

NO- COLLAR

THE HUMANE
WORKPLACE
AND ITS
HIDDEN
COSTS

ANDREW
ROSS

"PROVIDES A BALANCED,
RICHLY TEXTURED, AND, IN THE END,
CHILLING ACCOUNT OF WORK IN
THE HIGH-TECH DIGITIZED
WORLD OF THE NEW ECONOMY."

—WILLIAM WOLMAN,
THE LOS ANGELES TIMES BOOK REVIEW

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The Humane Workplace
and Its Hidden Costs

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PREFACE TO THE PAPERBACK EDITION

No-Collar is a close study of the New Economy workplace in its American heyday—the only such study, to my knowledge. Inevitably, then, the topic of this book has an archaeological feel to it. Even though it has been a little over a year since its initial publication, the classic form of that “humane workplace,” as it flourished before the stock market crash of 2000, is now an historical artifact. It had its own genealogy, of course, since it did not emerge full-blown from the red-hot digital economy of the late 1990s. Several histories combined to give shape to the no-collar workplace, and this book makes an effort to describe how its leading features evolved from the post-war development of the technology industries. So, too, its legacy for the future of corporate work is still being weighed, more often than not, in places on the other side of the globe from its U.S. origins.

The employees who feature in these pages were weaned on a job environment that constantly shifted under their feet and, indeed, regularly melted into air. At the time, this kind of instability was promoted as a thrilling challenge to risk-averse recruits. In retrospect, however, the dotcom layoffs that began in 2000 were a harbinger of the “jobless recovery” that has succeeded the recession. Corporate profits have risen dramatically, in tandem with stock market returns. Yet, by the beginning of 2004, three million jobs had been lost in the United States, and no marked shift toward significant job creation had occurred. The pattern was similar in many other countries. Conse-

quently, the recession had all the marks of a classic exercise in labor discipline. When the No-Collar story began, unemployment levels were edging under 4 percent, well below the plateau of comfort at which big business can enjoy a labor supply that operates in its favor. In addition, the concessions that managers had made to employees in New Economy sectors had begun to migrate into the so-called Old Economy mainstream, ruffling feathers along the way. The recession not only restored conditions that supported a rising rate of profit, it also introduced an element of fear among those lucky enough to survive after hundreds of thousands of jobs, many of them in the IT industry, were moved offshore to Asia.

One of the most prominent myths of the New Economy was that high-value jobs in IT and other data-rich sectors would not follow the fate of blue-collar job loss. As part of the new international division of labor, manufacturing, it was more or less accepted, would continue to migrate to the low-wage South. By contrast, we were promised that the plum white-collar jobs would not only stay in advanced economies, they would increase in number, allowing laid-off blue-collar workers to re-train and move up the value chain. In the last year-and-a-half, this myth has been effectively shattered, as corporate giants have begun to hollow out their white-collar ranks. Most symbolic of all has been the offshoring of engineers, the most lionized of all the New Economy professions. Ironically, it has been advances in technology that have enabled this “knowledge transfer”—the preferred euphemism for layoffs in an industry where many companies prided themselves on a no-layoff culture. In reality, the IT sector had always employed a large number of domestic outsourced and temporary workers, known as permatemps. Their jobs were simply moved overseas, to Mumbai or Chennai, but so were those of fulltimers.

The upshot of this development is by no means clear. New Economy rhetoric about the preeminence of innovation and creativity has been rolled out to embellish the new wisdom that everyone will benefit from the knowledge transfer. Yet again, we have heard the mantra that those who have been laid off will be able to move up into ever more highly skilled and personally satisfying jobs. Yet, not too many labor analysts believe there is much room left at the very top of the value chain. The more likely motion is downward.

For those who have retained their high-value jobs, the pressure to boost productivity has been all the more intense. Retrograde features of the no-collar work mentality described in this book have sharpened accordingly. The time-intensive demands of self-management are even more pronounced. If you work for a large corporation, the threat of losing your job to a lower-priced Asian counterpart will have the desired effect. For those at smaller and medium-sized companies, the rapid opening and closing of market opportunities tends to shape short-term expectations about employment options. Consequently, a layoff is no longer the opposite of employment, it is part and parcel of the job definition. In corporate America, this is one of the few certainties in a world where there no longer exist any clear rules of thumb about forging a sustainable livelihood.

The New Economy workplace was a hothouse creation, and it reflected the best and the worst of the conditions that brought digital technologies to the market and into the daily office environment. Web-based networking is now more like a domestic appliance than the “magical” application it once was, but it has had an inexorable impact on the organization of white-collar work. So, too, the profile of labor pioneered in new media companies offered a striking version of the semi-industrialization of creative work. Readers will see, in these pages, how the craft of idea-making fell under the efficiency routines of the project managers, generating tensions that will be familiar to employees in a range of professions. The result, as I have described it, was a new kind of industrial personality, and I came to see my fieldwork in select new media companies as an examination of its adolescent phase.

In the meantime, managers of urban economies have been quick to seize on the potential of creative industries for promoting their cities’ standing on the landscape of the global economy. The presence of a critical mass of no-collar employees can be used to boost the value of land, in addition to other services. In Shanghai, where I am writing this preface, the city’s Labor Bureau has begun to encourage and advertise for those who might fall into the category of “gray-collar workers,” now an official designation for creative employees whose work patterns are not well served by traditional company routines. These employees are desperately needed to fulfil the needs of foreign in-

vestors who are transferring their operations offshore, to Asia. It is in cities like these, with histories quite different from the bohemian enclaves of San Francisco and downtown Manhattan, that the next phase of the No-Collar story is unfolding.

Shanghai, March 2004

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Jobs in Candyland: An Introduction

It is not work that men object to, but the element of drudgery. We must drive out drudgery, whenever we find it. We shall never be wholly civilized until we remove the treadmill from the daily job.

—HENRY FORD, *MY LIFE AND WORK*

GOOD JOBS DON'T FALL FROM THE SKY. NOR, IF THEY DID, WOULD we know what to make of them. Like the aliens who visited us in Cold War science fiction films, they might well be regarded as threats to our way of life. A good job is neither a product of nature nor an extraterrestrial life-form. It is one of the most highly crafted of human inventions, and at times, it seems as if all of history's hardest knocks and sweetest yearnings have gone into its making. Think of all the lives given up or ground down in the long struggle against slavery and indenture and then, once labor was free, how much more strife was needed simply to secure decent, safe conditions for factory workers. Then consider how close to the bone of drudgery the chores of white-collar routine had to be stripped before management gurus decided that office work needed a human touch. In fact, for most people, the right to enjoy humane work has been more difficult to attain than the right to vote, even though they are

given equal billing in the United Nations' Universal Declaration of Human Rights.¹

But what is the point of our never-ending search for work that is both satisfying and well rewarded? After all, for the vast majority, the gospel of work has always been viewed as a wily scheme, cooked up to motivate us to do unpleasant tasks. "If work really were such a good thing, then the rich would surely have found a way to keep it for themselves." Who could dispute the force of that pithy Haitian proverb? Yet we also know how important it has been for people to view their toil as worthy in and of itself and to believe that, one day, it might even add up to something of worth to others. The early Marx, who touted the dignity of labor as much as he deplored its exploitation, declared that man is "free only" when he "recognizes himself in a world he has himself created."²

Marx's phrasing was tailored to the producer society in which he lived, where most people still made or grew things. In today's high-wage countries that is no longer the case, and in our therapy culture there are many kinds of self-recognition that he might have deemed unworthy of interest. Although Marx had something more ambitious in mind than simply the creation of good jobs, the gist of his observation might easily be adapted to the toil of our times. In order to earn a livelihood, we are compelled to work hard at things that are beyond ourselves. If the effort and the product of that effort make us more human, if we feel like the owners psychologically, if not materially, of the product, and if enough of our coworkers feel the same way, then we are on to something quite rare, at least in a for-profit economy—so rare, in fact, that we can ill afford to dismiss any encouraging evidence that comes down the pike.

Inspired by curiosity, this book is a report about the New Economy workplaces that begged for attention in the last years of the twentieth century. Uncommonly flattering claims were made on their behalf. Against all the odds, and underneath all the hype, they appeared to be making a step in the right direction: They offered jobs to write home about. Yet the economic soil that hosted them is the unstable geology of our times and it was prone to move under their feet. Their nascent industry and the skills it bred would not be left to mature in peace. These workplaces quickly mutated under the shape-shifting pressure

of modern capitalism, proving to be a fast-moving study for the prospective investigator.

Named to reflect the nonconformist spirit of their work mentality, *No-Collar* documents the quixotic life of these workplaces, concentrating on new media companies in New York's Silicon Alley. Most commentators on this sector have focused on the new technologies or on the whizzbang New Economy with which they were associated. By contrast, my book is about how the employees themselves judged their workplaces. I had been a Silicon Alley-watcher for several years, so I had my own theories (some of them in print) about whether the industry's version of work was a true kernel of hope or just another con game. But I had grown weary of armchair opinion on this topic and resolved to find out for myself. After all, how often in the annals of modern work do we hear employees speak so enthusiastically about their jobs? The window of opportunity for someone to document and analyze this kind of workplace might well be short-lived, and so I undertook my study with the aim of learning from employees while they were on the job.

Accordingly, it is on the basis of those employees' own experiences that this book extracts lessons about the future of work in the trades we identify with the knowledge industries, though I believe they might also be applicable to other occupations. In my account of the no-collar people, who aspired to answer only to newly minted ideas and next-generation technologies, readers will also hear echoes of bygone workplaces. Work patterns and conflicts rarely disappear; they are always being recycled into new forms. Besides, how can the evangelists of the future pitch their wares if they cannot draw upon the thwarted dreams of the past?

Time to Change

However dubious its worth to the mass of the population, each new gospel of work opens an inspirational door for some fraction of society to push beyond its current lot in life. The much vaunted Protestant work ethic meant very little to those driven by hunger and want into the factories and mills of the Yankee industrial revolution. Nor did it make much headway in the antebellum South where the solid

paternalism of plantation slavery held sway. But for a good portion of the nineteenth century, the secular formula of this ethic—improving one's station through hard work—brought a real sense of opportunity and purpose to independent artisans, freeholders, and small business proprietors who could see a clear path to betterment through their own punctual toil, thrift, and perseverance. Their success was promoted as a model for society as a whole, and their example inspired a flood of popular tales and tracts (Poor Richard, Horatio Alger, Samuel Smiles, Peter Parley, the McGuffey readers) about the virtues of hard work. A distinct kind of heroic praise is issued from intellectuals like Emerson, who eulogized that “a man coins himself into his labor; turns his day, his strength, his thoughts, his affection into some product which remains a visible sign of his power.”³ Like Marx, Emerson was influenced by Romantic ideas about the many-sided, Renaissance dimension of artisanal work, and he believed that the free development of individuality could be realized only through the labor of self-mastery—an idea of especial importance to the growing republic.

Though this work ethic was a Northern European import, the local opportunities and rewards it wrought attracted wave after wave of emigrating artisans. Nowhere was the belief in self-improvement more exalted than in an America still tied to its republican faith in the virtue of small property holders. Nowhere has nostalgia for the heyday of the independent owner-operators run deeper or with more spirited sentiment. Sympathy for the small guy, or regret for his demise, is the bedrock of 90 percent of American popular culture. For every occupation and every profession, there is an edifying story to be quarried about lone mavericks looking to upend some large, diabolic organization through their native wit and zeal.

It is easy to see why. However romanticized, the self-reliant culture of the workshop artisans was gradually dismantled by the hiring ways and punch-clock accounting of the factory system.⁴ With the advent of monopoly plutocrats and vertical corporations at the end of the nineteenth century, the individual pathway to advancement was increasingly paved over. Business independents were now edged out of the competition; family farmers were squeezed by agricultural cartels; and free artisans, whose craft skills had been preserved through

early industrialization by union control over work rules and stints, were supplanted by the advanced factory techniques of scientific management.⁵ The key to assigning personal worth soon lay in the hands of managers and technicians, bound by the efficiency rule of the stopwatch and the cold tempo of high-volume industrial process. For the blue-collar worker, the gradual mechanization of the workplace diminished the ordeal of physical pain on the job, but at the cost of reducing the worker to a servo-mechanism. Office automation eliminated many menial tasks but also introduced white-collar employees to a range of new physical ailments and nervous disorders. In a machine civilization, run by the clock and driven by the stern pace of the assembly line or the data flow, the bittersweet reward for decades of company service was a retirement watch—a ritual to acknowledge that employees' time was finally their own, no longer controlled by manager or machine.

In 1972, a wildcat strike at General Motor's Lordstown assembly plant in Ohio drew a great deal of public attention for the nature of its protest against the inhumanity of the work pace. At an assembly line speed of 101.6 cars per hour—one vehicle produced every 36 seconds—the Lordstown line was the fastest in the world. Its labor force and its local UAW leaders were exceptionally young (“an average age of 24 or 25,” and “mustachioed, hip-talking, long-haired, pigtailed and bell-bottomed” in the words of a *Time* editorial). During the strike, they exhibited attitudes (“irreverent of all decision makers,” according to *Time*) previously associated with the middle-class students and other refuseniks who had made their mark on the mores of the 1960s. For the most part, theirs was not a grievance over hours and wages. It was a protest against the *quality* of work, and it flew in the face of their parent union's contract with GM, which promised high productivity and labor peace in return for high wages, typical of the postwar compact with corporate America.⁶

The Lordstown strike was provoked by line speedup and by resentment at the activities of GM time-study inspectors, but workers also expressed dissatisfaction with the form in which the company had offered “job enrichment.” GM had responded to grievances about the monotony of assembly line work by assigning workers a variety of tasks rather than slowing the line and redesigning the work process in

more stimulating ways. Like subsequent landmark strikes—the 1981 walkout by PATCO air traffic controllers and the 2000 Verizon dispute over the stressful demands of Internet time on infrastructure workers—Lordstown was about the human toll of work. Indeed, it was widely perceived as evidence that the ethos of Woodstock—with its protest against the authoritarian suppression of pleasure and its demand for creative expression in everyday things—was being embraced by working-class people. For broader statistical evidence of discontent, it was enough to point to the soaring rates of absenteeism, turnover, walkouts, and sabotage that were being recorded all across the manufacturing sector and beyond.

A year after the Lordstown strike, calls to humanize the workplace took an official form in *Work in America*, a report published by the Department of Health, Education, and Welfare. The report concluded that “a significant number of Americans are dissatisfied with the quality of their working lives. Dull, repetitive, seemingly meaningless tasks, offering little challenge or autonomy, are causing discontent among workers at all occupational levels.” The “alienation and disenchantment of blue-collar workers” was matched by “the disgruntlement of white-collar workers” and the “growing discontent of managers,” and the public purse was paying the physical and mental health costs of all of this chronic alienation on the job. *Work in America* also lamented the “anachronistic authoritarianism of the workplace,” which resulted in a lack of participation in decision-making on the part of employees. In recommending the “redesign of work” in ways that went far beyond job enrichment, the report deferred to the belief that “having an interesting job is now as important as having a job that pays well.”⁷

Federal recognition of the problem was bolstered by Studs Terkel’s influential 1972 book, *Working*. The widespread oral testimony collected by Terkel affirmed that meaningless work does “violence to the spirit” as much as to the body. A Lordstown unionist, for example, expressed disdain for “the almighty dollar” and spoke more eagerly about his “rights,” “the human factor,” and “the social aspects” of the job. These sentiments were by no means confined to working-class malaise. For “the walking wounded among the great many of us,” Terkel asserted, “the blue collar blues is no more bitterly sung than

the white collar moan.”⁸ The HEW report and Terkel’s book appeared at the end of the long postwar boom, a period that turned out to be the twilight of the settled age of mass industrial production in the West. The landscape of work would be buffeted by storms of change over the next two decades, beginning with the massive impact of deindustrialization brought about by corporate outsourcing of manufacturing jobs. Turbo-driven by a shift in investment capital from manufacturing to finance, a new kind of service economy came into being, accompanied by a breathtaking increase in income inequality that would downsize the cherished American middle class to the very smallest among developed nations.

In the interim, corporate America tried to address the problem of the redesign of work through a long succession of management innovations, from “quality of work life” in the 1970s to “business process engineering” in the 1990s. The velocity of change in corporate life quickened into a blur. By the 1990s, the stable and relatively secure environment of the postwar workplace was almost a museum relic. The paladins of the business world were CEOs like Jack Welch and Al “Chainsaw” Dunlap, whose take-no-prisoners style of downsizing exhilarated investors and nauseated employees in equal measure. Fluidity, innovation, and reinvention were the flavors of the day, and Wall Street reacted to little else. In this increasingly financialized economy, executives ordered organizational changes simply to trigger a bounce in the company stock price. As a result, layoffs and cutbacks were legion, even in a strong economy. Even as company profits soared in the boom years of the 1990s, millions of employees were displaced, some of them blithely declaring their independence, as free agents, from the serfdom of the large corporations.⁹

Return of the Artisan?

Given the speed and ubiquity of these upheavals and the grievous toll they took on employees, what did a good job look like at the end of the millennium? Had any progress been made since the *Work in America* report in devising a humane workplace? Where would we look for evidence of personally fulfilling, even challenging, work that brought satisfaction rather than bitterness into the lives of employ-

ees? Were there jobs in Candyland? If the answer was yes, the least likely place to find them was inside a large American corporation.

By the 1990s, it was widely believed that the pursuit of the good life was no longer compatible with full-time employment in corporate America. For those raised during the Depression, the large corporate organizations were seen as havens of security for much of the postwar period. Cold War competition with socialism prompted managers to sweeten the pot of welfare capitalism. White-collar loyalty to the company was rewarded by a sheltering raft of benefits that seemed only to expand as union pressure brought similar gains for blue-collar workers. Beginning in the 1970s, this formula of mutual trust was rudely pushed aside and laid to rest in the course of a long season of mass layoffs, first in manufacturing and then in the white-collar ranks. By the early 1980s, the ax was falling hardest on middle managers, who accounted for between a third and a half of all the “demassing” or “delaying,” to cite two of the layoff euphemisms of the day.¹⁰ These layoffs were introduced as short-term responses to competitive pressure from Cold War junior partners, Japan and Germany, but they quickly became an obligatory sacrifice to the gods of cash flow and profit maximization. Eventually they were normalized as a prerequisite of Wall Street’s approved profile for the investment-worthy company. As a result, layoffs today are no longer the opposite of work in America. They are part of the definition of what work is, or what work is likely to be, in an economy increasingly marked by nonstandard or interrupted employment.

As large corporations lost the trust and respect of employees, they also provoked the scorn of a new breed of management gurus for their bureaucratic stagnancy. The work rules, hierarchies, and rituals of corporate organization were condemned for stifling initiative and creativity and for stunting the appetite of employees for opportunity and meaningful self-application. In *The Change Masters*, her influential 1983 clarion call for a “corporate Renaissance,” management theorist Rosabeth Moss Kanter lamented that “great art has not come out of the corporate sector; only dull monotony and Babbitty.” “Between Horatio Alger and the recent past,” she observed, “we have had only Willy Loman and the man in the gray flannel suit—and stories about the smothering of creativity.”¹¹

Moreover, Kanter was among the earliest to recognize and praise the “more colorful and expressive” character of the high-tech companies in Silicon Valley and Route 128, “populated by the generation that gave us beads and plumage.” These companies were more informal and democratic in their organization and employee culture. They were faster on their feet and more nimble in responding to new market demands, new technologies, and new business problems. They appeared to promote a humane workplace not as a grudging concession to demoralized employees but as a valued asset to production. Kanter and her ilk lobbied hard against the Prussian militarism of the industrial corporation and in favor of companies that would meet these dual demands for reform—championing a humane workplace as well as increasing economic competitiveness—without overly compromising either.

These were the roots of the much publicized face-off between the New Economy and Old Economy in the 1990s. As rising productivity coincided with the Internet stock boom in the last few years of the decade, it became common to identify all digital or online companies as New Economy and all brick-and-mortar firms as Old Economy.¹² Although this demarcation was not always useful or accurate as a way of distinguishing between types of organizations, it is generally true that most of the Internet startups of the period did incorporate the reforms described above. Throughout this book, I use the term New Economy as a historical period marker and to acknowledge its conventional association with Internet companies.

The most prominent feature of the reform legacy was a work culture that embraced openness, cooperation, and self-management. Such habits of work had been discouraged in the pyramid organization of the postwar corporation, and they were verboten in the early high-tech echelons of IBM, RCA, AT&T, GE, and Westinghouse, which emulated military-style secrecy and discipline to the same degree that they pocketed research funding from the Department of Defense. Silicon Valley was less intimate with direct federal funding for research, though the growth of its companies was still fueled by lavish defense contracts. In the Valley’s technology startups, an anti-authoritarian work mentality took root, and over time it grew its own rituals of open communication and self-direction, adopting new