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Dilemmas of Owners and Workers in a Risk Society

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Executive Summary

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The purpose of this paper is to examine perceptions of risk among employees and employers in small information technology (IT) firms. In the current context of increased insecurity, instability, and labour market risks, workers are subjected to heightened risk. Trends such as pension retrenchment, increases in portfolio careers, unemployment, and underemployment speak to a growing climate of insecurity in the realm of paid work; however, they tell us very little about the meaning that workers attach to risk or about their experiences. The specific aspect of risk-bearing that we address in this paper refers to risks borne to support the viability of the firm. We investigate this phenomenon in the IT industry, where it is often manifested.

The tendency to "entrepreneurialize" the workforce suggests unique implications in an already entrepreneurial context like small IT firms, where innovation, rapidly shifting landscapes, and risk are commonplace. The IT industry has endured a well-publicized history of volatile ups and downs. Indeed, jobs in small firms, whether contract or "permanent" in nature, are not intrinsically secure, as the small firms that steadily pepper the IT landscape are renowned for their uncertain survival rates.

Focusing on small IT firms, in this paper we investigate how risk is perceived and managed by owners and workers. We present an analysis of risk discourse and employment relations gathered from IT owners and workers in four study countries: Australia, Canada, the United Kingdom, and the United States.

Our analysis shows that not only owners and managers but also employees worry a great deal about the future of the firm – and employees worry more about that than they do about a range of other job-related issues, including their personal ability to be competitive in the job market. Owners and managers take on direct financial risks and bear the consequences of failure; however, employees and employers share risks in these firms, particularly in turbulent times, to see the firm through to success.

Employees and employers adopt an entrepreneurial team-based firm culture to manage firm risks. "Pulling together" and "working as a team" secures the willingness of employees to join owners and managers in risk-taking on behalf of the firm. Employers place a great deal of importance in recruiting people who will be good team players and fit in with the team; risk-takers are also considered desirable hires. Thus for owners, hiring constitutes a substantial and daunting risk; tactics such as short-term contractual hires are used to minimize this risk.

In small firm environments, owners depend upon workers heavily, and everybody is needed to make sure that deadlines are met and projects are completed. Many owners are concerned about the possibility that workers may take a form of leave (i.e. skill maintenance, compassionate leave, vacation, or parental leave), as this is experienced as crippling in most small IT businesses struggling to establish themselves or maintain their place in the market. Owners consider these leaves as a form of "skill loss," in addition to employees who are not productive; ironically, for employees, "skill loss" calls up images of skill deterioration or stagnation.

Our study has been situated in the IT sector, which values entrepreneurship. Entrepreneurship is all about taking risks, and risk entails the possibility of failure. The motivation for employees to take these risks is apparently not simply the desire for wealth. In the IT firms we studied, those workers who were not owners worked for the company or organization as much as for themselves because they identified the success of the company as a prerequisite for their personal success. Also, the firms used a number of practices to foster social integration (for example, the well-known strategies of providing on-site recreational facilities or opportunities and providing pizza for "all-nighter" work sessions), and they were often characterized by a team approach to decision-making.