Dilemmas of Owners and Workers in a Risk Society

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Executive Summary

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.

Dilemmas of Owners and Workers in a Risk Society

1. Introduction

The purpose of this paper is to examine perceptions of risk among employees and employers in small information technology (IT) firms. Self-employment and entrepreneurship have been highlighted as adventuresome ways in which to "take charge" of one's career and work path. Indeed, entrepreneurship has long been characterized as a risk-taking activity (Schumpeter, 1934) where being an "entrepreneur" and pioneering one's own business enterprise has implied "a propensity for risk-taking behaviour" (Turner, 2006: 524). In the realm of business and economics, "risk" is understood as a largely measurable, calculable, and rational enterprise where degrees of risk can be assessed mathematically. For sociologists, this understanding of risk is steeped in the nature of "modernity" itself – the time period of the late 18th and 20th centuries where numerous aspects of society were subjected to rational measures like statistical probability and bureaucratic procedures (Abbott and Kelley, 2005; Denney, 2005). Thus, in modernity, risks became managed scientifically and lay in contrast to the dangers of pre-modern times – events and happenings that appeared to be capricious, unpredictable, and fateful (Bullen et al., 2006). According to Lupton (1999), risk is no longer so frequently considered a neutral concept, but rather it now refers to the potential for negative threats and occurrences and the management or avoidance of them.

Numerous scholars and commentators have outlined societal changes that harbour increased insecurity, instability and risk in the labour market for ever more workers (Hacker, 2006; Perrons et al., 2006; Saunders, 2006; Walby et al., 2006). There are persistent signs that the creation of a more flexible, temporized workforce has not ceased (Kalleberg, 2003; Kashefi, 2007), and in many policy quarters increased flexibility is actively advocated (Chen, 2007; Marshall, 2009; PRI, 2005a; 2005b). This and other 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.

Traditionally, risk-bearing in firms has been confined largely to entrepreneurs or investors themselves but not delegated to workers. We mean this in a specific way, referring to risks that are borne for the sake of the firm. In many ways, workers are much more subjected to risks, such as health and safety risks, than the entrepreneurs or investors who established and control the firms for which the employees work. The specific aspect of risk-bearing that we address in this paper refers to risks borne to support the viability of the firm. The concern is with firm, rather than employee, survival. 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. For example, less than half (46%) of the Canadian small firms that began in 1994 were

still in operation three years later (Industry Canada, 2006). The small firms that steadily pepper the IT landscape are renowned for their uncertain surviv al rates. According to Knaup (2005), US firm survival rates are especially dismal in IT, where "despite the early success of the 'dot-coms' during the1990s, the inform ation industry had the lowest two- and four-year surv ival rates, 63 percent and 38 percent, respectively." In IT , the pros pects of incom e loss and unem ployment are not distant and removed threats but constant possibilities and near pasts.

Smaller and m edium-sized IT workplaces brin g together workers and owners/employers who struggle in the risk society. On the one hand, th e IT workforce is predom inantly a privileged group – white, male, young to middle-aged, and middle-class with strong educational backgrounds. On the other hand, both workers and owners face ex ceptional volatility in the business sector and instability in the occup ational rea lm. Focusing on sm all and m edium-sized IT f irms, in this paper we investigate how risk is perceived and m anaged by owners and workers. We present an analysis of risk discourse and employment relations gathered fr om IT owners and workers in four study countries: Australia, Canada, the Unit ed Kingdom, and the United States. The anal ysis focuses on comm onalities, although we will hin t at societal context as a factor conditioning the encounter with risk (for a focus on societal comparisons see Haviland and Marshall, 2007).

2. Methods

This paper exam ines the m eaning that owners and employees attach to the concept of risk in th e IT sector. T he data are drawn from an international study of IT work, *Workforce Ageing in the New Economy*. W e e xamine we b survey and qualita tive interview data from four study countries: Australia, Canada, the United Kingdom, and the United States. The web survey was completed by 404 respondents – 58 owners and 346 employees – in 44 firm s.[1] The qualitative data were collected from purposively selected respondents to the web-based survey.

In the web survey we asked several questions ab out worry in relation to employment, one's firm, and the state of the economy. We first present the frequencies of these variables and then present these data in cross-tabula r format acc ording to co untry, age, and employment status. In assessing these data we argue that structural risk is made manifest in some as individual worry.

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[1] The number of usable surveys ranged from 81 to 139 over the four study countries. Selection of respondents was thus con tingent on t he many factors that led the investigators to seek case studies in the four countries, and our success in securing them. As a resu lt, we cannot make any population inferences from the survey. An additional factor with all w eb-based sur veys is w hat to co unt as a completion. I n a p ostal surv ey a r espondent might complete a portion of a questionnaire and become disgruntled by certain questions or simply too busy or forgetful to complete the instrument. On the other hand, he or she might return a partial survey. I n web-based surveys, disgruntled or busy respondents might return surveys with varying degrees of completion. In calculating response rates, we treat ed surveys as received if respondents completed the first s ection (of t hose who di d so, 89 percent completed the whole survey). Response rates varied from a low of 22 percent in Australia to a high of 75 percent in the United Kingdom. The rat e was 60 percent for Canada and 50 percent for the United States (67 percent if one case study without full management buy-in is excluded).

The qualitative analysis is based on se mi-structured interviews with 343 IT respondents (Australia=71, Canada=141, UK=44, US=87) from 36 small firms (between 4 and 20 employees) and 8 mid-sized firms (between 21 a nd 99 employees). The average age of interview respondents in Australia and Canada was 37 years. Men made up a higher proportion of the employees in the firms we studied than did wom en, mirroring the nati onal context of IT work in all of the study countries. In our final sam ple, men constituted about 71 percen t of our interview respondents and 73 percent of our survey respondents. Interviews were conducted by several project investigators and lasted approxim ately 50 m inutes. Questions were open-ended, focusing on experiences of IT work, employment relations, aging, and the IT industry.

A qualitativ e data analysis software packag e, NVivo, fa cilitated th e data an alysis, which proceeded in three ph ases: th e o rganizational coding of interview tr anscripts (L ofland and Lofland, 1995), a textual analysis of risk-related term s, and the an alytical coding of risk-related interview passages. Organizational categories relevant to assessing risk from the first phase were selected for further analytical coding, and they intersected as follows: "age" with "industry landscape," "skill," and "hum an resource policy," respectively; and "hum an resource policy" with "recruitment" and "turnover," respectively. The use of t he word "ris k" and other risk-related terms/events by respondents, such as "chance," "gamble," "bust," "debt," "worry," "secure," "stable," "entrepreneur," and "laid off," were assessed through a text search.

3. Results: Web Survey

Table 1 shows the extent to which survey participants worry about the future of the company, the IT industry, "offshoring," one's ab ility to rem ain com petitive in th e IT industry, k eeping sk ills current, and the future of the economy as a whole. Perhaps not surprisingly, given the size of the firms in our study, only 12 percent of our respondents were not at all worried about the future of their firm. This com pares with about one-third who were not at all worried about the future of the IT industry as a whole, half who were not at all worried about offshoring, 22 percent who were not at all worried about thei r ability to remain com petitive in the job m arket if they should lose their job, about a third who were not at al l worried about keeping their IT knowledge and skills current, and 18 percent who were not at all worried about the state of the econom y in general.

Put a different way, with the exception of the wo rry of offs horing (about which only 50 percent of the respondents expressed som e worry), 65 pe rcent or more of the respondents expressed at least som e worry about each of these issu es. And, the future of the com pany was listed as worrisome by the highest percentage of respondents, 88 percent.

Table 1. Percentage and Number of Respondents Who Worry about Various Job-Related Issues

% (n) who worry about:	Response (n=404)			
	Not at All	Somewhat	Quite a Bit	A Great Deal
Future economic success of the company	12.4 (50)	31.2 (126)	33.7 (136)	22.8 (92)
Future of the IT industry	34.9 (141)	37.1 (150)	21.5 (87)	6.4 (26)
Offshoring of IT jobs to other countries	49.9 (201)	28.3 (114)	15.1 (61)	6.7 (27)
Ability to be competitive in the job market should you lose your job	21.8 (88)	31.8 (128)	30.5 (123)	15.9 (64)
Failing to keep IT knowledge and skills current	30.8 (124)	37.5 (151)	25.6 (103)	6.2 (25)
The state of the economy in general	17.9 (72)	46.9 (189)	28.3 (114)	6.9 (28)

Table 2 shows the age similarities and differences in the percentages of those who worry quite a bit or a great deal about these issues. Although age does not appear to influence whether individuals have substantial worries about the future of the IT industry, offshoring, the ability to stay competitive in the job market, or keeping skills current, higher percentages of those aged 40 and older seem to worry about the future success of the firm and the state of the economy in general, as compared with those under the age of 40.

Table 2. Percentage and Number of Respondents Who Worry Quite a Bit or a Great Deal about Job-Related Issues, by Age

% (n) who worry "quite a bit" or "a great deal" about:	Age (n=401)	
	<40 (n=230)	40+ (n=171)
Future economic success of the company	53.5 (123)	61.4 (105)
Future of the IT industry	28.7 (66)	27.5 (47)
Offshoring of IT jobs to other countries	22.7 (52)	20.5 (35)
Ability to be competitive in the job market should you lose your job	44.8 (103)	48.5 (83)
Failing to keep IT knowledge and skills current	33.0 (76)	29.8 (51)
The state of the economy in general	32.2 (74)	39.2 (67)

Table 3 shows these data for each of the countries in our analysis. Several differences are worth pointing out here. First, a higher percentage of respondents from Australia report greater worry with regard to offshoring, staying competitive in the job market, and keeping skills current than respondents from the other countries. Second, higher percentages of respondents from the United Kingdom worry quite a bit or a great deal about the future success of the firm, whereas a higher percentage of respondents from the United States report worrying about the state of the economy in general. With regard to the future of the IT industry, more Canadians report this as a worry when compared with those from the other study countries, although the differences are not that great.

Table 3. Percentage and Number of Respondents Who Worry Quite a Bit or a Great Deal about Job-Related Issues, by Country

% (n) who worry "quite a bit" or "a great deal" about:	Region (n=404)			
	Australia (n=69)	**Canada** (n=94)	**UK** (n=117)	**USA** (n=124)
Future economic success of the company	47.8 (33)	55.3 (52)	62.4 (73)	56.5 (70)
Future of the IT industry	26.1 (18)	31.9 (30)	29.1 (34)	25.0 (31)
Offshoring of IT jobs to other countries	29.0 (20)	18.1 (17)	18.1 (21)	24.2 (30)
Ability to be competitive in the job market should you lose your job	52.9 (36)	40.4 (38)	47.9 (56)	46.0 (57)
Failing to keep IT knowledge and skills current	45.6 (31)	26.6 (25)	32.5 (38)	27.4 (34)
The state of the economy in general	32.4 (22)	33.0 (31)	30.8 (36)	42.7 (53)

As Table 4 shows, higher percentages of owners than non-owners report having quite a bit or a great deal of worry about the future success of the company and the state of the economy in general. On the other hand, higher percentages of non-owners report worrying about the future of the IT industry, their ability to remain competitive in the job market should they lose their jobs, and failing to keep IT skills current.

Table 4. Percentage and Number of Respondents Who Worry Quite a Bit or a Great Deal about Job-Related Issues, by Ownership

% (n) who worry "quite a bit" or "a great deal" about:	Ownership* (n=404)	
	Non-owner (n=346)	**Owner** (n=58)
Future economic success of the company	54.9 (190)	65.5 (38)
Future of the IT industry	27.5 (95)	16.2 (18)
Offshoring of IT jobs to other countries	22.3 (77)	19.0 (11)
Ability to be competitive in the job market should you lose your job	50.1 (173)	24.1 (14)
Failing to keep IT knowledge and skills current	33.0 (114)	24.1 (14)
The state of the economy in general	32.8 (113)	50.0 (29)

* "Ownership" refers to whether or not the respondent is a principal in the firm, which can be in terms of title, share ownership, and/or decision-making or functional capacity.

With these data p roviding contex t, we now tu rn to the in terview data to f urther asses s th e meaning that respondents attribute to risk.

4. Results: Interview Data

Although risk pivots on what "m ight" transpire (Adam and Van Loon, 2000: 2), as is the case in relation to the worries noted above, respondents drew upon the past, from both their own work history and the work experience of parents and other generations, to sp eculate on the changing nature of risk. Respondents (bot h owners and workers) spoke about their past and present work history in light of the volatility of the IT indus try, and their anticipated future in IT. The m ain ways in which our respondents characterized risk were as f ollows: (1) generational a ssessments of risk or the view that the nature of risk a nd employment has shifted from the experiences of previous generations; (2) industr y fluctuations and financial in stability; (3) the negotiation of firm-level risk through team cultures and hiring practices; and (4) the risk of redundancy and unemployability throug h skill loss. Because the data pre sented abov e clearly show that the future of the fir m weighs strongly on the m inds of most owners and workers, we focus on that here.[2] W hile this level of concern might be expe cted of owners, how is it th at work ers – new

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[2] The CEO of one of the US case study firms made the following distinction: "… and there's two types of risks that I'll say. Th ere's an entrepreneurial risk. Whether its j oining a start-up company or taking an idea that you have and bring ing it to m arket, that's a whole d ifferent typ e of mentality …. Th en I'd say there's a what I'll call a career r isk, or in o ther words, you're – you've got you r Windows cer tification and yo u've b een do ing network administration for three years and you're bored out of your mind. Well, you may have to do a later al move into another group, um, at the same pay structure that may seen uncomfortable, or out of your comfort level. And it's risky, you've never done it before…" (key informant 3, US WANE).

economy workers who have been os tensibly impelled to think in terms of career and skills, and not necessarily career and firm – express such concern? This m ay in part be co ncern about potential unemployment, yet our interviews suggest that, in fact, workers are strongly committed to their projects, fellow workers, and "teams."

4.1 Entrepreneurial Team-Based Firm Cultures in the Face of Industry Risk

Small IT firm s must undertak e risk in order to succeed in a rapid ly changing industry, yet firm actions and polic ies te nd to be c onstrained a nd focused on the near future. A Canadian programmer notes: "In a s mall company everythi ng is analyzed for opportunity; risk pretty much be damned … you're going to be good for two years well you know in a s mall company that's forever" (Canadian programm er, man, la te 30s). A num ber of firm s encourage an environment where risk-taking and entrepreneuria l behaviour are at the forefront. Owners and managers take on direct financial risks. Indeed, a number of IT owners feel that they bear the major burden of financial ruin should the business fail:

> Basically, I have all the risk if things go down … I really had no assets so if the company were to go bankrupt I don't own m y house, I don't really own my car, I think the bank still does and you know, it's just , whereas they have definite assets that and there's certain lim its of, if you own a part of the com pany and it has an incorporated entity as the director or o fficer you can be held liable for certain things. Just, considering the shaky gr ound w e started on, I think about these things (Canadian IT owner, man, late 20s).

> So everybody here, all the owners went a year without getting paid. So you know his bonus is that, he was the one who sacr ificed an entire year's worth of pay, which is a lot of money (US IT manager, man, early 30s).

While t here ar e defi nite r isks for smal l fi rm I T em ployers, it seem s that, in general, during turbulent times the hardship is shared, and both employers and employees attempt to see the firm through.

An atmosphere of sacrifice and financial strains in particular is to some degree taken for granted and considered part of paying one's dues. This Canadian IT manager and one-time IT owner says:

> … there were som e horribly lean tim es I mean, anybody in this industry that gets into a project like this has to be prepared for some personal hardship ... you would have to be prepared to work at less than m arket value … you'd have to be prepared sometimes to not get paid … sometimes if you're in my position I had to prop this company up a couple of tim es with my house. M y ex-wife didn't like that … there are energy costs attached to this that not ev erybody's prepared to give. They're not going to give that ener gy up; they're not going to take the risk" (Canadian IT manager, man, mid-50s).

For owners in this con text, cultivating a team atmosphere is critical. A chief executive officer (CEO) from the United Kingdom s ays that his firm has "them es about clim bing Everest and getting to the top as a team " (UK CEO, m an, early 50s). Sim ilarly, a US programmer (man, early 40s) talks about his firm as having "champi onship spirit" and notes that "if we all pull together and work as a team , we can probably wi n in this m arket." The sentim ent that it is a shared risk and a team undertaking is expresse d by the Canadian IT ow ner (man, late 40s) who says that "… everybody here's a shareholder. Everyone is a founder which is unusual … allow them to m ake a bit of money for the risks they've taken. The tim e they worked unpaid and underpaid." Indeed, this strategy ap pears to be successful in cultivatin g a sense of loyalty and commitment from employees. The following worker at this firm says:

> … that's on e thing her e is that peop le are willin g to sacrif ice their own personal advancement I m ean we all are no w because we've had to cut back salary in favour of what's good for the team . And you kn ow that in itself is a great feeling (Canadian technician, man, in his 40s).

Being a shareholder and having a small stake in the company is not directly equivalent to being a major shareholder or owner; nonetheless, in m any cases IT workers are expected to go without pay in the interest of preservi ng the team (i.e. the firm). Th e expectation that workers will soldier on without pay and in so me way contribute to the im perative to retain the "team " and accelerate the success of the firm are illustrated by the following quotations:

> Yeah, we're very unstable. I m ean, you know, we've m issed paycheques. And so, as soon as we know we're gonna miss a paycheque we usually try to let people know. Tell them not to write that rent cheque and hopefully the m oney'll be coming in a couple weeks (US CEO, man, early 40s).

> During the bubble, we w ere up to as many as 10 people, I think … And then, you know, we obviously lost all our dot-com clients … we took the com pany about a hundred and fifty thousand dollars in the hole, all on loans from banks and so on. Put m y house on the line … becau se we wanted to keep the team together, because we felt like we'd invested a lot in the team (US engineer, man, mid-30s).

> Just over a year ago no w we invok ed a salary freeze. So we said, yo u know, we're freezing salaries, this is a very key year, w e've got lots of investment that's making, cash is going to be lim ited, there is risk attached to what we are doing so we don't feel that a salary increase is warranted at this stage; however we will, if we achieve our financial plan durin g the year, we will actu ally give you a bonus equal to the salary increase (UK CEO, man, early 50s).

Shared sacrifice, team culture, and enduring financial hardship ar e predominant features in othe r case firms as well.

There is a strong pull and enduring tie in this for workers. For example, one Canadian IT worker interviewed has been laid off, yet he remains positive about his association with his prior firm:

> There was a type of person who would work well in the k ind of environment we had. And by and large the one thing that we all had in co mmon was that the financial reward was NOT the reward … we all needed m oney obviously to live but we all had a *sense of the team* and the community and the coo l tech that was an attractio n … becaus e we were unable to receive raises for four years th e management decision w as that we woul d have Friday afternoons off … that became i mmensely va luable and I think everybody really app reciated that (Canadian IT worker in sales/marketing, man, mid-30s).

Indeed, finding this "type of pers on" – someone whose attraction lies in the realm of team spirit, flexibility, and technical challenge – emerges as a key concern for em ployers. IT owners seek out employees who are "driven," "entrepreneurial," and willing to take risks in order to build the business. In this way, hiring emerges as a considerable risk for owners. Of course, this is not the only risk for firm s. Choosing the right technological platform s and providing effective and market-relevant solutions also constitute weight y risks; however, once these decisions have been made, personnel choice em erges as a critical con cern in risk m anagement in relation to fir m success and longevity. Therefore for owners, hi ring team players and ensuring that new employees take on the imperatives of the team is seen as critical. Hiring constitutes a substantial and daunting risk for owners, and they use various tactics to manage this risk.

Employers are cautious in hiring, an d many initially hire their work ers on contracts of three to six m onths to be certain that new hires shar e the outlook of the firm and the team, and know what it m eans to work in a sm all IT firm. As one Canadian IT owner (wom an, late 40s) notes, "we like to try people on contract first to de -risk that hiring decis ion because it is a big decision … so where possible we'll bring somebody in on contract." In describing what he looks for in a job candidate, another Canadian IT owner (man, mid-30s) asks the following:

> How well will th ey function in a team e nvironment, do they understand what it's like to work in a start-u p … because the biggest mistake you can m ake is to hire somebody who's got that big corp orate cult ure attitude and simply doesn't h ave the understanding of what it's like to work in a small entrepreneurial organization.

Likewise, a US IT worker says, "I look for people that are risk takers to a degree that have maybe worked for s maller companies and not larg er companies. It's tougher to take som ebody from an IBM cultu re and bring them into this culture" (US "consultant," m an, late 40s). According to a UK human resources m anager, the firm's workers must take on the vision of the firm, and "the sort of p eople th at d on't work here are peop le who are s ingularly ambitious for their own ne eds, people who have re al problems in accepting new ide as. People who don't inve st in others. People who don't embrace a team culture" (UK manager, man, late 50s). In this way, workers com ing in are thought to expect a clim ate of risk, potential f inancial insecurity, and uncertain futures for the sake of the team . In sm all firm environments, owners depend upon workers heavily, and everybody is needed to m ake sure that deadlines ar e met and projects are completed.

Ironically, f or em ployees, the te rm "skill loss" m ay call up im ages of skill de terioration or stagnation, whereas, for owners, the term more often calls up im ages of em ployees who are not present or productive. Although firms may train their workers on product-based material, funded and form al training on new technologies is rare . Many owners are concerned about the possibility that workers m ay take a form of leave, as this is experienced as cripp ling in m ost small IT businesses. The following comments s how how two Canadian IT owners perceive maternity leave as both a hiring risk and a risk to the longevity of their respective businesses:

> I mean the maternity leave now, with a y ear's maternity leave for small company. In my old com pany at one tim e we had 20 percent of our staff off on m aternity leave. And it's tough you know they don' t want you to be prejudice against women but when you're building a s mall co mpany, it's really ha rd to bring in young women and know that in a couple of years you can lose them … so in terms of hiring people, that's one of th e biggest challenges is trying to rem ain non-prejudicial in your hiring. And still k eep the security of a sm all com pany (Canadian owner, man, early 50s).[3]

> Well, like maternity leave, full salary for a year. No. W e can't do that. You can have leave and the governm ent, by th e way, w ill pay you unem ployment during that period. You can do that but I'm not going to pay you $120,000 to go have a baby. I mean if you do two of those, I'm broke (Canadian owner, man, late 50s).

Similarly, an analyst from the United Kingdom rec ounts that her firm was not happy when a number of women went on pregnancy leave simultaneously:

> And the company's always tried to em ploy women because it's a very hard area to get wom en in. And they've m anaged to employ quite a few new starters that were fem ales. So they are really tryi ng to get wom en in. Um , ok they were a bit upset tha t f our of them f ell pre gnant at the sam e tim e. Straigh t a fter the redundancy (UK analyst, woman, late 20s).

These respo ndents are n ot alone in this view. Many sm all fir ms perceive that th ey need all of their bodies working on the ongoing tasks/deadlines of the business, and any variance from this active em ployment lev el – whether for skill m aintenance, com passionate leave, vacation, or parental leave – presen ts a challen ge for busine sses strug gling to es tablish themselves or to maintain their place in the m arket. Ultim ately, this means that, even th ough workers are hired and inculcated into a team -based culture, sm all firms are typically unabl e or unwilling to offer reciprocal benefits in the form of training and paid leave to enha nce and maintain workers' skills and to provide financial security. While som e of the mid-sized firms considered "risk" in light of managing i nternal dea dlines, engineering transparent work p rocesses, a nd ma ximizing productivity, even here, most often the key way to manage deadline-based risk emerged in terms of hiring the right people – people oriented to the "team."

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[3] Government maternity and pa rental leave provisions vary greatly by study country and are much more generous in the United Kingdom and Canada than in the United States and Australia. For example, in the United Kingdom, the statutory m aternity l eave peri od i s 52 weeks, of w hich 39 wee ks are pai d. C anadian p rovisions va ry by province b ut can ran ge from17 t o 52 wee ks of m aternity, parent al, o r ado ption l eave, with fede ral g overnment provision of partial pay (up to a dollar maximum or 55 percent of normal pay), normally for up to 35 weeks.

IT firms want workers who are passionate about the work, the product, and the technology so that workers contribute unfailingly to the team. What else do these firms offer? Why are workers compelled to put financial security and life milestones at risk and on hold for the sake of "the team"? As some owners note, there is of course the promise of wealth – wealth that was well publicized though somewhat elusive in the dot-com downturn saga of IT. IT owners want employees who are attracted by the potential of the industry, and yet, the promise of wealth hardly constitutes a policy perk. There is an inherent tension that is described well by the following comment from a UK owner:

> There's a conflict here. The conflict is I want to be my own boss and run my own company. And I want people who feel like that too. But I then go and put them in a situation where they're not the owner of the business. And it's a conflict … I do know that if we can turn this business into £100 million business that they will all be millionaires. I can't put that in writing. And so [PAUSE] what I'm doing is paying market rates, better than market rates, for their employment. So they're being paid well. If they had nothing else, no other benefit, they're being paid well. So nobody's taking advantage of anybody. So I can sleep at nights 'cause I'm not taking advantage of anybody. I'm not paying somebody £18,000 and promising them the world, "Oh you're going to be a millionaire next year." I'm not doing that. I'm paying them above the market rate and I'm sharing with them the aspirations and the strategic developments of the company. And I'm relying on relationship and trust that the guys will stick with it (UK CEO, man, early 40s).

Despite the historical record of company failure in the industry, the attraction of a potential windfall and the dissemination of company riches do seem to be a driving force for some workers. One US programmer put it this way:

> We are a small, high-tech start-up. You don't go to small, high-tech start-ups to pad your retirement account. You go there to get some really good work done and hopefully get a big payoff. Um, our number one benefit is that our stock could be particularly valuable. Um, three or four of us have already seen that happen … panned out for me enough to help fund this company … and that's sort of what we can offer our employees. And that's one benefit to being young in this kind of a company is, you can afford to take those risks. You can waste five or seven or eight years of your life and have it turn into nothing for the chance that it could turn into something really big (US programmer, man, early 40s).

Indeed, the willingness to "waste" a few years in the hopes of an IT jackpot seems for some to be a better bet when young – though many take this risk at later ages, and some suggest that being older and more financially secure makes the risk a better one.[4]

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[4] Family life course developments such as marriage and becoming a parent create responsibilities that likely reduce risk-taking.

Still, in the event of the stellar success of the firm, are employee riches certain? Owners and workers do take substantial financial and other risks – owners can generally be sure that their stake in the company will be rewarded if all goes well, yet employees must generally rely on the goodwill of those in charge unless the firm has a stock option plan. Risk is shared in tight times; it is less certain what happens to the team culture in times of plenty, when firms are making large profits. In other words, are the benefits of team culture and firm ownership shared when the firm is profitable and the industry is in an upswing? The following description of the experience of a seasoned Canadian IT analyst suggests that this may not be the case:

> … sure at one time I put in a lot of work, a lot of extra hours, and yeah, where do they get me, well … Not much further than where I am now. Where did it get the company? That was probably the eye opener. The one company that I'm thinking of, where I put a lot of extra time into, and a lot of ownership, the main principals sold the company. And then the new management only gave the company six months to get some goals and it didn't and they pulled the plug. And so, you know, "what was the point?" is sort of what I ended up feeling there. I mean, it didn't really matter how hard I worked, the decisions were being made somewhere else and it was out of my hands (Canadian analyst, man, mid-40s).

This experience is echoed by a US IT manager (man, early 40s) who notes that in the start-up mode of a prior firm:

> It was, you know, an atmosphere of "One for all, all for one," kind of like what we have here, but when they transitioned, started making that big curve up the money ladder. That became a great separation between, you know, the executives and the grunts that got them there. Um, and that kind of was difficult, a difficult transition to make when you're one of the grunts.

At some point, workers may realize that they do not ultimately decide the fate of the company and additionally, may not reap the benefits of company success over the long term. While many IT workers embrace a team-based work culture, workers adhere to a less idealistic outlook about future employability. In the pursuit of skills and lasting employability, workers bear the risk – risk that few firms are willing to mitigate.

5. Conclusions

In our introduction we recognized that there have always been risks in industrial relations that have accrued largely to employers. In this paper, we have focused attention on a hitherto neglected aspect of the social relations of the firm, namely, the involvement of workers in sharing the risks of firm survival in small and medium-sized IT companies.

We showed that not only owners and managers but also all 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 are seen to be risk-taking entrepreneurs who are prepared to bear the consequences of failure. Many have failed before. But employees share the risks in these firms, particularly in turbulent times. We noted an aura of sacrifice, a commitment to invest heavily in the future success of the firm, even at the expense of family life.

Owners and managers cultivate a team atmosphere as a means to secure the willingness of employees to join them in risk-taking on behalf of the firm. Thus, they place a great deal of importance in recruiting people who will be good team players and fit in with the team, and they explicitly look for risk-takers when recruiting.

Our study has been situated in the IT sector, which values entrepreneurship. Entrepreneurship is all about taking risks, and risks entail the possibility of failure. In his study of "failure" in America, historian Scott Sandage (2005: 272-273) observes the following: "Claims about failure without shame are today heard most often in high technology fields, where the potential for astronomical profits makes failure a risk worth taking.… In this climate, going bust is virtually a business credential."

The story is thus partly about a willingness to fail because the promised rewards of success might be very high. But the motivation for employees to take these risks is apparently not simply the desire for wealth. In the small and medium-sized 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. Our findings provide another example supportive of Blair-Loy's (2004: 285) argument that we need to see the employee-employer relationship not just in terms of coercion of the workers by management but also in terms of "the voluntary, or value-identification, aspect of commitment."[5]

Blair-Loy (2004) draws on work by Lincoln and Kalleberg (1990: 22-23), who view organizational commitment "as a complex orientation with cognitive, normative, and affective dimensions." For the employee, this orientation:

> … implies *identification* with an organization and acceptance of its goals and values as one's own … [it] takes on *moral* overtones and *his stake extends beyond the satisfaction of a merely personal interest* in employment, income, and intrinsically rewarding work. The employee becomes *conscious* of the needs of the organization…. The firm's performance is experienced as a personal success or failure as well" (Lincoln and Kalleberg, 1990: 22-23, emphasis is that of Blair-Loy).

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[5] Blair-Loy's example is that of female finance executives and their extensive devotion to work and to their firms.

Lincoln and Kalleberg (1990, as noted in Blair-Loy 2004; see also, Lowe and Schellenberg, 2001) describe organizational mechanisms to foster commitment, such as practices that foster social integration, decentralized decision-making, and internal job ladders. The IT firms we studied did use 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. But this latter feature was partly associated with the lack of meaningful career ladders, given the small size of the firms (see Marshall, Haviland and Craft Morgan, 2007).

Several interesting research questions remain unanswered. Among these are the consequences of the orientation of risk-taking and sacrifice for health. Both Lincoln and Kalleberg (1990) and Blair-Loy (2004) use the term "sacrifice" to refer to the moral dimension of organizational commitment, and Blair-Loy emphasizes how it can be family commitments that are sacrificed.

Our research has been not only sector-specific but also size-specific, based on data from employees, managers, and owners of small and medium-sized IT firms. Questions of generalizability, but more importantly, of variability, arise. Is it easier to develop the team culture we have described in smaller firms than in larger firms? Do the tasks involved in the nitty-gritty of IT work – writing and assembling code, for example – somehow lend themselves naturally to teamwork? What other work sectors share the risk characteristics that we have described for IT? How historically specific is this situation? Is it not the case that, historically, most workers have lived with high risks? The so-called "risk society" is hardly new when it comes to the world of work. The Fordist era is like a blip in the historical pattern of work in terms of the extent to which employment structures can provide security for workers.

In terms of the future, we agree with Blair-Loy (2004) that further research in this area should go beyond mechanistic views that workers are there simply for the pay and benefits, to take seriously the interdependence of the workers and the firm. Speaking of workers who put in very long hours, Blair-Loy (2004: 287) argues that "some employees may also be motivated by an allegiance to their employer born of a sense of interdependence between the mission of the firm and their own vocation."

Finally, we are interested in how the type of insecurity arising from this form of risk relates to other forms of job insecurity caused by ageism (McMullin and Marshall, 2001), re-engineering, restructuring of firms (Marshall, Heinz et al., 2001; Marshall and Marshall, 1999, 2003), and changes in the stability of work associated with downsizing (Hartley, 1999), and how it relates to feelings of subjective income security in general (Ballantyne and Marshall, 2001). As some investigators have argued or demonstrated, job insecurity can have serious health consequences (He, Colantonio and Marshall, 2003; Ferrie et al., 2003; Marshall, Clarke and Ballantyne, 2001).

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