"Postmodern" Manors: Welfare Capitalism at the End of the Century

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SANFORD JACOBY ARGUES IN *MODERN MANORS* that American welfare capitalism did not die in the early decades of the twentieth century but rather "went underground," adapting to the unique conditions of the postwar economy and emerging as a hegemonic employment framework in some of our largest and most powerful corporations. He meticulously traces the origins and dynamics of modernized paternalistic employment relations systems, in both their historical and contemporary forms, in a way that solidly resonates with our understanding of the contradictory landscape of work and employment in nonunion but "good" workplaces.

Like Jacoby, many scholars have endeavored to understand how paternalistic employment systems—the welfare capitalism at the core of *Modern Manors*—have conditioned power, participation, and politics in major, nonunionized companies. Of particular interest in the 1990s is what happens to welfare capitalism, and subsequently to cooperation and consent, as firms move away from the stable and prosperous economy of the postwar period. Is welfare capitalism transfigured when these companies structurally and culturally reorganize to meet the demands of an increasingly competitive and turbulent economy? To draw on an example from my own work: In 1985, precisely when modern welfare capitalism, according to Sandy Jacoby, began "experiencing its most critical test since the Great Depression" (p. 260), I was conducting research on downsizing and restructuring at the headquarters, branches, and back offices of the Bank of America, then an exemplar of a progressive nonunion

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workplace. As the premier banking institution in the world, its long-standing employment framework had been one of security and stability. Bank employees were accustomed to uninterrupted growth, expansion, and opportunity.

I was studying the middle managers who had been assigned to restructure and downsize the bank in the face of both escalating competition in financial service markets and severe financial losses. In training sessions and in new mission statements, middle managers were exhorted to abandon their bureaucratic mindsets—developed in a context of growth and security—and urged instead to embrace entrepreneurialism, change, and "managing out" their employees. Their ensuing resistances crystallized the way in which a new regime of cutbacks and instability clashed with the historical paradigm of care for employees and with the notion of the bank as an institution that looked out for the needs of its "family" (Smith, 1990).

At the time, I was not fully aware of the degree to which changes in the Bank of America prefigured the dramatic and widespread reshaping of U.S. corporate life and employment relationships that would follow in the late 1980s and throughout the 1990s. I was, nevertheless, profoundly struck by the ironies created when a "good" company shifts the risks of business and employment from itself to its employees by requiring its employees to take greater responsibility for improving productivity, quality, and innovativeness; by dashing expectations of lifelong employment; and by downsizing its work force. The Bank of America's elaborate human resources infrastructure, created from the same repertoire of practices that Jacoby analyzes in *Modern Manors*, historically had provided multiple benefits, services, and programs to the bank employees. It buffered employees from coercive regulation by the market and had generated "surplus commitment" to the bank. Yet, in the mid-1980s, that same infrastructure produced the architects of and technicians for corporate retrenchment, personnel now charged with chiseling away at both the job and the psychological security that led employees to regard the bank as a progressive employer. The very same infrastructure was responsible for introducing managerial measures and methods that were comparatively punishing—all the while couching them in a way consistent with a broader rhetoric about community, individual empowerment, and opportunity.

In other words, some features of the welfare capitalist regime persisted, but it was adapting to the changing economic circumstances of the late twentieth century. This double-edged nature of welfare capitalism—an admixture of benevolence and stringency—was both intriguing and perplexing, and more than any book with which I am familiar, *Modern Manors* sheds light on the antecedents of these ironies and complexities of modern corporate life and their meaning for consent and cooperation at work.

Modern Manors carefully presents the origins of the paternalistic framework of labor relations in nonunion corporate settings, explaining the proliferation of policies that, even though crafted mostly on employer's terms, were extraordinarily generous to employees. What is most innovative in Jacoby's analysis is his insistence on excavating and linking two, mutually reinforcing pillars of welfare capitalism. The first consists of benefits packages, amenities, and services designed to demonstrate care for corporate employees, depoliticize work relations, and discourage workers from joining unions. The second is the pillar of secure employment that would neutralize workers' potential cynicism about "employer care." Permanent employment in effect cemented workers' commitment to programs that, although benevolent, fell short of empowering them through their own autonomous labor organizations. Jacoby, by showing how twentieth-century American welfare capitalism is composed of these two distinct features, gives researchers a strong analytical framework for deciphering the continuities and discontinuities in late-twentieth-century welfare capitalism.

Currently, there is a tendency for many sociological, industrial relations, and organizational researchers to write as though the era of welfare capitalism is over (or, for that matter, that it never existed to a widespread degree)—that American corporations, pressed on all sides to change, innovate, cut back, and reduce, can no longer afford to support their employees with the benefits associated with good jobs in core corporations. As evidence, researchers point to the millions of layoffs that have occurred in recent years, the dramatic rise in contingent jobs, and the great interest that companies have showed in revitalizing corporate cultures with a pronounced emphasis on individual responsibility and initiative. But it is wrong, in my view, to minimize or ignore the persistence of paternalism. It is also misleading to think of welfare capitalism as one monolithic approach and more useful to conceive of it in the way that Jacoby suggests, as a broad programmatic orientation consisting of at least these two major strands: of benefits, services, and amenities, on the one hand, and secure employment, on the other.

Separating out its distinct elements enables us to begin to answer the following questions: Will welfare capitalism continue to exist in its current form? Will the two pillars continue to be essential and mutually reinforcing to paternalism? Throughout the twentieth century, welfare capitalism was clearly upheld by both; indeed, it consolidated and endured in this context. Yet, as we near the end of this century, one may not necessitate the other. Welfare capitalism is changing substantially, retaining one key aspect—the internal policies and programs intended to benefit those who have jobs—but gradually jettisoning the other—the implicit or explicit guarantee of job security. While the latter is eroding, much to the detriment of American workers, the former may be gaining an even firmer position in large, nonunion companies.

It could be argued that in recent years, precisely as employment security or the *expectation* of security is declining, many of the programs Jacoby identifies—counseling; training in communication, conflict resolution, and group leadership; recreational amenities; employee representation or involvement plans that give workers a voice, even if weak relative to the voice of managers and employers—have increased in importance to many American workers. Workers can acquire transferrable social-relational and technical skills that enable lateral mobility within or across firms; new modes of self-presentation that make them more effective participants in core corporations; and opportunities for occupational and professional development when they become more involved in decision making and are given higher levels of responsibility in their work.

Such programs, to be sure, are not a substitute for structural, enduring power and control. Nevertheless, the constrictive employment context of the 1990s forces us to think of alternative conceptualizations of empowerment. Now, vertical opportunity is diminishing, and lateral mobility is greatly emphasized; forming or joining unions is not a feasible alternative for many workers; and many individuals can only gain access to permanent jobs by acquiring skill and experience in temporary positions. In this context, both blue-collar and white-collar workers place a high value on the programs of welfare capitalism that are all too often dismissed as superficial or meaningless by those who believe that a well-paying, secure job is the only measure of achievement or success. Workers believe that these programs provide resources for maximizing the probability that they might keep their jobs and for enhancing their ability to reposition themselves in the labor market when and if they are forced to seek other jobs.

The extent of the actual decline in opportunity is unresolved at this point. As Jacoby notes, we lack good, reliable data that would justify the argument often made rhetorically that job and career stability is declining. In his view, welfare capitalism today faces significant challenges but is fundamentally continuous with the past. But what has substantively changed, I would argue, is the *culture* of employment, emerging after decades of massive deindustrialization, corporate layoffs, organizational flattening, and technological change. Many recent sociological studies have shown how, in the late-twentieth-century culture of work and employment, working Americans widely perceive that job stability is a relic of the past, that, as we near the end of the century, no job is truly permanent, and that one must prepare oneself for professional change and personal flexibility in all matters related to work and employment. Even professional and managerial employees who hold ostensibly permanent jobs are advised to think of themselves as subcontracted, to focus on their employability security rather than their employment security, and to seek professional achievement in the development of cross-organizational "communities of purpose" rather than company-centered, traditional (read: narrow, rigid, noninnovative) communities.

This new normative climate of impermanence, transience, and fluctuation, and possibly the structural reality of a decline in job permanence, suggests that the second pillar of welfare capitalism may be under significant fire. The fear of job termination, unemployment, or unemployability may be replacing the guarantee of job security as an ingredient in gaining participation, although not necessarily commitment or loyalty, from corporate workers. Postmodern welfare capitalism, low trust in comparison with its high-trust counterpart of the postwar period, may shift more risks and responsibilities to corporate workers, simultaneously providing those workers with more organizational skills, cultural capital, and psychological resources to assume and manage risk.

The case of the Bank of America again illuminates this pattern. In the 1990s, the bank is a greatly changed business organization. The work force in the bank branch system has shrunk by the thousands, and 80 percent of its branch jobs have been converted from full time to part time with no benefits. Yet these reductions and conversions were couched in an uneasy framework of care for the employee that was consistent with the bank's paternalistic traditions.

Employees who were downsized were not summarily dismissed but were offered a number of services that would ease their transition out of the bank. In addition to outplacement services, laid-off workers were eligible for tuition assistance for retraining, loans to the creditworthy for starting small businesses, and salary subsidies for people who wanted to work for nonprofit organizations. For remaining workers, the bank deployed a number of creative strategies for rewarding and motivating individuals, both full and part time, and trained them to be more innovative and effective with respect to customer service. Thus, while still-employed workers confronted vivid evidence of the tenuousness of their jobs and were pressured to perform and take initiative, they also had access to training and services that might allow them to reposition themselves in the context of a new "lean and mean" mentality.

This double-edged template for a refashioned welfare capitalism, simultaneously caring and threatening, fragile in its commitments to job security but robust in its determination to make individual workers responsible for corporate success, good for the corporate bottom line but eroding the social contract in America, may be a worrisome harbinger of a postmodern welfare capitalism. *Modern Manors*, a superb investigation of the historical currents leading to our present condition, provides compelling critical analysis that should augment progressive discussions about how to alleviate the harsher features of paternalism that seem to be emerging.

REFERENCE

Smith, Vicki. 1990. *Managing in the Corporate Interest: Control and Resistance in an American Bank*. Berkeley: University of California Press.