure?

In the latter part of 2008, the United States (and many other countries in the global economy) experienced the onset of what proved to be a prolonged recession. In the years that followed, the stock market plummeted, unemployment increased, the housing market collapsed, homes were foreclosed on, and bailouts were offered. As we write this book, Wall Street has not only recovered, it is thriving. The value of stocks continues to increase, and the kingpins of the financial sector are once again securing six- and seven-figure bonuses on top of their lucrative salaries. But the recovery looks very different when a focus moves from Wall Street to Main Street, as the average American worker earns less today compared to the average worker fifteen years ago. Many in Middle America lack jobs, and those who are employed fear losing them. Others have given up hope of finding jobs or are working in positions mismatched to their skills and needs. In this chapter, we suggest that it is a mistake to view this most recent economic downturn and insecurity as an isolated event and that refuge will be found when the “jobs recovery” hopefully happens. The evidence suggests a very different future is in store for most workers in the new economy, one in which attachment to jobs will remain far more tenuous and conditional than was the case in the old economy (Kalleberg 2013).

In this chapter, we focus on the issue of job insecurity and how the prospect or experience of job loss shapes workers’ lives and experiences. To do this, we first consider how job and career threats were intertwined in the old economy and how the approaches to managing these perils in the United States differed from those adopted in many European countries. We then consider workers’ exposure to risk in the new economy

and gauge the extent to which job insecurity has grown and why. We show that the spread of job insecurity has occurred because of the decline of older, more secure types of jobs but also because of new strategies for organizing work and the changing composition of the labor force. The result is that more families are grappling with economic and emotional turmoil, and they do so in a society ill-equipped to meet their needs.

Risk and Work: Historical and Comparative Views

One critical question in the sociology of work concerns who bears the burden of risk. For instance, if production orders fall, is it the employer's responsibility to continue to provide paychecks to workers? If a new technology can be developed to replace workers, is it the employer's responsibility to find obsolete workers new jobs? If an applicant is willing to work for less than an existing employee, does that employee have any right to keep that job? And in an economy built on wage labor, should unemployed citizens receive support if no jobs are available? In the wake of the Industrial Revolution in both Europe and America, the answers to all of these questions would have been no. Employers were expected to provide jobs but at their discretion and according to terms and conditions of their own choosing, as well as with respect to what the labor market would bear. Government was not charged with the responsibility of providing assistance to those who lacked jobs or to those who could not work.

In the early phases of industrialization, workers labored without any of the protections present today. To secure work, they commonly had to bribe foremen for jobs, and they could expect discrimination on the basis of their ethnicity, age, and gender. If they refused to give their foremen kickbacks, or if they caused any trouble on the shop floor, they could expect to be vindictively dismissed. And if they were cast out onto the street, there were virtually no government-sponsored social supports to help them find work or survive extended joblessness (Engels 1936 [1845]; Jacoby 1985; Katz 1996; Thompson 1963; Trattner 1999). Even as the problems of an emerging industrial economy became increasingly apparent, U.S. politicians at the national level remained reluctant to involve themselves in workplace affairs or tackle the issue of unemployment (Lipset 1996; Skocpol 1992). In part, this inaction was the result of individualistic values deeply ingrained in American culture, beliefs that individuals are primarily responsible for their own fates and that government regulation impinges on personal liberty (Bellah et al. 1985). Political inaction also reflected the control early industrialists had over political processes and their ability to discourage legislation

to regulate the terms under which work was performed. In sum, in the early phases of industrialization, risk in America was primarily shouldered by individual workers and their families.

In the United States, a dearth of government regulations and programs to protect workers created opportunities for entrepreneurs to offer risk management services in the form of **private insurance**. By the early twentieth century, workers could pay premiums to purchase health and long-term disability insurance (Jacoby 2001). During the twentieth century, these insurance policies (sometimes purchased by individuals, sometimes offered as a job benefit) remained one of the central means of managing the risks associated with job loss or the prospects of disability. Today, this private insurance approach to handling risk has come to haunt the American worker because insurance companies are powerful political forces that shape government-sponsored health and job-protection programs, introducing costs higher than would otherwise occur.

During the nineteenth and twentieth centuries, workers also developed collective ethnic and class-based strategies for mitigating the risks of personal hardship. Starting in the 1840s, a variety of fraternal organizations, such as the Masons and the Odd Fellows, emerged. These urban social clubs formed along ethnic lines and provided member families with small death benefits and, in some instances, health insurance. This **mutual assistance** approach to managing risk, whereby collective resources were pooled to provide support in times of hardship, was later adopted by the trade unions that formed in the second half of the nineteenth century. But unlike the ethnic affiliations of the early fraternities, trade unions distributed mutual assistance to members of occupational groups, thus providing skilled workers with resources that could help them survive unemployment and disability (Jacoby 2001).

As organized labor expanded its power and membership during the twentieth century, collective bargaining agreements provided unionized workers with some protection from the risk of job loss. Unions fought for limits on arbitrary dismissal, and victories included the implementation of seniority rights (so that veteran employees could not be laid off as easily) and grievance procedures (that discouraged vindictive attacks on individual workers) (Edwards 1979). Unions helped large portions of the workforce gain access to jobs that were well paid and stable. But union initiatives in the management of risk focused primarily on advancing their members' interests. Although some nonunion employers emulated unionized firms, many nonunionized workers (who were disproportionately women and minorities) were left lacking social supports and job protections (Jacoby 2001; Lichtenstein 2002).

A legacy of these approaches to managing risk in the United States is that access to job security and benefits is heavily dependent on what kind of job workers have and for whom they work. Their ability to “make ends meet” requires holding a job and, if that job is lost, finding a replacement job quickly. In contrast, the approach adopted in most European countries was to address the problem of risk by introducing **entitlements**—rights and resources available to all citizens independent of attachment to the labor force. These transfers from the government to individuals take a variety of forms, including assistance for unemployment, disability, sickness, old age, housing, family leave, and child care. Exhibit 4.1 reveals that 20% of the U.S. gross domestic product is directed to public social assistance, considerably less than the percentage budgeted in most Western European countries. As a result, workers in Europe have access to a greater quantity of resources that can be used if they lose jobs, and workers in America assume far greater amounts of individual risk in comparison with workers in Europe.

The social programs common in many Western European countries are costly, and for that reason some countries are struggling to generate the funds needed to support these collective resources. This problem of funding generous social programs is magnified by the aging of the workforce, which creates greater resource demands to service larger proportions of the population in retirement and increases burdens on those who remain in the labor force. It is an open question whether these pressures will cause Western Europe to become more like the United States or if the opposing pressures of individualized risk will compel the United States to become more like Western Europe. Likely both will happen to some degree, and the extent of change will be dependent on social pressures and the actions of interest groups.

American workers do have some protections (see this book’s appendix for a regulatory time line). The U.S. government’s first major advances in the management of risk came as a result of the large-scale job losses that occurred during the Great Depression. In 1935, the **Social Security Act** introduced supports for those who cannot work, including aid to the elderly, the disabled, and some children. The **Fair Labor Standards Act**, implemented in 1938, introduced many of today’s most important workplace regulations, including short-term unemployment insurance and a national minimum wage. Legislative acts such as these provided vital assistance to American workers. But again, these protections are much less extensive than those enjoyed by workers in other industrialized countries.

The primary buffer against job loss for American workers is **unemployment insurance**, a program operated through federal and state government partnerships. The goal of unemployment insurance is to provide short-term assistance so that workers have the financial resources to seek suitable replacement jobs. Because the program is administered by individual states,

eligibility and compensation vary within the nation. Most states provide partial wage replacement (most commonly 50% of wages—with a cap for high-income earners) for a maximum of twenty-six weeks. It is possible,

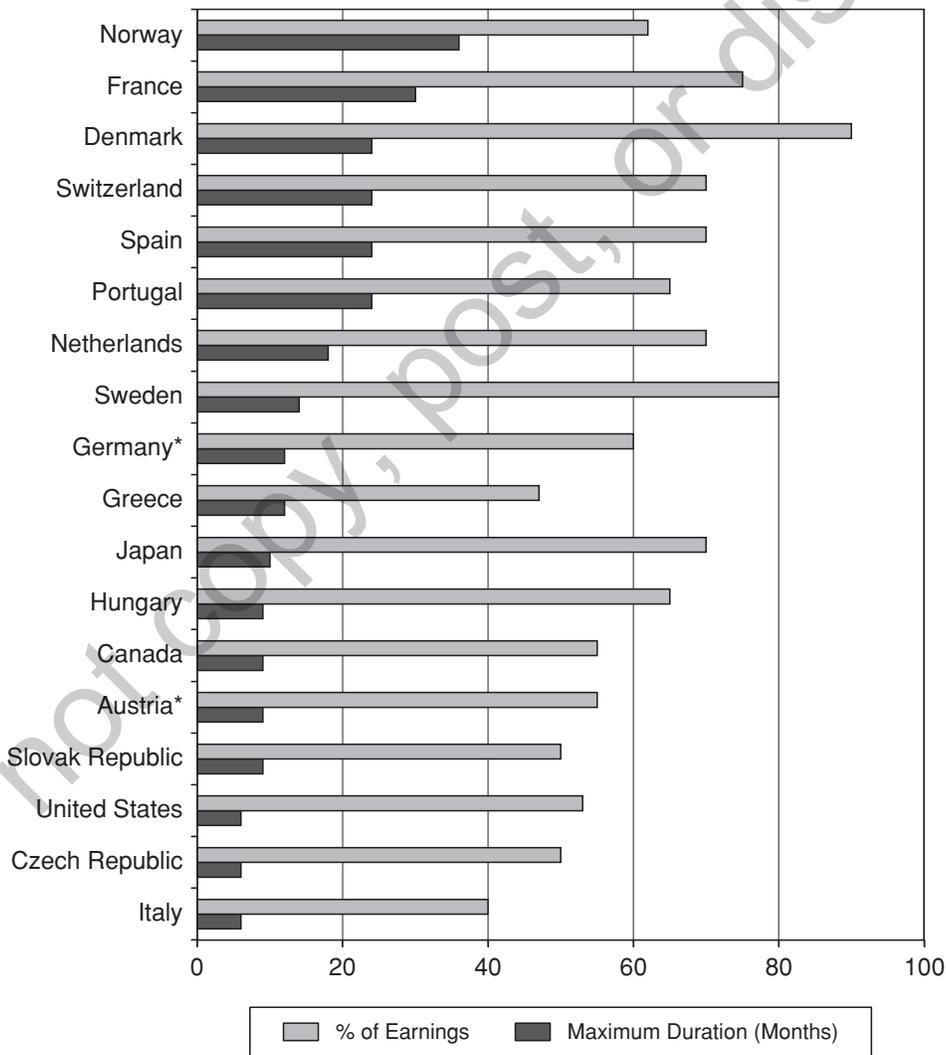
Exhibit 4.1 Government Public Expenditure as Percentage of GDP: International Comparisons, 2013



Source: Organization for Economic Co-operation and Development.

however, for unemployed workers to receive extended benefits in times of high unemployment. But even then, this is insufficient to cover the needs of substantial portions of displaced workers. According to the Bureau of Labor Statistics, in 2011, the average length of an episode of unemployment was twenty-one weeks, and 44% of the unemployed were out of work for more than twenty-seven weeks. Exhibit 4.2 shows that the support received by American workers is meager in comparison with what is available to workers in most other developed countries. As a point of contrast, Denmark provides displaced workers with 90% of their previous salary for up to two years.

Exhibit 4.2 Unemployment Entitlements: International Comparisons



Source: Organization for Economic Co-operation and Development (2004).

Note: *Net earnings.

In the United States, only one in three unemployed workers receives unemployment insurance. This is attributable, in part, to restrictions on who is eligible. Unemployment insurance generally does not cover temporary workers, the self-employed, agricultural workers, part-time workers, those who were out of the labor force for extended periods, those who voluntarily left their jobs, or those who are trying to reenter the labor force after an extended absence. It also fails to protect parents (most commonly women) who take time off to raise families. As a result, unemployment insurance covers only 40% to 60% of those who lost jobs, 10% to 15% of those who left their jobs, 25% to 35% of those trying to reenter the labor force, and only 10% of those who are attempting a new entry into the labor force. Additionally, many workers do not apply for benefits because they lack an understanding of how to apply, assume that they will find replacement work soon, or feel a sense of stigma in using social assistance programs (O'Leary and Wandner 1997; Wandner and Stettner 2000).

In sum, job loss protections, developed during the twentieth century in America, are modest, short term, and restricted, leaving workers who lose their jobs with few resources on which to fall back. As we demonstrate in the next section, this approach is increasingly out of step with the needs of workers laboring in an economy where job loss is commonplace.

How Insecure Are Workers in the New Economy?

The advent of industrial capitalism brought with it the business cycle, with its characteristic boom and bust periods, exposing employees to the risk of job loss. However, as the old economy matured, the risk of unemployment came to be unevenly distributed. Many unionized workers successfully negotiated seniority systems that ensured that the longer one worked for an employer, the lower the likelihood of job loss. Managers and professionals were protected by reward systems designed to retain highly skilled employees and reward organizational loyalty (Cappelli 1997). Employers provided these protections not out of the goodness of their hearts but because they were persuaded that it was in their own competitive interest to retain hard-to-replace employees and to invest in their professional development. Those at the bottom, who worked in insecure secondary labor market jobs, experienced frequent bouts of unemployment and faced high risks of destitution. As the U.S. government strove to control the destabilizing effects of financial speculation and to stimulate the economy when it threatened to go into recession, these countercyclical economic policies limited those risks for all workers, somewhat—especially after the Great Depression of the 1930s. Today, however, evidence is ample that something has changed, as we have

seen two major bursts of very high (10% or higher) unemployment in the past three decades, and it is becoming clear that even workers in “good jobs” are far less secure than in the past (Beck 2000; Kalleberg 2009; Rubin and Brody 2005; Sweet, Moen, and Meiksins 2007).

How insecure are today’s workers? The answer depends on how insecurity is defined. One way of measuring insecurity is to examine the percentage of workers who are **unemployed**, that is, people who are actively looking for work but cannot find it. At any given point in 2014, over 11 million Americans—approximately one in fifteen working-age adults—were unemployed. The rates for men were somewhat higher than for women, and African American men were unemployed at twice the rate of white men. Unemployment rates have fluctuated considerably during the past forty years, from a low of 3.5% in 1969 to a high of 10.1% in 2010. These rates also vary monthly, within industries, and by geographic locale. For example, construction workers are commonly laid off during the winter months, but retail employment opportunities grow in advance of the holiday season.

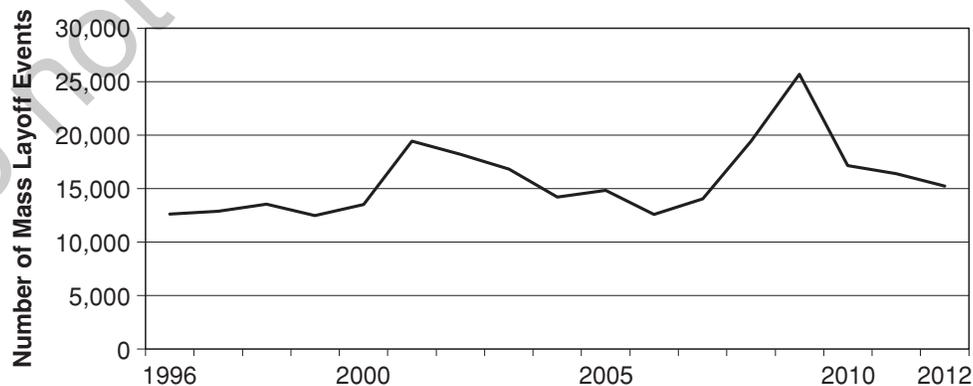
Relying on unemployment statistics as the exclusive measure of job insecurity tells only part of the story. According to the standards used by the Bureau of Labor Statistics, to be classified as “unemployed,” an individual would have to be not currently working *and* actively seeking a job. As a result, these statistics exclude **discouraged workers** (people who have given up trying to find work), those who are forced to accept jobs that are inappropriate to their qualifications and needs, and those laboring in jobs that offer no protection beyond short-term contracts (Cottle 2001; Kalleberg, Reskin, and Hudson 2000; Smith 2002). One illustration of the limitations of these figures can be observed by examining job creation data, also collected and reported by the Bureau of Labor Statistics. Notable is that when new jobs are created, the numbers of unemployed do not go down proportionately because better job prospects encourage more people to seek work (Thurow 1999). In other words, unemployment statistics fail to recognize many potential workers, people who could be working but are not.

It should be emphasized that unemployment statistics also do a poor job of revealing the number of people who lose their jobs involuntarily. As Jacob Hacker (2006) argues, rates of involuntary job loss have grown, and the increasing rate of these types of job losses expanded well in advance of the most recent economic recession. He concluded that many people who lose jobs find replacement jobs that are inferior to their previous positions, with lower pay and benefits, and are mismatched to their education and experience. As a result, these workers remain employed but still fear (and experience) employment insecurity (see also Kalleberg 2007). They are not, however, unemployed.

Most workers are let go one by one, in numbers too small to register as events worthy of a newspaper's lead story. But in the new economy, these trickles of job loss combine to form rivers of insecurity. Other workers are let go together with sizable numbers of other employees. Beginning in the mid-1990s, the Bureau of Labor Statistics began tracking **mass layoffs**, events in which establishments had fifty or more employees applying for unemployment insurance within a five-week period. Exhibit 4.3 shows that in 2012, during the "jobless recovery," at least 15,236 establishments had large-scale layoffs affecting more than 1.5 million workers overall. This was good news in comparison to the number of mass layoffs that occurred in 2009, but the number of workers affected remains high. The three most common reasons for mass layoffs were seasonal work ending, company restructuring, and permanent plant closure. Although reliable data on mass layoffs are not available for a long-term analysis, the number increased significantly in the early 1970s, particularly in the manufacturing sector, and has subsequently remained consistently high. Unfortunately the Bureau of Labor Statistics is no longer tracking mass layoff events, making it harder to document the extent of insecurity present today.

As the old industrial economy gave way to the new economy, decreased job security was especially noticeable among production workers in the manufacturing sector. Even unionized production workers in core industries could no longer count on the protections offered by collective bargaining agreements. Some of the most visible mass layoffs and plant closings occurred in industries (such as automobile assembly) and in states (such as Michigan and Ohio) that had traditionally been the heart of strong labor union organizations. In addition, the sharp decline in work stoppages in recent

Exhibit 4.3 Trends in Mass Layoffs in the United States: 1996–2012



Source: Bureau of Labor Statistics.

years is strong evidence that workers are less well-equipped individually or collectively to fight for improved job security or to resist employers' efforts to gain "flexibility" and undercut seniority protections. Hourly workers in most industries, skilled or unskilled, unionized or not, can no longer count on the security provided by large employers and seniority rules.

The growth of job insecurity is, in part, the product of a more volatile, boom-or-bust economy, in which deregulation and efforts to shrink government's economic role have helped to fuel speculative bubbles and weaken countercyclical economic policies. However, this insecurity now also affects workers in high-skill, high-paying occupations. For example, the high-tech sector (which is often touted as one of the key elements of the emerging new economy) has been characterized by the same pattern of job loss and mass layoffs as traditional manufacturing. Even in advance of the recession that began in 2008, Intel eliminated 10,000 jobs in 2006 and Hewlett-Packard cut 15,000 in 2005. Some estimate that between 500,000 and 800,000 high-tech jobs moved offshore in the early twenty-first century (Schultz 2006). Although some employers continue to place an emphasis on retaining high-skill employees, many employers have responded to increased economic competition and unstable market conditions by weakening their commitment to reward structures designed to encourage employee loyalty. Thus, efforts to promote "flexibility" encourage looser commitments to all employees. The flexibility push is reinforced by stockholder pressures to engage in periodic bouts of downsizing and layoffs, by new forms of work organization that assign managerial tasks to worker groups, and by new organizational structures that make it harder to advance careers by moving up within a single organization. Managerial and professional employees once could count on generous benefits packages and stable, steadily growing incomes. Today, these workers have good reason to feel less confident that these arrangements will be available and that security will expand as their careers progress. Additionally, fiscal pressure has increased insecurity among the many professionals employed in the public sector (such as teachers), and some states such as Wisconsin have taken steps to limit the ability of public-sector employees to collectively bargain. Though some managerial and professional workers have done well in the new economy, it is also apparent that at least some of these once-secure workers cannot be as confident that they will retain their jobs and have to think seriously about the possibility of midcareer changes (Cappelli 1999; Jacoby 1999; Moen and Roehling 2005).

Hacker (2006) notes that American society has increasingly shifted "risk" onto the shoulders of employees. Instead of defined-benefit health care plans, for example, employees are encouraged to open health care savings plans (which means they risk not saving enough). Instead of traditional pensions, employees are offered stock ownership plans, investment

opportunities, and other market-based opportunities that promise greater payouts but also involve the risk of loss. And those risks are real. This lesson was learned by Enron employees who lost nearly all their retirement savings when the company failed, because much of it was in the form of Enron stock contributed by Enron or purchased by the employees themselves. They were not alone; the 120,000 employees at United Airlines saw most of their retirement savings disappear when the company declared bankruptcy in 2004 (Marks 2004). Newspaper accounts of companies closing operations, underfunding their pensions (and petitioning the government for financial assistance), and engaging in legal maneuvering to get out of pension commitments to current and retired workers are now commonplace. By 2010, talk of modifying previously ironclad pension agreements with public-sector workers was becoming widespread (Cooper and Walsh 2011).

Income stability also has weakened in recent years. In the old economy there were people who suffered sudden, temporary drops in income (because of illness, job loss, business failure, and the like). But the numbers of people who suffer sudden losses in income have grown significantly. And although the risks of such income fluctuations are still greater among the less educated, the risks grew more rapidly for better-educated Americans in the 1990s (Hacker 2006). With budgets stretched to the breaking point, for many dual-earner couples, an unexpected event such as a job loss or illness can quickly plunge a family into bankruptcy (Warren and Tyagi 2003).

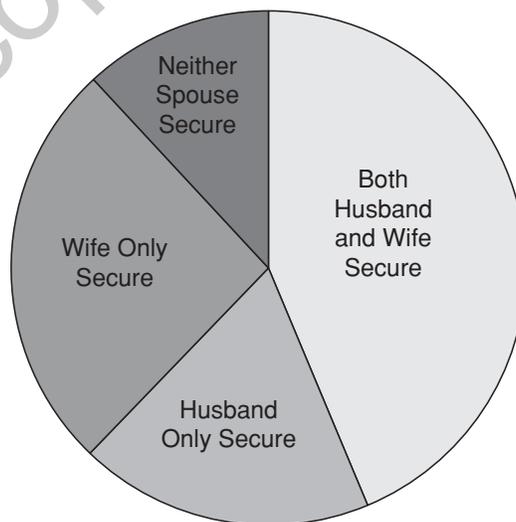
There is also a subjective dimension to job insecurity, the anxiety felt at the prospect that one's own job might disappear (Schmidt 2000). The General Social Survey, a widely used national opinion poll, indicates that feelings of job insecurity are widespread. In 2012, one in ten workers (11%) believed that it was very likely or somewhat likely that they would lose their job in the next year. Another survey, the Couples and Careers Study conducted from 1998 to 2000 by the Cornell Careers Institute, surveyed dual-earner middle-class workers in upstate New York. This study revealed that most higher-level workers were only about 80% to 85% confident that their jobs would exist for the next two years. Only one in four (27%) men and one in three (35%) women in this study were fully certain that they could keep their jobs (Sweet, Moen, and Meiksins 2007). Likewise, the 2012 General Social Survey indicates that only two in three workers (60%) had high confidence that it was "not likely" they would lose their jobs in the next year.

Finally, job insecurity is expanding because of the changing composition of the labor force, as well as the changing organization of work. In an economy dominated by dual-earner families, the loss of one spouse's job creates strong prospects that the other partner—even one with a secure job—may need to reconsider career options. Those partners can be put into the position of trailing spouses and be forced to rework their careers to match

the direction charted by their partner. Alternatively, displaced workers could have spouses who hold jobs they are reluctant to relinquish. In this circumstance, displaced workers are anchored to communities, and their options can be limited. To fully understand the realities of job insecurity, therefore, requires thinking of families of jobholders as well as individual jobholders.

To highlight how this operates, let us reexamine the data from the Cornell study from the perspective of couples and link spouses' careers together as they actually are in the lives of most Americans. Recall that the typical professional worker is about 80% confident that his or her job will remain for another couple of years. Using this as a dividing line, we can consider those at or above the 80% mark as holding comparatively "secure" jobs and those below as being insecure. Remember that these workers are married to spouses who also hold jobs that may be secure or insecure. What are the prospects of both partners in a dual-earner family holding secure positions at the same time? Exhibit 4.4 reveals a sobering state of affairs in America—*secure working conditions are the exception, rather than the rule, for dual-earner professional couples*. Only 44% of American dual-earner households have both partners feeling fairly secure in their jobs; most families have one or both partners feeling insecure. If we raise the threshold to *full* confidence that jobs are completely safe, the numbers plummet even further, as only about one in ten (12%) dual-earner households has both partners feeling fully secure (Sweet, Moen, and Meiksins 2007).

Exhibit 4.4 Job Security Configurations of Dual-Earner Professional Couples
(80% Confidence That Jobs Will Be There in Two Years)



Source: Sweet, Moen, and Meiksins (2007).

Finally, we note that insecurity has been intentionally built into the design of some jobs with the purpose of maximizing the power and control of employers. This is the case in the Taylorized “McJobs” in the secondary labor market, where complaints concerning work conditions can be countered with “if you don’t like the job, find another one—you are replaceable.” Even worse conditions are found in the employment of day laborers, who must renegotiate the terms of employment on a daily or weekly basis. This and other kinds of marginal employment have become more common as employers have found ways to avoid regulations through subcontracting work to smaller companies that rely on this type of labor (Bernhardt et al. 2008). Many of these laborers are undocumented workers and have no recourse other than to accept whatever terms are offered. Other day laborers use their jobs to buy drugs, and these relationships feed into a vicious cycle of substance abuse and economic marginalization, while at the same time securing the employer’s ability to obtain low-wage work on an “as needed” basis (Williams 2009).

The Costs of Job Loss and Insecurity

Losing a job has immediate and long-term consequences for household finances. Even among displaced professional workers, two in three receive no severance pay after being terminated. For those who do get severance packages, the compensation varies greatly. Most receive only a modest sum of money (two weeks’ pay being the most common), providing little relief from the financial strains of finding new work (Sweet, Moen, and Meiksins 2007).

The economic impact of losing a job is not a new concern. What has changed in the new economy is the ability of families to weather these disruptions. In the old economy, the husband/breadwinner arrangement made it possible for wives to act as financial reserve units, as well as to hold jobs temporarily when their husbands lost work. Today, the incomes of both spouses are essential to meet family budgets. As a result, short periods of joblessness can devastate family finances in ways that were less common in the old economy (Moen and Roehling 2005; Warren and Tyagi 2003). And this experience is becoming increasingly common. Recent estimates indicate that the percentage of dual-earner families in which one spouse lost a job doubled from 2007 to 2010, with more than a million such couples being reduced to one earner in 2010 alone (Uchitelle 2011). In our own studies, when we asked displaced workers and their spouses what they wished they had done differently, the most common responses were to have saved more and to have put more energy into finding new work before

losing their old jobs. But when families are putting in long, stressful hours of work already, this is often difficult to do. As one displaced engineer, a mother of an eight-year-old boy, told us, “When I think of myself at that time [before I lost the job] . . . I felt like I was doing just about all I could do.”¹

Another problem facing insecure workers is that even though jobs are unstable, they remain tightly tied to individuals’ senses of identity and feelings of self-worth. As a result, losing a job can have a major impact on health and social-psychological well-being (Uchitelle 2006; Young 2012). Job losses also strain marriages, sometimes to the breaking point (Westman, Etzion, and Horovitz 2004). Consider, for example, how job loss affected Lisette, a displaced forty-eight-year-old clinical nurse, and her relationship with her husband:

[My boss] just told me that she had some bad news. That, you know, that they had to make the budget cuts. And my position was one of the positions that was being eliminated. And, I mean, I just burst into tears. . . . And I was just so shocked. Everybody that worked with me was shocked. Just, um, it was just really unexpected and nobody had thought that, you know, it would happen to somebody like me, you know, who had done such a good job and had worked so hard and I was really well liked by everybody there.

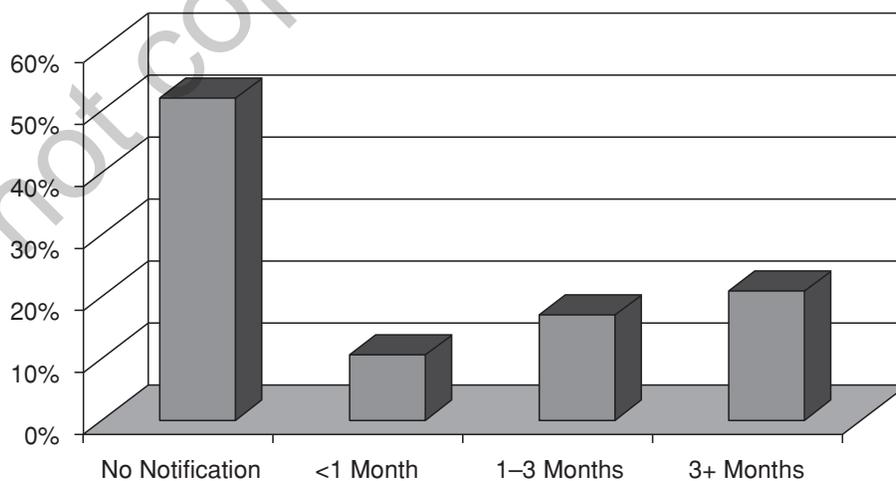
Feeling “lost,” and perhaps in a state of denial, Lisette had difficulty understanding the permanence of her employer’s decision and returned to meet with her boss in the following week to negotiate a means to get her job back. In shame, she avoided telling her husband, Damon, about the job loss and for an entire week she pretended to go to work. Damon, in turn, interpreted this as a “personal rejection” and their mutual satisfaction with their marriage dropped precipitously.

It is not only those who lose jobs and their spouses who are negatively affected. Simply witnessing coworkers being displaced increases anxieties and stress in the workplace (Grunberg, Anderson-Connolly, and Greenberg 2000). However, studies show that this stress can be moderated if employers make visible the rationale for organizational restructuring, provide advance notification that job loss may occur, and give evidence that procedural justice has been used to determine who will (and who will not) lose jobs (Trefalt 2010). In other words, if workers know that jobs have to be lost, agree that job losses are necessary, and are given opportunities to plan, they are in a stronger position to adjust their lives accordingly. Unfortunately the resource of advanced knowledge is seldom provided to displaced workers.

Psychologists and sociologists have documented how planning and a sense of control facilitate social psychological adjustment to change (Bandura 1982; Emirbayer and Mische 1998). Toward this end, advance notification can be the key to helping workers adjust *in anticipation* of job loss. If workers know ahead of time that layoffs are being planned, they are in a position to seek additional training well before they find themselves without a job. In addition, advance notice can give workers and their representatives time to negotiate with employers either to limit the numbers of people affected or to arrange for assistance of various kinds for those employees who are displaced (Uchitelle 2006).

Outside of individually negotiated contracts and collective bargaining agreements secured by unions, in the United States the only “right to know” about job futures was established by the **Worker Adjustment and Retraining Notification (WARN) Act**. This law mandates that companies with more than one hundred workers provide sixty days of notice if they anticipate terminating or laying off fifty or more employees. Though of significant benefit to workers in large companies, this act leaves most workers unprotected—those employed in smaller companies, those who are not part of a mass layoff, those who have worked for the company for less than six months, and part-time workers. Unfortunately, most employers are reluctant to extend advance notification of impending job loss. Exhibit 4.5 shows that half of the displaced workers we interviewed said they received

Exhibit 4.5 Percentage of Displaced Professional Workers Who Received Notification That Their Jobs Would Be Eliminated



Source: Sweet, Moen, and Meiksins (2007).

no notification, formal or informal, that their job would be eliminated. Only a small minority, one in five workers, had three or more months to prepare for the loss of their jobs. And even when employers extended severance packages, the callous methods used to inform employees of layoffs remained a bitter pill. Our in-depth interviews with managers and skilled professionals revealed sobering accounts of what it is like to lose a job in the new economy. For example, Edwin, a forty-year-old engineer and father of three young children, told us of how he lost his job:

How did I learn my job was gone? Um, just all at once. I had no idea I was going to be let go. I was actually saying goodbye to people that were being let go. And, you know, kind of comforting them and telling them it would be okay. And I was sitting at my desk later that afternoon and I just see my boss walk up to me and ask me if I had a minute. And I kind of saw it in his face. And I say right then, "You got to be kidding." He says, "Yup, sorry, bad news." So that was it. It was that cold.

This case is typical. Before being let go, Edwin and his wife had it all—two good jobs, a satisfying family life, and a happy marriage. Their success came after years of working together to locate two jobs, select their community, and reconfigure their work schedules to raise their children (Moen and Sweet 2003; Pixley 2008; Sweet, Swisher, and Moen 2005). In the course of an afternoon, their lives were turned upside down, forcing them to confront difficult, fundamental decisions: how to manage dwindled resources, whose job to favor in the next stage of Edwin's career, and how to cope with the prospect of losing their home and neighborhood ties.

Even when employees have some advance knowledge of impending layoffs, the consequences can be significant. This is particularly true when layoffs affect declining regions, single-employer communities, and older workers (Sweet 2007). In these situations, workers often have great difficulty finding new jobs because little else is available locally to employ them or because of discrimination or skill mismatches. Younger workers may be willing to move away, but older workers typically are more reluctant and are more likely to experience prolonged or even permanent unemployment. The result can be both economically and psychologically devastating, undermining a worker's sense of self as a breadwinner and causing workers, both young and old, to look at work more as a way to pay the bills and less as a source of personal satisfaction and community (Koeber 2002).

Women and racial minorities are especially vulnerable when organizations downsize, reflecting their comparatively tenuous attachments to

careers. One would expect that establishing rules that guide impartial decision-making processes would buffer this dynamic, but this does not necessarily happen. If, for example, the rule is that employees with the longest job tenure or the highest rank have the greatest job protections, this tends to favor white men, as women and racial minorities tend to have held jobs for shorter durations. However, if decisions are based on individual evaluation of each employee's individual contributions to the organization and their performance review, gender and race play a far lesser role in the outcomes. Notably, when antidiscrimination protocols govern layoff decisions, the result is often substantial reductions in differential termination on the basis of gender or race. Thus, formal rules that guide selection of which individuals will be downsized can level tendencies for differential treatment, but the outcomes depend on how those rules operate (Kalev 2014).

Finally, we introduce a counterintuitive observation. Approximately one in four workers who lose jobs actually report that their lives (but not their finances) *improved* in the aftermath. Here it is important to consider who these workers are. The new economy operates on the basis of jobs that can introduce considerable stress in workers' lives and is less forgiving to those who chose to exit these jobs. So when workers' lives improve following an unexpected job loss, usually the job they exited had been taking a toll, but the workers had felt that they had no option other than to persevere in what were sometimes toxic environments (Sweet and Moen 2011). The layoff forced these workers out of a bad situation and made their lives better in a sense. But this experience must be considered in the context of the array of options available to workers, which sometimes offer a choice between a rock (a job that isn't rewarding) and a hard place (unemployment).

Responding to Insecurity: Old and New Careers

The old economy encouraged an orientation to work and careers that is largely discredited in the new economy. Yet some still cling to the career mystique that loyalty will be reciprocated and that finding the good job will result in finding the good life (Moen and Roehling 2005). Today, many are starting to question these assumptions. In the old system, for those in the primary labor market, a "good employee" was someone who had found a well-paid, stable job and who committed his or her career to the employer. Jumping from employer to employer tended to be seen either as opportunism or as a sign of a troubled work history. For those in the secondary labor market, unstable work histories reflected career patterns that were fostered by limited opportunity but also were used as evidence of individuals'

unsuitability for jobs that required greater responsibilities. As a result, demonstrating a lasting commitment to employers or unions became essential for upward mobility, and an employee's loyalty became synonymous with her or his "character." To prosper as an "organization man" or a "union man" required embracing an employer's or union's interests as one's own and seeing oneself as part of an association of like-minded employees (Mills 2002 [1951]; Whyte 1956). Emily, the contract worker introduced in Chapter 1, no longer orients her career expectations in this fashion, nor do her employers consider her character to be suspect. In fact, it is her willingness to hold short-term contracts and complete the work diligently that make her an attractive employee.

For those in primary labor market jobs, employee loyalties in the old economy were commonly reciprocated by employers, who adopted an ethos of **corporate paternalism**—the belief that it is the employer's responsibility to provide for their employees, much as it is parents' responsibility to provide for their children. For instance, in the 1950s, IBM CEO Thomas Watson Jr. proudly stated, "There are many things I want this company to become, but no matter how big we become, I want this company to be known as the company that has the greatest respect for the individual." Consistent with Watson's words, IBM extended generous pay, lifetime employment, and jobs to widows (Kanter 1977). In the latter part of the twentieth century, the CEO's role as the benevolent employer was replaced by a new kind of corporate leader, exemplified by Sunbeam CEO Albert "Chainsaw Al" Dunlap and the legions of corporate raiders who made quick profits by dismantling otherwise profitable enterprises (Bartlett and Steele 1992).² Perhaps the most vivid portrayal of the new corporate ethos is offered in the Michael Moore film *Roger and Me*, which shows General Motors CEO Roger Smith dodging the question of why American jobs were being moved offshore. In contrast to Watson, Smith defined his responsibility as being primarily to the investors of General Motors.

Jobs are insecure in the new economy in part because of a growing acceptance, especially among managers and captains of industry, that jobs should be insecure. An earlier view of employees as assets to be retained has been replaced, not surprisingly encouraged by the temporary work industry, by the view that employees are costs to be minimized in order to maximize profits (Hatton 2011; Smith and Neuwirth 2008). As Brian O'Reilly stated in a widely cited article in *Fortune* magazine, the "new deal" for workers is this:

There will never be job security. You will be employed by us as long as you add value to the organization, and you are continuously responsible for finding ways to add value. In return, you have the right to demand interesting and

important work, the freedom and resources to perform it well, pay that reflects your contribution, and the experience and training needed to be employable here or elsewhere. (O'Reilly 1994, 44)

O'Reilly was writing to the select workers (and their employers) who benefitted under the old system of rewarding seniority with job protections. He presented a case for the continual restructuring of work, fitting people to jobs (as opposed to the reverse), and the dismantling of jobs when work is completed. His view reflects the themes of "rightsizing" and "organizational flexibility" emphasized in numerous managerial publications of the past forty years. The accepted goals of modern business are to be "lean and mean" and to restructure continually—even as a number of critics argued that this often has negative effects on corporate profitability in both the short and the long term (Grunberg, Anderson-Connolly, and Greenberg 2000; Wagar 2001). Though the new social contract has been packaged as providing flexibility, from a worker's perspective it can often look much more like an effort to extend the power to displace employees at will (Pollert 1988).

The problem of job insecurity is pervasive in secondary labor markets, where workers enter jobs with virtually no protection against dismissal. For example, an application for work at a Burger King restaurant informs workers that they "can resign or be terminated . . . at any time without notice or requirement of cause." Though their job application form states that they have access to an arbitration program, there is virtually nothing to arbitrate if the signed agreement says that employers can fire workers at will (Wolkinson and Ormiston 2006).

Fast-food workers are not the only ones who experience this one-sided arrangement. Our interviews with displaced professional workers revealed many stories that show how little loyalty is extended from the top down. Even dedicated, long-service employees are displaced at will and often in ways that show little or no appreciation for employees' past contributions. The account offered by Duke (a thirty-six-year-old engineer at a major manufacturing company) was similar to those of many other workers who had lost their jobs:

They had everybody in the organization go to a meeting. They handed out paper slips, some of the people went upstairs, some of the people went downstairs, and the people who went downstairs were informed that they were done as of that day, and the people who went upstairs were informed that they were going to be kept on for a couple months but their jobs would also be gone. . . . It was a real lousy way to do something like that.

As we made comparisons between workers, and looked at how employees were terminated, we found that Duke and his coworkers actually reported comparatively favorable treatment, in that they received two weeks' severance pay for each year they had been with the company, as well as temporary continuation of their health insurance and access to an out-placement company. In contrast, Tobias, a fifty-three-year-old information specialist, recounts a worse and sadly common experience. After working a series of twelve-hour days to complete an important contract, he was called into his supervisor's office, told that his job was terminated, and was escorted out of the building a few minutes later. Because of fear that he would sabotage work stored on his computer, he was not allowed to log back into the system or remove any personal communications or files on his machine. He was not alone. In the weeks that followed, twelve other employees at his company were treated in a similar manner. Tobias's story is particularly harsh, but he is among many others we interviewed who were "tapped on the shoulder" and escorted out of their buildings within a half hour of being notified that their jobs were gone.

To what extent is the new social contract reshaping workers' commitments to their jobs and employers? Workers, on average, have lesser tenure with their employers, meaning that they are less likely to stay with the same employer for the same amount of time compared to the old economy, and this is especially true among older white males (who were the biggest beneficiaries of tenure-based security systems) (Kalleberg 2013). Other workers (especially women and younger workers) were much more likely to have shorter tenure and less enduring relationships with employers even before the transition to the new economy. Some have argued that the new economy is corroding the character of American workers and undermining lasting commitments to fellow workers and employers. This portrait depicts modern workers as pursuing immediate self-interests but lacking a commitment to labor for a greater good. This perspective suggests that with the transition to the new economy, workers, like their employers, no longer see loyalty as a virtue (Sennett 1998). Although this may be true for some employees, our interviews with displaced workers did not indicate this to be as common as is often argued. Instead of being disloyal, we found that many of the problems experienced by displaced workers resulted from their perhaps being *too loyal* to their jobs. It is possible that they did not feel that sense of connection to their employers that workers felt in the old economy, but they were intensely committed to their work and labored long hours not only because they had to but because they saw it as their duty. For the most part, they continued to behave according to preexisting models of what a good employee should be and to give as much as they could to their employers

and to their coworkers. As a result, the most common response we heard from workers (even those who had a sense that their jobs were unstable) was that learning of their job loss was like “being a deer in the headlights” or “being hit on the head.” They were “stunned,” “shocked,” “distressed,” and “incredulous in disbelief.” Had these workers constructed their value systems and personal strategies to correspond with the new economy, they would not have reported that “employers do not take care of their people” and that they felt “unappreciated,” “annoyed,” “miffed,” “frustrated,” and “extremely angry.” Workers adopting a new set of work values would be much more likely to anticipate job loss and be better prepared to cope with it both practically and psychologically. Most displaced workers do not orient their perspectives in such a manner.

Still, workers’ orientations to jobs and careers seem to be changing. The Bureau of Labor Statistics reported that in 2014 the average length of time workers had been with their current employer was just 4.6 years. The average baby boom generation worker in the United States held eleven jobs between the ages of eighteen and forty-six (Bureau of Labor Statistics 2012). More importantly, far fewer workers expect, or plan, to stay with their current employers throughout their career, a sharp departure from the old ways of working. These data suggest that workers may be redefining career paths, as well as their strategies for navigating labor markets over the life course. Insecurity is also playing a role in reshaping identities. For example, in the old economy, members of the working class relied heavily on the transition to work to mark the biographical transition to adulthood. Today, because working-class jobs are sometimes unavailable and are usually unstable, young adults are not in a position to use employment in the same manner to signal that they have “made it” to adulthood. Instead, adolescence is now extended into a vague stage of “emerging adulthood,” with twenty- to thirty-year-olds defining their status as adults on therapeutic grounds, such as overcoming adversities experienced in childhood (Silva 2012). Similarly, career disruptions undermine the capacities of older workers to create a cohesive retrospective account of life events. Rather than viewing their own life stories as a progression of successes that have accumulated over time, workers now commonly see their biographies as loosely connected and sometimes disjointed experiences (Gabriel, Gray, and Goregaokar 2013). So at both ends of careers, as well as in the middle, job insecurity not only undermines economic security, it also fragments the sense of self.

Some have argued that redesigned workplaces offer some segments of the workforce expanded prospects to develop skills and to be liberated with new horizons of opportunity. These skills may not ensure security in internal labor markets, as they might have in the old economy, but they are

transportable to other places of employment. This optimistic view envisions a mobile workforce charting **boundaryless careers**, engaging in transient relationships between different employers and thereby expanding a variety of portable skills (Arthur and Rousseau 1996; Raider and Burt 1996). Most analysts who adopt the phrase “boundaryless career” use it to emphasize the ways that ranges of individual choices are expanded in the new economy. Such is the case for computer programmers in Silicon Valley. As these workers rotate through a variety of companies, they gain a variety of experiences and earn significant financial rewards, simultaneously enhancing innovation and expanding knowledge (Saxenian 1996). However, the cavalier use of the word *boundaryless* to describe careers needs to be questioned when considering the constraints on worker mobility. For some workers, especially young, educated, single workers, movement from job to job or community to community might be comparatively less constrained and can result in upward mobility. However, the boundaryless concept ignores the everyday constraints on workers that stem from their relations with others. Relocating, for most workers, entails considering how a career move may affect the career of a spouse, their children’s well-being, and the ability to care for aging parents. Older or less-educated workers, in particular, find it difficult to move and are less able to acquire the new skills they might need to “job hop” successfully (Holzer et al. 2011). Rather than having unconstrained careers, workers in the new economy face increased constraints—in terms of social relations and economic demands.

The problem of career instability is also apparent in worker experiences in retraining programs. Many laid-off workers are encouraged to seek additional training, either by going back to school or by taking advantage of either publicly funded or employer-sponsored retraining programs. Workers are told that they should retool, acquire new skills, and adapt to changing patterns of opportunity. Unfortunately, worker retraining often produces cynicism and disappointment, rather than employment. It is hard to know what to retrain for, especially when there may be few jobs of any kind to be found. But beyond this, retraining programs and supports tend to emphasize short-term skill acquisition, rather than the broad education that would make employees truly “flexible”; and retraining often winds up training people for jobs that do not exist. Displaced workers are often reluctant (quite understandably under the circumstances) to abandon their long-standing ties to occupations and industry sectors (Uchitelle 2006).

Additionally, the focus on the upward mobility of unattached professionals pursuing boundaryless careers ignores the careers of workers who labor in less favorable arrangements. A large proportion of the workforce labors in **contingent jobs**, “as-needed” positions, filled by short-term agreements

between workers and employers. These jobs include on-call work, temporary help, agency work, and contract work positions designed to be temporary and unstable. Because of their short-term employment arrangements, contingent workers are commonly treated differently from “regular workers.” For example, temporary workers are sometimes given different-colored security badges, assumed by coworkers to be less competent, not offered employer-sponsored training, and excluded from office rituals such as birthday parties. Because of their perceived marginal status, coworkers are less inclined to express interest in these workers’ lives outside of the workplace and often fail even to learn their names (simply referring to them as “the temp”) (Henson 1996). A widely cited study found that contingent workers earn considerably less pay, have less access to health insurance, and are less likely to receive pension benefits than those who work in more conventional arrangements (Kalleberg, Reskin, and Hudson 2000). Temporary workers sometimes report liking aspects of their jobs, but as Vicki Smith (2002) forcefully demonstrates in her book *Crossing the Great Divide*, nearly all long for secure jobs, something harder to find in the new economy.

It is important to recognize that not all contingent workers are alike. While many contingent workers labor in marginal temporary jobs, others operate as **contract workers**; that is, they provide services to an organization but do not work for them directly as employees. Some companies may use contract arrangements to get around labor laws that protect employees or to avoid having to pay benefits to some of their workforce. However, there also is strong evidence that many contract workers, like Emily, enjoy a sense of freedom in not attaching themselves to long-term commitments to organizations. These contract workers can sometimes command high compensation in exchange for the temporary use of their expertise, and many feel a sense of liberation by removing themselves from the confining walls of any particular organization’s bureaucracy. Still, these workers usually lack the conventional security offered by longer-term employment, so their careers hinge on continually seeking replacement work (Bidwell and Briscoe 2009; Kalleberg 2013; Osnowitz 2010).

Conclusion

In this chapter, we considered risk and job insecurity for American workers in historical and international comparative contexts. We showed that the element of risk is not new and that workers today are far better off than were workers in the early phases of industrialization. At the same time, many workers remain excluded from these protections in the new economy,

and new problems have emerged, including an expanded spectrum of jobs that offer little security. Contemporary employees face different types of risk than were experienced by employees in the old economy, not only in their employment contracts but also in the ability of their families to weather career disruptions. And the demography of the American workforce has changed, not just jobs. Dual-earner families are in a unique position of double jeopardy because the loss of one partner's job can disrupt both partners' careers, while single-earner families (some of whom are single-parent families) also face mounting risks of job loss.

Unlike their European counterparts—who enjoy some protection from risk simply by virtue of citizenship—American workers have few resources to protect them from the consequences of job insecurity and loss. American workers need to hold jobs as well as locate jobs that offer protections in the form of “benefits.” When these jobs are lost, they need to find replacement work quickly. The safety nets established during the twentieth century were built to shelter husband/breadwinner–wife/homemaker families through brief periods of joblessness. These risk management strategies are now woefully insufficient to protect most working families. Similarly, providing pensions and other benefits through employers has become more and more problematic, as workers are forced to move laterally from job to job and from employer to employer.

The new economy has fundamentally weakened the social contract between employers and employees. Employers once believed it was in their own interest to retain valuable employees, but economic instability, global competition, and stockholder pressure have encouraged them to move workers out of jobs at will. This new managerial ethos enables employers to serve the interests of stockholders through flexible labor management strategies but at great cost to American workers, who often are unsure if they can depend on employment beyond the short term. And because employers seldom provide employees with solid information about planned layoffs, workers typically lack the ability to gauge their future job prospects accurately. A more equitable arrangement would necessarily involve providing workers the opportunity to plan careers proactively in an economy of expanded risk and to make tactical career decisions based on solid information about their future employment prospects. Instead, most workers are obliged to be reactive and to redirect disrupted lives in response to decisions they had no part in making.

A return to traditional seniority-based systems of job security does not appear likely, nor would it be unambiguously a good thing. While those systems provided some workers with badly needed protection, they never covered more than a portion of the overall workforce. Moreover, questions

can be also raised about the effects of these practices on labor markets and the quality of work. For example, tenure-based systems in the teaching profession have been criticized for placing younger teachers with fresh approaches (but less experience) at a decided disadvantage relative to older teachers. In an economy in which change occurs rapidly and teachers are called on to continuously retool and upgrade their knowledge and skills, employment practices that simply reward seniority are problematic. This does not mean that the elimination of employment security is a solution to motivating workers, however. What *is* needed are employment systems that reward and encourage creative, forward-looking workers that do not rely on high levels of insecurity as motivators.

In the United States, employers value workers who can be “all in,” which can include taken-for-granted expectations that workers labor full-time and overtime as needed. When labor needs diminish, the solution is to lay off subsets of these “all-in” workers and to retain other employees who are expected to continue working long and hard. This is not the only potential path to managing the complex processes of matching labor supply to meet demand. Consider, for example, that in many Western European countries, employer freedom to retrench workers is constrained even when work becomes more scarce. In response, employers fit labor supply to demand by reducing work hours expected of individual workers, while retaining far larger numbers of employees. The work hour adjustment strategy puts a greater financial burden on employers than the displacement approach, but at the same time it reduces the financial strain experienced by families and the consequences of career disruptions (Applebaum 2011). As we identified at the beginning of this chapter, the big question is who is expected to bear the burden of managing risk and its consequences. Currently, far too many burdens of risk are placed on workers and their families, who also experience far too many of the negative consequences of employment insecurity.

One might expect that as families have become subjected to greater risk, the workings of the new economy would lead more Americans to agree that government intervention is needed to instill safety in a turbulent economy. This has not happened. In fact, as an aggregate, Americans are now less inclined to view government as a solution in comparison to attitudes held before the Great Recession. However, a more careful analysis reveals that Americans are becoming more divided on this issue, with Republicans having much stronger beliefs against government involvement and Democrats having modestly greater faith in government involvement. This indicates that there is not an agreed-upon understanding of how—or if—government should be involved in the risk issue and that there is a need to see this issue as intertwined within larger political debates (Brooks and

Manza 2013). The underlying question is whether Americans can be persuaded that government can be an effective tool for change, a consideration we return to in the conclusion of this book.

Job insecurity will likely remain a contour of work in the new economy. Given this situation, we believe that discussion needs to shift from a focus on *job security* to enhancing *career security* across the life course (Moen and Sweet 2004). This involves allocating resources that help workers transition from one job to the next and eliminating the structures that force workers to be either “all in” or “all out” of the labor force. This also requires a rebalancing of the employee-employer relationship with respect to access to information, so that employees are better positioned to understand the prospects of their jobs being eliminated and so that deterrents to high labor turnover are introduced. And in an economy where many workers either lack jobs or labor in jobs that poorly fit their talents, attention needs to be devoted to increasing work opportunity. As we discuss in the next chapter, this may involve thinking about ways of redistributing some work from those who have jobs to those who do not.

Notes

1. Quotes in this chapter are taken from the Couples Managing Change Study (Stephen Sweet and Phyllis Moen, coprincipal investigators), which included in-depth interviews with 125 dual-earner couples who either held insecure jobs or who had recently lost jobs. For details on methods, see Sweet, Moen, and Meiksins (2007).

2. This nickname was originally coined by workers protesting his labor management practices but was also one he embraced.