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To cite this article: Susan Christopherson & Danielle van Jaarsveld (2005) New media after the Dot.com bust, International Journal of Cultural Policy, 11:1, 77-93, DOI: 10.1080/10286630500067846

To link to this article: http://dx.doi.org/10.1080/10286630500067846

Published online: 15 Aug 2006.

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NEW MEDIA AFTER THE DOT.COM BUST
The persistent influence of political institutions on work in cultural industries

Susan Christopherson and Danielle van Jaarsveld

In spite of its designation as part of the “cultural economy”, New Media work was depicted as free-floating, unimpeded by stuffy national political-economic regulations. Studies of New Media workers before and after the Dot.com speculative bubble, however, indicate that New Media work was and is influenced by national policy environments. In the United States, New Media work is carried out primarily by independent contractors. The use of a multi-skilled contract workforce has increased following the decline in labor demand. In Sweden, New Media workers turned to unions following the downturn to deal with rising unemployment. Germany represents a middle ground case with a largely non-unionized workforce that is, however, influenced by collective industrial relations institutions and norms regarding employer roles. These divergent paths suggest that national policy continues to play a role in shaping work, even in international cultural industries.

KEYWORDS New Media; industrial relations; cultural industries

Introduction

In the halcyon years of the Dot.com boom, New Media jobs appeared to transcend national boundaries and conventional employment patterns. New Media were touted as something wholly different: as the first global occupation, unrestrained by geographical boundaries, emerging freely from the interaction of man with machine. New Media work was depicted as free of politics, unions and stuffy national political-economic institutions, and organizational bureaucracy. What we have learned in the aftermath of the Dot.com bust, however, is that to a large extent this image was dependent on the global demand for a relatively scarce set of content and technical skills. This scarcity artificially increased the bargaining power of the international workforce and obscured questions regarding how the industry and the workforce would be sustained over the longer term.

In the sober early twenty-first century, it is useful to take a second look at work in these emerging occupations. In this article, we take advantage of the intensive international interest in New Media occupations, which produced valuable comparative work on New Media occupations and their development paths. In many cases, this work began in the mid-1990s and so provides insight into the continuities and discontinuities following the bursting of the Dot.com bubble.

What emerges from the recent comparative work is a more complex and nuanced picture. This second look shows that New Media work has important things in common with...
other cultural industries – in work/life patterns and in the essential conflicts rooted in producing a commodity whose value lies in its aesthetic qualities. At the same time, differences in New Media work emerge, but perhaps not where they would be expected. The differences illustrate the continuing significance of national patterns of employment, rooted in different systems of market governance, industrial relations institutions and policies, and sectoral strengths.

In what follows, we explore what has emerged from international studies as commonalities that link New Media work to that in other cultural industries. We then look at the primary differences distinguishing New Media work across national boundaries and the ways in which skills are obtained and careers are built. Finally, we examine some political-cultural explanations for these different outcomes.

What Do We Know about New Media Work?

Empirical work on the New Media workforce was slow to develop. Most of the early research on New Media focused on firms and city-regions, assuming that firm networks were the connective glue that held the emerging Internet-oriented activities together (Braacyk et al. 1999). In the late 1990s, however, as firms faced difficulties in obtaining skilled workers in Internet occupations, more attention began to turn to the workforce (Augustsson & Sandberg 2004; Batt et al. 2001; Brail 1998; Christopherson 2002a; Gill 2002; Lash & Wittel 2002; Laepple et al. 2002; Mayer-Ahuja & Wolf 2004; Michel & Goertz 1999; Pratt 2000; Ross 1998; Sandberg 1998, 2002; Scott 1998, 2000; van Jaarsveld 2004; Vinodrai 2004). Efforts to collect empirical data on this workforce are complicated by the lack of publicly available statistics that accurately define these occupations. Even more elusive is evidence on occupational titles, skills sets, employment relationships and the boundaries of New Media activities.

As a consequence, case studies of New Media work in selected cities and regions have been the central source of information about the workforce. These studies have contributed to a growing recognition that, in a creative, knowledge-based economy, the talents and capacities of the workforce are critical. Although chasing a rapidly moving target, they allow us to trace how New Media work connects with broader trends in national economies, to see what is distinctive and what is simply “old wine in new bottles”. Because some researchers have followed trends in New Media work over the course of five years, encompassing the rise and fall of the Dot.com speculation era, their work sheds light on the maturation of these relatively new occupations. Beyond its significance for New Media work, this research also raises a provocative and broader set of questions about creative work in the new economy, particularly about potential national differences in emerging occupations.

Who and what is included in “New Media” is a matter of dispute, although the computer and the Internet are central to most definitions. New Media workers typically define their field as including the convergence of “old” media (film, television and newspapers) with Internet distribution and computer-driven technologies that combine and manipulate text, sound and images (this includes “multimedia” products such as CD-ROMs). New Media is primarily “user interface work” – the webpage is basically a front end to an application. The definition of “New Media” is also regionally specific, defined by the customer base. So, for example, in Los Angeles or Munich, New Media is focused on the film and television industries, while in Hamburg and New York City, it is focused on advertising and publishing.
An important part of this complex picture over time and space is an assessment of work and work life in the occupations encompassed in the technology applications associated with web-based marketing, logistics and, more generally, interface. In some cases, this is simply a question of which occupational categories have survived the Dot.com bust and continued to grow. For example, in the United States, the games industry, with jobs that include a range of skill sets, including package design and graphic design, has continued to expand steadily (van Jaarsveld 2004). Because New Media professionals produce numerous types of information, communications and entertainment products in a wide variety of settings, they cannot be encompassed within any traditionally defined industry. Instead, their activities should be seen as transforming conventional industries, including cultural and entertainment industries. This variation also complicates any statements about New Media career patterns.

There are also variations in New Media work among countries where these occupations have emerged as important. These differences have become more apparent in the wake of the downturn in the demand for New Media workers following the 1990s speculation, which was driven primarily by marketing-based applications. These differences are illuminated in survey-based studies of the New Media workforce in Canada, Sweden and Germany, as well as in the United States (Augustsson & Sandberg 2004; Batt et al. 2001; Laepple et al. 2002; Mayer-Ahuja & Wolf 2004; Sandberg 2002; van Jaarsveld 2004).

The media have tended to emphasize particular aspects of New Media: its youthful workforce, innovative capacity and spirit of independence. The spread of Internet technology as global trends has also been emphasized as a homogenizing force in shaping what New Media workers do and how they do it. Because much of this depiction originated in the American media, however, it captured only a partial story. This story has become an increasingly poor depiction of trends in these occupations. While the style of American New Media was imitated all over the world, failure has led not only to retraction and job loss, but to a return to established and conventional patterns.

The differences are particularly pronounced between countries with “co-determinist” industrial relations systems and those with individual contract employment systems. While Sweden and Germany differ from one another in the political frameworks governing employment policy and industrial relations, they have some common features (such as employee voice in management decisions) that result in employment conditions that are significantly different from those in the United States. These policy-based differences affect the process of skill acquisition, the worker’s control over time and tools, and expectations regarding relationships with clients and customers. By comparing the ways in which New Media work is evolving in these different national settings, we can begin to understand the influence of regulatory and policy frameworks on this new occupation and the distinctiveness of the American model of New Media.

**New Media’s Key Commonalities with Other Cultural Industries**

In important respects, New Media work has much in common with work in other cultural industries, including advertising, film, television and publishing. As in other cultural industries, New Media produce a commodity whose value lies in its aesthetic qualities rather than in its direct utility. Thus, these industries are characterized by a distinctive set of conflicts and tensions: conflicts between the conditions necessary for creative expression and the potential profits rooted in economies of scale (including vertical integration and
mass distribution); a tension between novelty seeking and market resistance to the unfamiliar; and the conflicting needs to meet existing market demand and yet use creative approaches to extend and transform the market (Lampel et al. 2000).

A second commonality lies in the definition and mix of New Media skills, which are unclear, malleable and frequently driven by technological change. Requirements for both skills and creativity in using those skills push the workforce toward continual learning in order to maintain their bargaining position and earning power. For example, with recent changes in software, an American Java programmer cannot command salaries of US$100,000 to US$150,000, as was the case in 1999 (van Jaarsveld 2004).

Finally, international analysts of New Media agree that, in common with other cultural industries, work is primarily project-based – that is, organized around production activities with a defined, short-term completion deadline and built up of specialized inputs. The workforce needs to be flexible and adaptive in order to accomplish project completion within often-tight deadlines. Projects occur within defined time boundaries and engage abstract, conceptual as well as technical knowledge. They are built up of specialized inputs and require complex organizational skills. They are evaluated by the quality and cost of the finished product – an event, photography exhibit, movie, architectural design, conceptual model or plan.

Project-based production has always been the norm in creative work as evidenced by advertising campaigns, fashion or trade shows, and art exhibits. Projects, however, have become much more common in the so-called “new economy” because they make economic sense. They meet requirements for flexible responses to rapid changes in markets and for enhanced innovative capacity. Projects are temporary systems. Because they are composed of individuals, projects differ from other forms of flexible and innovative production, rooted in firm networks, “clusters” and industrial districts. Individuals, their skills and their personal networks are at the heart of the project. It is “projectness” that links New Media work to other creative occupations such as fashion design, architecture, and graphic and industrial design. Other creative industries offer some insight into how the organization of work in New Media may evolve. For example, brokering organizations in the entertainment industry reduce transaction costs associated with project-based labor markets by connecting employers with skilled professionals (Bielby & Bielby 1999; Christopherson & Storper 1989; Manning & Sydow 2004). In the United States, membership associations that represent New Media workers have informally assumed this role by maintaining job postings and organizing networking events (van Jaarsveld 2004). In Sweden and Germany, some of these “connectivity roles” are played by unions such as VERDI in Germany, as well as by membership associations.

Projects have distinctive characteristics that set them apart from other forms of production organization. First, they frequently require work not only for a client, but with a client (Girard & Stark 2002). In these cases, the client’s skills and knowledge are critical to the accomplishment and success of the project raising questions about how much project workers are responsible for educating and training their clients as part of their project work. Second, deadlines and milestones function to organize the work process and force cooperation among project participants with different skills and perspectives on what the final project should “look like”. Because of the complex and contentious nature of the project work process, the role of the project manager is critical. The project manager’s knowledge of the work team members, their skill sets and experience with their working styles can make the difference between a project that comes in successfully and on time and one that fails.
For this reason, project managers tend to prefer to choose their own team members and work with the same people on sequential projects.

Although project work is appealing because it potentially can produce a more customized product for a lower cost and with a more skilled workforce, it also presents considerable risks for the client with respect to quality and cost. Because project work is organized as a temporary system and because workers move from project to project rather than carrying out a continuing set of tasks, employers are continually faced with re-composing a workforce. How does the employer or client know that the New Media worker has the requisite and up-to-date skills? How does he or she insure access to skilled workers when they are needed to initiate and complete a project? To what extent is it possible to control the work process in order to insure productivity and timely completion? What are the limits to authorial expression?

The workforce faces a parallel set of challenges. If every project requires a new contract, how is that contract to be negotiated and on what terms? How do project workers find out about new work opportunities and how do their employers find them? Since New Media work, like other creative work, involves dimensions of authorship and intellectual property, how does the New Media worker maintain an arena for personal expression, including choice of design media and software?

One way that these problems are negotiated is via the use of employer-New Media workforce networks. These networks are typically spatially bounded – that is, they exist within specific urban regions. The importance of urban places and spaces in Toronto, New York, Stockholm and other New Media cities in an industry that is well known for transcending geographic boundaries is a strong illustration of its transaction intensity. Because of the strong interrelationships among firms, buyers and providers of products and services, they tend to cluster in a district in order to maximize the information and contacts they can share with one another and minimize the costs of collaboration. Because the individual firms are project-oriented, they share a common workforce among them as the projects change (Batt et al. 2001; van Jaarsveld 2004). Finally, the transactions-intensive nature of project-based work, the need for creative stimuli to develop new ideas and designs, and access to specialized information and training have worked together to concentrate New Media work in urban centers.

Its urban character is, however, not the only spatial reference point for New Media as has so often been assumed in the literature on New Media regions. What the emerging international comparative research indicates is that national economic, employment and social welfare institutions still matter in shaping the ways in which employers and workers solve the problems associated with creative project-based work. Politically constructed policies, such as those supporting particular industrial relations institutions, create capacities for some types of solutions and constrain others. They may even influence the direction and nature of the creative process (Manning & Sydow 2004). At the very least, they create expectations among both employers and workers about what are possible and acceptable solutions to the challenges they face in a creative, project-oriented industry.

Recognizing the importance of this broader organizational field, researchers have moved beyond network analysis to focus on the "interdependencies between projects and the firms, networks, localities and institutions that feed vital sources of information, legitimization, reputation and trust" (Grabher 2002, p. 206), enabling project-based production. The benefit of this kind of institutionally sensitive analysis is apparent in the examination of skill building and credentials, where differences rooted in national policy and governance systems have emerged.
Key Differences in New Media Shaped by National Policy and Governance

Gaining Skills and Building a Career

The skill and training dilemma. The skills associated with projects have drawn increasing attention in conjunction with the transformation to a knowledge-based economy. In this kind of economy, hierarchical forms of learning and knowledge embedded in organizations and transmitted slowly are being replaced by an intellectual style and practice that is oriented toward speculation, projection, expression and innovation. New literatures have emerged in fields such as organizational theory and the sociology of knowledge and work to examine the project and project production as central to knowledge-based economies (DeFillippi & Arthur 1998; Grabher 2002; Manning & Sydow 2004; Powell 1990; Sydow & Windeler 1998; Windeler & Sydow 2001). In sum, the skills associated with accomplishing the project are both unusual and critical to contemporary cultural industries.

The question of skill is also central to the concept of occupation. The relationship between skill and occupation, and the power that skill confers on the worker are, however, variable and determined by social and political institutions. Looking across New Media occupations as they have developed since the mid-1990s, we can see some common features, but different paths as these skilled occupations have evolved in different national settings. Virtually every analyst of this field has noted the tensions, vagueness and flexibility in the early definitions of New Media work. Some celebrated this indeterminacy, while others noted the difficulty of working in a field in which the exact nature of the skills required to pursue a career or even land a job were unclear. In thinking about pursuing a New Media project, clients (project organizers) may include skills in writing and editing, marketing, sales, database management, graphic design and software development as well as code writing.

Because most New Media workers are engaged in producing or marketing commodities, they face the same kinds of tensions as creative workers in other commodity design fields – the tension between creativity and utility or profitability. These tensions are common to New Media work throughout the world and are likely to be the source of occupational conflicts and competition. In Germany, however, an “occupational culture” tends to encourage the development of occupational boundaries, even for new occupations. The concept of “beruf” in Germany goes far beyond occupational title to imply status, training, credentials and professional autonomy. Professions are established and supported by the state and there are strong collective interests in delimiting occupational boundaries and necessary skills. New Media work is affected by this professional-occupational orientation although, as a new field, credentials and boundaries are still evolving. To some extent, these boundaries and definitions are driven by clients who want to place New Media workers in an occupational hierarchy with which they feel comfortable (Mayer-Ahuja & Wolf 2004). Thus, even in a case where the New Media workforce is not unionized at high levels, workplace and industrial relations norms continue to influence both worker and employer expectations and roles.

In the United States, conflict and competition over the content of the occupation, exacerbated by the entrepreneurial orientation of the initial workforce, have kept New Media work vaguely defined. For example, early New Media professionals in the United States used unconventional names to describe their work – “guru”, “technological evangelist”, “e-bassador”, “worker number 1” – despite the fact that many of their tasks bore a strong resemblance to older occupations such as account manager, writer, communications director, project
director and graphic artist. The new titles allowed them to portray themselves as eschewing hierarchy and magnify the significance of working with new tools. They portrayed themselves as the epitome of the flexible worker. What was less obvious, and is more so now, is that the adoption of these vague new titles in the United States broadened the set of skills associated with New Media occupations to include entrepreneurial skills in marketing and project design and management.

One could argue that the vagueness of skill definition is attributable to the field’s recent emergence. In the United States, however, there are other factors that enter into the definition of the New Media worker’s job definition and required skills. First among these are the expectations of flexibility and that what is encompassed in the work is defined by the customer or client rather than by the person who defines himself or herself as a New Media worker. A second source of flexibility is the frequent variation in type of employment relationship into which the New Media worker enters. On one project, a New Media worker may be employed as an independent contractor, whereas on another project the New Media worker may be employed as a freelancer. The alteration between “entrepreneur” and “worker” confounds industrially based definitions of employment relationships.

American New Media workers are not exceptional in their need to invest in continuous learning. The difference between New Media in the United States and in Sweden and Germany, however, lies in the amount that those who use their skills also invest. For example, despite the fact that over 75% of New York City New Media workers have at least a four-year degree, the majority has degrees in fields unrelated to New Media work. Only 15.4% of the respondents to the boom-era New York City survey indicated that their college or university degree was one of the most important sources for their skills, and only 16% said that additional ad hoc course work was important. By contrast, 87% listed self-teaching; 73% listed learning on-the-job; and 51% ranked friends, peers and colleagues as the most important source of their new skills (Batt et al. 2001).

Significantly, employer-provided training ranked even lower than college course work, indicating that American employers do not appear to be investing in training, or if they are, they are not investing in the kind of training that is useful for this population. This finding is particularly striking given that two-thirds of the sample in this study is working full-time – those who would be most likely to receive employer-provided training. A follow-up survey in 2004 of New Media workers in New York City showed similar results and a continuing trend toward self-investment in skills. Self-teaching is still the primary means for New Media workers to initially acquire and upgrade their skills (van Jaarsveld 2004). The model in the industry is that you do your learning on your own.

The individualization of the responsibility for learning has important implications for the shape and size of the workforce. When New Media occupations first emerged in New York City, the pioneers consisted of a small group of individuals who taught themselves New Media skills. Employers would hire a job applicant with experience of building a personal website. Because of the demand for particular technical skills such as website design, and the responsibility of individual workers to obtain training, a large training market emerged in the web design field. Even with the downturn in demand, the number of people with the requisite skills has increased. And American employers can choose whether to hire an individual with home-taught skills or an individual with skills from a recognized educational institution.

By contrast with the American New Media workforce, Swedish and German workers are more likely to share responsibility for continually upgrading their skills with their employers.
Employers continue to expect that they have a primary role in insuring that their workforce is technically competent, and government programs support both employer-based and individual skill upgrading as part of an employee’s regular paid work time.

Sweden has one of the most successful and innovative New Media industries in the world, particularly prominent given the small size of the country. Swedish New Media workers are similar to those in the United States in bridging technical and design skills, but they tend to work in more stable situations for longer periods of time. Some 85% of Swedish New Media workers are full-time permanent employees; only 15% are employed on fixed term contracts (Sandberg 1998, 2002). Thus, a larger portion of their New Media projects is composed in the firm rather than on the market. In the case of Swedish New Media workers, most of whom are employed in Stockholm, longer-term relationships with employers and a firm-based rather than individual entrepreneur-based industry provide employers with strong incentives to provide training to their New Media employees. As was already noted, 85% of Swedish New Media workers are full-time permanent employees (Sandberg 1998, 2002). Among these employees, almost half (48%) have between one and three weeks per year specifically devoted to training in new skills and competence building (Sandberg 2002).

It also appears that university training is more important to entry into this field in Sweden than it is in the United States. For example, a high proportion of Swedish employees in the field indicate degrees in computing, marketing, business and design that are directly relevant to New Media work. While American workers focus specifically on technical skills, Swedish New Media workers may have better conceptual training concerning the contexts in which New Media skills are applied. This pattern of employer-provided skill acquisition is replicated in Germany where a recent study found that employers feel that they are responsible for insuring that they have a workforce with up-to-date skills (Mayer-Ahuja & Wolf 2004).

Job search and career development patterns. In the United States, building a career in a project-based industry such as New Media is particularly challenging because the project worker must be constantly looking for a job while, at the same time, doing the work for which he or she is being paid. People who work on short-term contracts in a highly competitive market for their services need to always think one step ahead, setting up their next work contract at the same time they are completing work in the present. In the New York New Media industry, despite the rapid growth of online employment and job search, employers and workers still overwhelmingly depend on personal networks to make employment matches. Online job search sites are used primarily to get information about job conditions and salaries (Batt et al. 2001).

American New Media workers rate friends, networks, colleagues or co-workers as the most important source for jobs or freelance work. Job postings on the Internet rank second, with institutional sources of job information, such as placement offices, far less important. The significance of personal networks for job search is equally important across demographic and employment status groups. However, women, young people, and minorities appear to use a wider variety of job search strategies, while men rely more on personal networks (Batt et al. 2001). This disparity suggests that their personal networks are not as “well-connected” as those of men (Gill 2002).

The social network basis for job search supports the regional character of New Media labor markets, and it may be responsible for inequalities in pay and opportunity in the industry. It provides a measure of security and career advancement for a limited, but very
important, segment of the industry. In New York New Media, who you know matters almost as much as what you know, and that, in turn, determines what kind of work you get and how predictable it is.

In what is generally considered “a conventional career”, we would assume that a person would experience less job turnover over time, entering more stable, longer-term employment relationships. In the 2001 New York New Media study (Batt et al. 2001), the number of employers per year increases, and the percentage of income derived from the primary job decreases, with experience in the industry. This suggests a tendency for more experienced workers to increase their income via independent contracting. A successful entrepreneurial career path follows a pattern of increased independence from long-term employment.

The process of building a career in New Media appears to be more dependent on individual initiative in the United States than in Germany and Sweden. American New Media entrepreneurs must constantly be engaged in networking and self-promotion in order to insure continuous employment in a series of projects (Batt et al. 2001). In Sweden and Germany, New Media workers follow a path closer to what would be considered a “conventional career”. They experience less job turnover over time, entering more stable, longer-term employment relationships. The studies of their work-related activities suggest that they, too, are dependent on social networks for information on technological advances and emerging markets. They are not, however, as dependent on these networks for sustaining employment and a career, as evidenced by their longer job tenure and attachment to firms.

These variations in career trajectories, expectations, and strategies in the face of reduced employment opportunities suggest that, while they share a globalizing technology, New Media workers continue to be influenced by national institutions governing competition, employment and industrial relations. These differences have also influenced the ways in which different national New Media workforces have responded to the restructuring of this project-based industry.

Workforce Strategies in Response to Downturn and Restructuring

Evidence from country studies indicates that Swedish and German New Media workers have adapted differently to the restructuring of the New Media market than their American counterparts. Their responses to the downturn have been different, not only because they were not at the heart of the speculative boom, but also because of several other distinguishing features. Swedish and German New Media workers were more likely to be employees than freelancers. In addition, the downturn they experienced was cushioned by the security and stability provided by social welfare protections. Finally, their response to decreasing demand for their services was influenced by their perception of the alternatives available to them and to their employers.

Individual responses. The demand for New Media services in Northern Europe did slow in conjunction with the Dot.com bust. Customer firms curtailed their web-based marketing campaigns and internal and external funds to finance new products and services dried up. However, the results of the downturn were expressed differently because of differences in the nature of employment contracts. For example, New Media workers in Germany are more likely to be employed by firms, so they show a high unemployment rate in the post-Dot.com speculation era (Laeppele et al. 2002). By contrast, unemployment among American
New Media workers has been disguised because they were and are employed as independent contractors.

Across countries, the types of skills held by New Media workers have affected their vulnerability to job and income loss. For example, people who have skills to develop applications and game developers are less likely to be out of work because of continued global demand. Content providers (with a higher proportion of women) have become the most vulnerable to job loss because firms can delay adding new content or upgrading their sites, or shift the content design work to non-designers already employed in the customer firm. In the United States, the most significant shift for this workforce was in their expectations regarding compensation, which declined significantly in 2000 and 2001. While some jobs disappeared, others pay 30% to 50% less than they did during the Dot.com boom. This has had additional implications because of the aging of the workforce. The “twenty-somethings” who were the Dot.com workhorses are now in their thirties and concerned about supporting a family and paying a mortgage.

Individual expectations are also being shaped by firm strategies in response to the downturn. For example, expectations about working conditions and behavior are becoming more conventional. By contrast to the round-the-clock schedule associated with the Dot.com boom, work hours for New Media workers are becoming regular. Some New Media employers in New York City who can no longer afford high rents have moved to lower rent offices. Attesting to the freelance character of the industry, other firms rent desks on a monthly basis in an office they share with other New Media companies. Contingent jobs in American New Media (already dominant) have increased because employers are reluctant to hire full-timers (van Jaarsveld 2004).

Possibly the most important difference in individual strategies in response to the industry restructuring and downturn has to do with attitudes toward conventional employment contracts. While German and Swedish New Media workers have sought out conventional employment contracts, American New Media workers continue to be highly skeptical about “regular” contracts with a firm. In response to the downturn, some expected that American New Media workers would want the security of a full-time job. While some individuals have taken standard jobs when on offer, some workers have left New Media altogether. Others view the Dot.com boom as a lesson, and are extremely cynical about job security in employment relationships (van Jaarsveld 2004). Results from a follow-up survey in 2004 of New Media workers in New York City revealed that the majority of respondents preferred free agency as opposed to a full-time employment relationship. This pattern confirms the independent stance of this workforce has persisted despite the dramatic change in labor market conditions. It also points to a more general disaffection and cynicism in the workforce about employer practices regarding health and pension benefits and the prospects of employment stability.

**Collective responses.** Recent reports indicate that Swedish New Media workers, facing a loss of individual bargaining power with the Dot.com bust have turned to collective bargaining mechanisms (i.e., unions) to provide them with more job security (Augustsson & Sandberg 2004). Again, this is a reflection of both historical expectations and practices about who bears responsibility for the welfare of the workforce and what alternatives are available to New Media workers in shaping their employment conditions. It is a rational choice in the context of a national industrial relations system in which over 80% of the workforce is unionized.
In Germany, unionization has been slower and less successful in this occupational group reflecting, perhaps, wider societal disaffection with the union movement and its association with the “old economy”. Unions are, however, making a concerted attempt to cultivate this workforce, providing services to the workforce regardless of their union membership. That they have the resources to undertake long-term strategies to attract new economy workers to the union movement demonstrates the capacity and influence they continue to exert.

Although there were and are organizations serving the needs of American New Media workers, they provide services to entrepreneurs and independent contractors rather than attempting to increase the bargaining power of the workforce. These organizations connect New Media entrepreneurs with angels and venture capitalists, and inform them about the continuous training and skill upgrading that is necessary to working successfully in New Media (van Jaarsveld 2004). They are not concerned with defining necessary skills or with assigning credentials. They are not oriented toward serving the collective needs of a profession as is the case with the Writers Guild, the Society of Graphic Artists or the Screen Actors Guild, but rather act as membership associations. While some New Media workers, particularly those in digital design, may belong to professional organizations, they are a small subgroup within the broader occupational group (Scott 1998).

Perhaps ironically, it appears that the New Media membership associations were more powerful when individual workers had more bargaining power. With the industry downturn, the power swung back to employers not only from individual workers, but also from the professional associations. The reason for their decline in importance is that the service-providing organizations depend on membership fees to survive. In the current business climate, many New Media workers cannot afford to be dues-paying members or attend the combined social and business events that were the hallmark of this industry in places like New York or San Francisco. So, in the same way that there has been consolidation among New Media firms in New York City, consolidation has also occurred among New Media professional associations.

As New Media has evolved in conjunction with the restructuring of the industry, so have the organizations that connect American New Media workers. Those focused on sustaining the workforce by offering tangible benefits, health insurance, and market and technical assistance have survived the downturn. These include the Web Artists Consortium (see www.WWWWAC.org) and a new online networking community, Ryze.com. The organizations that provided what now appear to be less essential services, such as soft skills training or networking opportunities, have declined in importance.

The Sources of Divergence in New Media Work

How do we explain the presence of different patterns of work and career development in this post-industrial, new age occupation? One route is through the “varieties of capitalism” – nationally constructed governance systems affecting investment time horizons, employment regulation and other key attributes of market functioning (Christopherson 2002b; Hall & Soskice 2001). The literature on “varieties of capitalism” demonstrates how firms and individuals in Sweden, Germany and the United States respond to different institutional incentives. Sweden and Germany have very different market governance systems, but in both systems labor plays an important role and capital is more “patient” than in the United States and investment returns horizons are longer. The result of these differences is that in
both countries labor has historically had greater voice and control over working conditions. In addition, in both Sweden and Germany, a greater portion of the burden of sustaining a skilled workforce is the responsibility of the firm rather than the individual worker. Policy is directly engaged in constructing these differences through legislation and regulation governing inter-firm competition, employment and collective bargaining (Christopherson 2002b).

A second source of divergence also lies in the policy arena – in the political decisions taken in response to the challenges of globalization. Global market integration and deregulation have produced some convergence in national practices and institutions governing investment and labor markets, but there are still marked differences among them and, thus, different incentive structures and outcomes for both workers and employers (Katz & Darbishire 2000). Differences extend to work across the spectrum of media production (Feigenbaum 1998; Sydow & Staber 2002; Windeler & Sydow 2001).

Rather than reducing differences among market governance systems, deregulation of financial and employment markets and changes in national regulation of competition policy may have actually exacerbated differences among national systems. For example, the period in which the New Media industry developed in the United States was also one in which there were changes in the broader regulatory framework governing employment. These changes are seen in the increase in “non-standard” employment (temporary work, independent contracting), which is the fastest growing area of employment. More significant, however, were changes in the expectations of employees in full-time employment. Americans have always had significantly higher rates of job turnover than their European counterparts. These rates increased by the 1990s along with increased managerial emphasis on personal responsibility for career advancement. Thus, there was a much broader change in how the workforce looked at their careers and the risks they faced in employment. Again, regulatory change underpinned many of these changes in expectations. According to Katherine Stone (2004, p. 91), this new psychological contract is one in which “employees no longer assume that the employment contract offers job security and promotional opportunity within a single employer’s internal labor market, but rather assume that it offers job opportunities with other employers and marketability in the external labor market”.

Because of regulatory changes, American employment conditions began to look more and more like those in a project-based, entrepreneurial labor market with risks disproportionately assumed by employees. American employment, including that in large firms, became less predictable and secure and contracts more individualized (within an already highly individualized employment system). The boundary between the risks of entrepreneurship and the protections of employment narrowed and collective bargaining solutions, such as those that existed in the old media industries, were put further out of reach. A general argument could also be made that, in the United States, the premium placed on central managerial control, flexibility and cost cutting, along with the inhibition of the possibility for collective bargaining power has lessened the influence of workers over employment conditions. It is not a surprise, then, that New Media workers would have a preference for the independent contractor role where, at least, one has control over the tools one uses.

New Media work is, thus, not outside the broader employment regime in the United States, but rather a reaction to its increased risks by a group of workers whose skills were in high demand. For a short period in the late 1990s, New Media became an outlet for a gener-
ation that recognized that so-called “standard employment” might be as insecure as entrepreneurship in the long term. They gambled on their skills and control over their tools. Although they are not sanguine about the risks they face (as evidenced by concern about their ability to obtain jobs and provide health insurance in the future), they look at their prospects in the context of an economy in which all jobs involve a higher degree of risk and in which many pay very low wages. In the American context, New Media employment offers some notable attractions compared to many jobs: high hourly wages, autonomy and the ability to avoid many workplace “hassles”, and the respect that comes from exercising skills that are in high demand. The weight of the risks may increase with maturity and family responsibilities, but New Media workers appear to be weighing the uncertainties they know against those that simply happen to people who thought they had security. For these more autonomous workers, free agency does not appear to be tied up with low morale or lack of enthusiasm for their work, but expresses a clear-eyed vision of what they can expect from an employer.

In the United States, where an entrepreneurial model prevails, evidence indicates that the workforce primarily absorbs the costs of sustaining a project-based creative, innovative industry. They must invest in continuous skill upgrading and in the networking that constitutes the job matching process. What is less recognized are the problems with which employers are confronted. In the absence of institutions that provide the infrastructure for meeting the challenges of skill development and career sustainability, as the media unions and guilds did for motion pictures, employers face high costs and significant uncertainties (Amman 2002). They must scramble to find the skilled workers they need for a project and then face the problem of establishing a short-term worker’s credentials. They then face the consequences of employing a workforce whose members are always looking to the next assignment.

What is perhaps puzzling about this costly and inefficient form of industrial organization is that models exist in cultural industries that could be applied to New Media. The motion picture and television industries in the United States are among the most unionized in the country and have a central role in organizing the industry to provide employers with assurance of skills and credentials, and the workforce with access to training and a pension and health care system that is organized to deal with project-based work (Amman 2002; Christopherson & Storper 1989; Gray & Seeber 1996). The inability to extend this model to expanding industries that are faced with similar organizational problems attests to the changes in industrial relations policy in the United States that make unionization and collective bargaining more contentious and difficult to achieve (Stone 2004).

Conclusion

Because of its institutional “embeddedness”, New Media work is, in many respects, unexceptional. This makes analysis of trends in this emerging occupational group more useful because they can give us some clues as to what patterns we can expect for the broader workforce in cultural industries. Together, the studies of New Media indicate strong commonalities with cultural industries. Work is project-based, there are conflicts between the expression of creativity and the requirements of profit-driven cultural product distributors, and continuous learning is a necessity. Studies of New Media workers before and after the speculative bubble also suggest the important ways in which New Media is embedded
in the broader national regulatory regimes that govern work life. This translates into broad differences in work life patterns and workforce expectations across countries where New Media is a growth occupation.

New Media work in New York, as well as in other American cities, for example, is primarily carried out by entrepreneurs and independent contractors rather than by professionals or long-term employees. The tendency to use contract workers to do Internet-based applications has, in fact, increased because of the expansion of the skilled labor supply. Since the end of “the bubble”, however, the bargaining power of this entrepreneurial workforce has been reduced dramatically. Yet the basic orientation of the New Media workforce has not changed. They are still primarily self-investors and their career goal is success as an independent contractor, not full-time, long-term employment. Although they are scarred, they are very cynical about long-term job security and the bust seems to have confirmed that short-term contract employment organized around projects is the best arrangement for them (van Jaarsveld 2004).

In Sweden and Germany, there is, perhaps, more discontinuity between the past and the present. During the global expansion of Internet-based marketing applications, Swedish and German New Media workers could associate themselves with what became an international youth culture movement and eschew traditional industrial relations regulation and institutions, including unions. In the period of the downturn, however, the existence of these institutions provides the now, more vulnerable, workforce with a set of options that are not available to their American colleagues. On the other side of the institutional divide, powerful and wealthy Northern European unions are anxious to maintain union density and represent the new TIME (technology, information, media and education) occupations. They have developed programs to meet the special needs of New Media workers and lure them into the union fold. Although the results of this effort are still uncertain, it is not being replicated in the United States.

While Swedish and German New Media workers may chafe at bureaucratic culture, they have more influence or “voice” concerning conditions of employment, tools and working conditions. Conventional employment is not associated with the degradation of skills and expertise to the same degree as in the United States. In economies where workers still have “voice”, the independent contractor route may be chosen, but because of the potential it affords for “mindful innovation” (Manning & Sydow 2004) and not primarily because of the loss of control over one’s area of expertise in the workplace.

In Sweden and Germany, New Media workers tend to be full-time employees and work under longer-term employment contracts even when they are working on projects. While these more “rigid” employment regimes may be changing, they are still powerful enough to exercise an influence on norms and behaviors even in an industry with (historically, at least) low rates of unionization. New Media work is influenced by the dominant national employment system in which it develops. The national differences that emerge from these institutional influences have implications for how much control creative workers have over their choice of work methods and decisions regarding standards of performance. They also affect the risks faced by both workers and their employers in carrying out production and how the costs of sustaining a project-based industry are distributed.

Finally, there are implications for the definition and scope of creativity (Manning & Sydow 2004). A skilled workforce without strong external collective institutions to define professional standards and evaluate performance leaves a vacuum into which managerial
standards can move. And, in industries where customers make the sole determination of what constitutes quality or creativity, that standard almost always favors commodity value rather than innovation. In an economy made up of entrepreneurs and commodity producers, what is considered creative or innovative will be defined by the political and economic context in which creative work is carried out. This is, perhaps, the most important implication that research on New Media work brings to the debates about the future of cultural industries.

ACKNOWLEDGEMENTS

The authors would like to thank the King’s College London Management Centre research seminar and Andy Pratt for comments, and Michelle Mulcahy for research assistance.

NOTES

1. Although they differ from one another methodologically and with respect to some of their central questions, these studies are comparable in many respects. They examine New Media work and its workforce in major urban centers and recognize the centrality of project-based work to New Media production. As a consequence, they help illuminate differences in how New Media firms and workers confront the challenges of skill development, and career and industry sustainability. The analysis in this study of the post Dot.com era in the United States draws primarily on research in New York City. While there are differences among American centers – San Francisco, Los Angeles, Washington, DC and New York – the features we emphasize distinguish American patterns from those in other national New Media workforces.

2. This understanding of the role of structuring institutions in creative work draws on Giddens as applied in Sydow and Staber (2002) and Staber and Sydow (2002).

3. Referring to New Media workers as “workers” is, in fact, a bit misleading because it masks the variation that exists within the New Media workforce. As New Media evolves, a skilled entrepreneurial group is separating itself from the lower skilled “newbies” (i.e., new entries) into the labor market.

4. This is possibly due to the enhanced ability of European youth to combine part-time work with formal education and training. State financing of higher education, support for off-site training provided for in collective bargaining agreements, and mandated limits on work hours would all contribute to opportunities to learn from others rather than to teach oneself. A European study of how youth (15 to 29 years of age) are responding to the challenges of work that is increasingly knowledge-based indicates that, in 1997, 68% of German youth chose to combine part-time work and education and training (European Commission 1997).

5. These are more likely to be men than women since, at least in the United States, female New Media workers are less likely than men to be married or have children (Batt et al. 2001).

6. The popularity of the “Dilbert” cartoon series attests to the perception of American workers that the conduct of work is increasingly out of the employee’s control.

7. Those New Media workers with longer-term employment contracts have attitudes similar to their more entrepreneurial colleagues. They were stopped in their mobility by the downturn, which effectively ended the proliferation of opportunities for new and better job contracts (van Jaarsveld 2004). While they have jobs, they realize that they do not have job security and worry about maintaining their skills and marketability.
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