Venture Labor

Work and the Burden of Risk in Innovative Industries

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“How could we have been so stupid?”

Sophie had been a heroine, of sorts, during the rapid growth of the Internet industry. She joined the great dot-com boom of the 1990s and worked her way up from an administrative assistant with an advertising agency to a project manager for a web design firm. Sophie and her husband moved from New York in 1998, a time when the money was good and growth was steady, to Silicon Valley in California where the dizzying, frenzied pace of start-up activity held the promise of fantastic money coupled with phenomenal potential for business growth.

During my visit with her in the summer of 2002, Sophie questioned not just that move to the West Coast, but all of her career choices. She felt relatively lucky: After several months of unemployment for both her and her husband, Sophie had found work with a large nonprofit group that would utilize her skills in managing online projects. At the time of my visit, her husband was still unemployed. To Sophie, the confidence that led them both to stake their futures to a booming industry and to transfer their careers from New York’s Internet industry to Silicon Valley now seemed like the hubris of naïve youth.

Four years earlier, I didn’t think Sophie was stupid at all: rather, I thought I was the one making a bad economic choice by going to graduate school at the very moment many of my friends were taking interesting, creative jobs in New York’s emerging Internet industry. I was jealous—the same friends who shared horror stories with me of underpaid, dead-end, and temporary administrative assistant jobs after college were suddenly excited about their work and their careers. In doing research in their field, I had the opportunity to do the kind of “deep hanging out,” as the anthropologist Clifford Geertz has called it, with people who were doing things that I thought I could have been doing too had I not made the seeming financially stupid decision to go to graduate school. My friends—just like
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the people I interviewed for this book—were doing interesting, intellectually challenging work, creating cutting-edge content for a new medium, and building a like-minded community engaged in nothing less than changing the way society communicates. At dot-com launch parties, gatherings for drinks in hipster East Village bars, and artsy office lofts, young people like Sophie seemed to have made the smart but easy choice.

In their classic handbook of field method, Schatzman and Strauss advise the field researcher to be “particularly sensitive to his own interpreted experience,” for even “the most subtle of his own surprises . . . is a sign that some expectation or hypothesis of his has been altered or even shattered.” My own shattering moment was when my jealousy of dot-com highfliers turned into sympathy for Sophie and others for whom years of hard work seemed to simply evaporate. Neither greed nor hubris nor stupidity were the reason that Sophie and thousands like her found themselves out of work in an industry that had collapsed. But Sophie felt, as many people within advanced industrialized Western economies do to a greater or lesser degree, that she alone was responsible for her economic success or failure. Many people within the nascent Internet industry of the mid-1990s and early 2000s felt assured that their unique combination of skills, business contacts and connections, and experience in a rapidly growing, new high-tech field could protect them from any turbulence the emerging industry. One job in the industry would lead to another; friends could always be counted on for leads to new work; the industry as a whole would always expand. As Sophie so eloquently phrased this confidence, “We thought the risk was that our company wouldn’t go IPO, or maybe fail. We never thought all the companies would fail.”

While Sophie’s statement exaggerated somewhat the extent of the downsizing in the Internet industry, the bursting of the dot-com bubble did affect employees’ abilities to find other employment. One cover of the Silicon Alley Reporter, a New York Internet industry trade magazine, illustrated the “year of the dot-com crash” as a burning Zeppelin, a technological advance that represented great optimism at its inception and grand folly at the time of its crash. Like the Zeppelin, working in the high-flying dot-coms seemed like a bad idea only after the crash.

Many of the people I interviewed for this book articulated an understanding of the economic uncertainty of the Internet industry that confirms what social theorist Ulrich Beck predicted—economic risk in modern life has become increasingly privatized and individualized. But economic risk is a social, collective phenomenon and depends on factors that are beyond any single person’s control, even if the repercussions of those risks
are privatized. In this way the economic risks (and indeed most risks) we face have a social component. Will the demand for our skills and labor increase in the future? Will the economy support our jobs? Will our companies be successful and continue to need our labor, or will they fail, shift jobs overseas, or subcontract out our services? People must answer questions like these to navigate the economy now, and such questions reflect how the chances we take depend on social factors, even if we feel we are solely responsible for the repercussions.

Risk Is Social

In retrospect, the small dot-com companies based in New York in the mid-1990s until the 2000 crash seemed financially risky. We may ask ourselves retrospectively, like Sophie did, how anyone could have thought that so many young start-up companies would survive much less potentially morph into the next Microsoft or Google. We could ask ourselves why Sophie, her husband, and people like them staked their hopes on the Internet industry, or we could try to prove their logic and economic reasoning right or wrong. However, the better story—and the more powerful social and cultural explanation—lies in understanding the social processes that made the risks that they took seem safe, natural, and routine. Rather than ask why dot-commers made those so-called stupid choices, we should instead ask what made taking such chances seem like a good idea at the time, an economic and social processes and cultural contexts for those decisions.

In this book I argue that a changing cultural and political landscape created the context for the dot-com boom to happen. New cultural attitudes toward risk—attitudes that predated the Internet boom but found a newly entrepreneurial subject before and during the dot-com boom—fostered the euphoria around the industry and attracted workers to new companies. Magazine and newspaper articles celebrated and naturalized these economic risks by urging a casual, even positive, attitude toward losing one’s job. Such portrayals framed economic and financial risks as inevitable, necessary, and beneficial for one’s career and companies, reinforcing cultural messages about the attractiveness of risk. As phrased at the time by cultural historian Jackson Lears, “We’re seeing a resurgence of risk both as a necessity of economic success and as a mark of what is fashionable. . . . What’s really happening is risk is now cool.”

And nowhere was this more visible than among the young, urban, educated workforce of the first wave of dot-coms. Any downside to such
risks was rhetorically presented in the business and popular press and in
the discourses that circulated among workers themselves as a narrow spec-
trum of possibility, which could be easily overcome, managed, or ignored.

This framing, I argue, is the way that economic risks are socially con-
structed. Whether people talk about risks with each other or read about
risks in the news media, the frames they use influence what they and
others perceive as risky and how responses are constructed to those risks.
As Mary Douglas and Aaron Wildavsky have written, it is less important
to focus on the “real risks out there” than it is to study these processes that
make things appear risky or not. Certainly, at one point in the dot-com
era, working for a start-up did not appear as risky as it seemed to be after
the dot-com crash. What I propose is that we shift the lens of our collective
analysis away from how individuals make decisions toward the cultural
frames for those decisions. Rather than thinking of the economists’ catego-
ries of risk-loving, risk-neutral, or risk-adverse, thinking of risk as work
allows us to recast attachments and affiliations to risk. People can be adept
at this work, enjoy it, or dislike it. In other words, people, organizations,
and institutions can frame uncertainty in different ways and to different
ends. But taken together, this framing of risk has very real consequences.

Within economic literature there is a clear distinction between risk and
uncertainty. In Frank Knight’s classic formulation, risks are knowable,
calculable, and probabilistic. In this sense, someone can hedge against risk
and take a risk with knowledge of the possible outcomes, regardless of
whether the risk pays out or not. Uncertainty, in Knight’s theory, is unknow-
able, like the odds of the complete collapse of the economy. Risk, in
Knight’s definition, entails careful choice among several options, balancing
risks with potential rewards, and balancing safer and riskier options. Knight
argued that real entrepreneurial profits do not come from managing risks
because risks were known, which makes it difficult for one entrepreneur
to have an advantage over others or over the market. Rather, profit comes
from exploiting uncertainties and managing the incalculable. The strate-
gies for managing risk that may work for an investor or in a stock portfolio
won’t necessarily work for an employee. Narratives and discourses about
the market during the dot-com boom made individual risk acceptable and
framed risk as cool. These narratives were reflected in the ways in which
people talked after the dot-com crash about the risks they took.

One of the reasons new companies frame uncertainty in particular ways
is because they need people willing to take risks. The discourses of risk
during the dot-com boom encouraged people to take risks and not to fear
failure. Two reporters suggested that the reason for this change in attitudes was “to encourage the kind of risk-taking needed to spur entrepreneurs to hack away repeatedly at the American Dream.”

Discourses expressed this symbiotic relationship between the risks that companies and their investors take and the risks borne by labor. Tom Perkins a partner of Kleiner Perkins Caufield & Byers, one of Silicon Valley’s top venture capital firms, said, “It is to a certain extent in the best interest of venture capitalists to encourage people to keep trying, to not be afraid of failure. We need people to take a chance.”

Another venture capitalist and new economy guru Esther Dyson also lamented in a *New York Times Magazine* article in 1998 that ideas were cheap, but people to work on those ideas were not; she claimed that the problem with the U.S. technology industry was that there were too many ideas and not enough talent to implement them. As she phrased it, “The best idea in the world won’t go anywhere without someone to carry it through.” This book examines this discourse surrounding a changing culture of risk that encouraged people to work in the dot-com industry. What emerged with the rise of dot-coms was a powerful cultural message that workers should willingly take risks as the requirements for their jobs. This book examines these discourses about risk and their implications for job security.

Sociologists understand that even most private and personal of decisions are structured by larger social forces. These “collective forces,” Emile Durkheim wrote, “determine our behavior from without.” The decisions that Sophie and her husband and legions of other young people made to join what appeared to be—and was often called—a dot-com gold rush were also shaped and informed by collective forces as well. Researchers often examine economic and financial decisions using analytic tools that focus on individual behaviors rather than these social or structural forces, and this is especially true for research on risk taking. Studying how individuals make decisions has been an important part of both economics and sociology, but the collective forces that shape individuals’ frameworks for decision making and risk taking—or the social structures that shape how people make decisions—are important to understand when it comes to questions concerning economic behavior. Such studies also show the role for media and communication processes in shaping the economy. Behavioral theories of risk have well-developed models of individual decision making, but there are fewer studies that connect individual perception of risk to the social and institutional forces that influence those perceptions. Understanding how risk works in ordinary economic life is not an easy task:
misperceptions linger in what Fred Block called the “subterranean level of economic understanding,” misperceptions that rational actors take risks in exchange for possible rewards and that profits are the payoffs for risks. This is the challenge set out for this book.

While I do not describe people in terms of rational action, I do take seriously how they talk and frame their decisions as evidence of their discursive work with risk. I do not intend to argue in this book that their decisions were good or bad, rational or irrational. My research is predicated on the assumption that we can take seriously the actions and discourses of contemporary subjects without having to resort to the false dichotomous poles of framing them either as fully formed rational actors with awareness of and power over their lives or as subjects duped by capitalist relations into a lulled state of false consciousness. The people I interviewed and observed managed their risk through talk, and the ways they articulated their positions within the economy helped them make sense of their choices. This process of articulation reflects, perhaps imperfectly, how they represented risk in their lives to themselves and to others, and such representations had and continue to have real impact in the economy.

Work Is Riskier

I argue that the dot-com boom occurred at a moment of transition in U.S. economic history toward riskier work, and the entrepreneurial spirit that people enacted during the boom was a response to this economic transition. In technology industries, employee risk taking has perhaps been the most visible—and the most attractive—as stock-option millionaires were created by the lucrative initial public offerings, but there are many other ways that economic risk has increased at work. Jobs are less secure, with lifetime employment a thing of the past. Layoffs, now a commonplace phenomenon, were relatively unheard of in the corporate world before the 1970s. For those working in the Internet industry during the dot-com boom, taking risks was seen as the best among otherwise limited options within the economy.

An array of types of support from families, jobs, and governments have historically helped people mitigate the economic risks they face. Imagine, if you faced a period of unemployment, what resources and upon whom could you rely? If, like many within the Internet industry, the booming, growing industry you worked in suddenly began shedding jobs, what resources would you have to support an extended layoff or retooling? Within the United States, you might be able to count on months of unem-
employment benefits, depending on whether you had worked as a permanent employee or a contractor. Your family and friends form another kind of support, and your workplace may provide some support as well. As Jacob Hacker argues, workplace and government supports are not as robust as they once were and are not adequate for the risks people now face. This “risk privatization” means that social supports for risks “cover a declining portion of the salient risks faced by citizens,” and as a result “many of the most potent threats to income are increasingly faced by families and individuals on their own, rather than by collective intermediaries.” These risks that people face at work are yet another example of how risk is socially structured and determined, yet privately handled and managed. Economic downturns, company layoffs, booms and busts—these are collective phenomena, but people attribute managing these risks to individual pluck.

Three economic forces increased the level of economic risks people bore in the late twentieth and early twenty-first centuries: the increasing “financialization” of the American economy; rapidly changing valuations of work, products, and services within the new economy; and the widespread diffusion of flexible work practices. These processes, outlined here, connect macroeconomic changes with risks managed and experienced on the individual level.

The first of these processes is growth of financialization, or the emphasis that companies place on profits from financial capital over profits from productive capital. While a new body of research has begun much-needed examinations of financial markets as social phenomena, there is still little analysis of how this increasing role for finance within the economy influences decisions and lives outside finance. The Internet industry in the late 1990s was one of the most apparent fields in which to study the volatile combination of the power of speculative financial capital and increasing employment risk. The current “global financial crisis” that began with the burst of the U.S. housing bubble in 2008 is yet another example of the devastating impact that financial discourses can have for markets, jobs, and consumers.

The second process is valuation, or the social construction of negotiation around economic value. Within the rapidly expanding Internet industry, uncertainty about the future directions of the industry led to shifting valuations and evaluation about the value of work, products, and services. Economic geographer Nigel Thrift argued that these valuations do meaningful work in the service of capitalism. Moments of open or conflicting valuations can create opportunities for a form of arbitrage—for betting that the value of a good, a service, or a skill will increase in value
when transformed by a different valuation schema. This is, in part, what Harrison White refers to when he claims that “business activities are sustained . . . only as common discourses are generated and shared in common histories.”

The third process is the rise of flexible work practices. Many scholars have studied the changing relationship between individuals and work, noting that as jobs in Western economies shifted from manufacturing to services an employment culture of “flexibility,” instability and insecurity emerged. Patterns of employment since the late 1970s have favored more “flexible” forms of work, the increased globalization of trade and finance, and what Manuel Castells calls the “informationalization of work.” These changes have had repercussions for workers. For example, sociologist Vicki Smith argues that employees now see risk taking as so inherent to their jobs that many of them see risk as the only access to economic opportunities: “When corporations no longer buffer their workers from the uncertainty of production and employment workers must take risks and expand great personal and group resources to control that uncertainty themselves.” In other words, this new ideology of flexibility links the lack of job security to opportunity, making risky work attractive.

Smith characterized this new work environment as one in which “employment instability, decentered control, and work intensification run across the occupational spectrum.” What this means is professionals can no longer expect long-term, secure jobs. The increase in contract and temporary work increases companies’ options and flexibility by distributing part of the burden of risk to external subcontractors and self-employed freelancers. When times are good there is work, and in downturns contracts are not renewed. This is an explicit externalization of costs by a firm onto workers. There is widespread agreement that these changes are the result of increasingly complex financial and economic interdependencies. As a result, new industrial relations of uncertainty are emerging. What scholars have called the “Fordist” social arrangement of production—with its reliance on both stable employment relations and government-backed social safety nets—have been replaced or weakened in many industries, especially in what has been called the new economy. Flexibility along with weakened social protections mean that postindustrial work depends upon workers’ ability to manage uncertainty in unprecedented ways, as we’ll see in the chapters that follow. Rosabeth Moss Kanter has called this a move from employment security to employability security. She argues that the high-tech industries provide an unfortunate model of this practice for the rest of the economy: “Instead of counting on long-term employment...
with a single firm, they increasingly depend on their employability by many firms. The shift from employment security to employability security implies a fundamental change in what people should expect from their employers—and how employers should think about their interests and obligations.\textsuperscript{24}

Understanding those decisions in context requires an analysis of the meanings and symbols that actors attach to that risk. Studies of innovation show that actors’ values toward risk taking in financial, technological, and market realms can vary across institutional environments, creating regional areas conducive for innovation or clusters of creative people that fuel urban growth. Levels of entrepreneurial activity can vary across cultures, explained by institutional factors such as patent supports, intellectual property arrangements, and markets. Cultural differences in the approach to risk can also influence how people act.

Ulrich Beck and those who have extended his \textit{Risk Society} thesis question the social characteristics of economic risk. They argue that in light of a weakening social safety net, individuals are generally being forced to bear more risk, and thus economic life is riskier now than in previous eras. This individualization of risk means a greater exposure on a macro-level to environmental risks, to job-related risks, and, especially in light of decreasing social supports, to the risks that accompany business cycles. Beck argues that the ability to bear risk can be stratified—that is, some people and institutions are better equipped to manage risk than others, and this stratification works with and amplifies already existing stratification regimes.\textsuperscript{25}

Beck primarily deals with the shift of risk from economic organizations—corporations, unions, governments—onto individuals, and, in this way, implies that these organizations could distribute risks more fairly if the political will to do so existed. For Beck, risk equals a kind of danger that workers now face alone—without the social and economic protections previously afforded by organizations and institutions.

Beck argues that people now see many kinds of risks as their individual responsibility, and indeed this seems to be the case. For Beck, the individualization of risk is reflected in the economy through a shrinking social safety net and the increased exposure of employees to market forces and in the environment through a pervasive exposure to environmental “bads” such as toxins and pollution. Beck predicted the rise of a risk society in reaction to the pervasiveness of risk, especially environmental ones. While knowledge about risks and the power to do something may not be equally distributed, the pervasiveness of risks, Beck argued, would lead to increased
collective action to prevent and manage risks. But, just as Marx never predicted that capitalism could produce such a large and strong middle class, Beck, writing before the economic downturn that began in 2000, did not foresee how ideologies of economic risk would continue to make risk seem attractive, at least among the U.S. labor force.

**Framing Risk**

This book examines how people frame the risks of their jobs. Framing is an important communication concept because it shows how the contested terrain over concepts and ideas shapes how people, in turn, act. The chances that people took during the dot-com boom were not merely the result of the poor or wise decisions of many individuals involved. Nor were they simply rational trade-offs between risk and rewards. Social processes and collective forces structured how people perceived and took risks, demarcating the range of available choices and the amount of risk apparent to themselves in their choices.

I argue that these social processes in part helped create the dot-com boom. People’s desire and need to take economic risks stemmed from a lack of job security and an increase in employment flexibility—not the other way around. Because work in general became riskier, people became more willing to take more risks. The discursive, communicative functions of the new economy helped construct this new economic reality. The dot-com boom created a vicious cycle—taking risks seemed to be the only way to get ahead—encouraging entrepreneurial behavior from people in the industry, which in turn signaled to others that taking risks was a good idea. These processes are not neutral since political and economic power plays a substantial role in determining which discursive frames are important, how they function within the economy, and for whom they generate profit. In the chapters that follow, I explain how social forces naturalize economic risks. I show how postindustrial workplaces integrate discourses of economic risks into their businesses by encouraging employees to “buy-into” their companies’ goals and to invest their time, energy, passion, and money. Within this historical context, some employees act like financial investors investing their labor in exchange for potential entrepreneurial rewards and business risks.

**Entrepreneurial Workers Not Entrepreneurs**

This book focuses on the rise of entrepreneurial behavior among people who worked in emerging technology industries in the late 1990s. Their
behavior was not independent from larger economic trends, nor was it solely the result of the rapid pace of technological change under way. Specifically, their behavior was in part a product of a particular historical moment in which economic risk shifted away from collective responsibility toward individual responsibility. It is what Jacob Hacker calls the “great risk shift,” or a societal move toward greater personal responsibility for economic and financial well-being and away from responsibility shared within companies and by the nation-state. One headline in 2000 summarized the shift work was undergoing in the new economy culture as follows: “Risk and reward are key, not job loyalty.” These macrostructural changes in the contemporary American economy—and the cultural shifts around these economic changes—shaped the rise of the dot-com era, not the other way around. As John Child and Rita McGrath say in their article on “unfettered” organizations in the information age, “When a society's organizations thrust a large number of its citizens into a condition of permanent survival-oriented tension, it would be remarkable indeed if the effects were benign.”

The dot-com era was a response to these changes, not the cause of them. The social shift toward increased employment flexibility created a fertile landscape for entrepreneurship and risk taking. Having high skills that were in demand, people working in technology attempted to find their own answer to uncertainty in the U.S. economy by taking risks and chances that they at least felt some modicum of control over. High-tech companies seemed to welcome and encourage employees’ risk taking as contributing to a more democratic and participatory form of organization, even within a longer trend that devastated a culture of corporate loyalty to employees. Part of this is attributable to the rise of “market populism” with the stock market boom, as Thomas Frank argued, but is, I argue also, part of a larger shift within the U.S. economy. The dot-com boom helped glorify risks—and shifted social and economic uncertainties to individually accounted risks. People accepted and welcomed risk because taking risks offered a semblance of choice in an era when many things were out of ordinary employees’ control.

The notion that risk taking will ultimately be rewarded is a deeply held value within American business culture. Taking risks at work is inexorably linked to the promise of possible wealth, so much so that company founders’ stories commonly highlight what economic risks a founder faced and how that founder outsmarted the market. Economists have long viewed profits as the returns for taking risks, but as an ideology risk taking provides a rationalization for economic stratification that is almost as powerful and
complete as the idea of meritocracy: those who take risks get ahead, and those who don’t are left behind. The rhetoric of the new economy echoed this adage as if it were an established fact.

This book examines how people, as active social agents, navigated and adapted to these dramatic social changes and the ways in which they attempted to control and manage these risks. Interviews I did for this book show that people working within the Internet industry during the dot-com boom and crash understood the economic risks they faced in very individual terms. That is, they thought they understood all the risks they faced, and they thought that they had the power to hedge against or profit from these risks independently of what was happening within the economy at large. With the dot-com crash that began when stock prices tumbled in early 2000, many people abruptly realized how little power they actually wielded over larger economic forces. The economic risks that they took may have been social, but the responses to the outcomes of those risks were experienced personally.

Political scientist Jacob Hacker has argued in *The Great Risk Shift* that shifting risk away from government has meant “risk is on the workers, not shared between companies and workers.” As he observes, the point is not whether they do better or worse in this system, “but that they face far more uncertainty and risk.” That is, there is more volatility in the incomes and lives of the American workforce than any time in the post-World War II era. Hacker writes that it is a mystery why corporate and political leaders lag in responding to the increased insecurity that Americans face. The real mystery to me, though, is why have people been so willing to accept this risk? Some of the answer is in how risk was made attractive during the dot-com era as something to be embraced, rather than feared. As Joost Van Loon has argued, the discussions of risk in political talk and media discourse are *autopoetic*, which means that as the message is communicated it reproduces itself. In other words, the more risk is discussed, the more it makes a riskier society. It is in this way, Van Loon contends, that the “social order is gradually being eroded at the cultural level.”

In addition to the political and economic changes that brought about the new economy, there were new ways of talking about risk. These new ways of discussing risk led to new ways in which people managed, dealt with, and expressed risk. And, as we’ll see in this chapter, these ways of dealing with risk in turn led to new exposures. The dot-com era was both a rhetorical and discursive strategy for reframing work relationships of the new economy. As Nigel Thrift put it, it was in part the “the romance” of exciting, interesting, and risky new jobs in a rapidly growing field, not the
financial rewards, that attracted many people to work in the dot-com boom. This allure combined with the newness of many companies in the Internet industry meant that workplace-level changes flourished in the industry. With few established conventions or work practices, dot-coms could reinvent professional work as fun, young, and exciting, turning jobs from white-collar into what Andrew Ross has called “no-collar.” As new companies in a new industry, they emerged distinct from established institutions and models of work in older industries, and the individualism of this new era could thrive. Fred Turner has convincingly argued that early cyberculture was deeply influenced by a particular brand of political libertarianism of the countercultural movement. Similarly, the culture of risk was just as important to the rise of the commercial Internet. Surely, the economic rhetoric of both Clinton and Reagan resonated with the changes that people felt; in turn, political talk helped shape a culture that accepted economic risk. While wide-reaching economic and political changes precede the dot-com boom, these changes informed and supported a cultural shift that occurred—making risk a central narrative in how people talk about their work. Not only did these changes set the ground for a new economy, but the discursive shift toward risky work also helped constitute new work practices and new relations to work. Decades of industrial change hinged on a fulcrum between two regimes—an “old” industrial economy in which economic growth and cultural norms supported stable employment practices in a “new” information, cultural, and technological economy driven by highly individualized and flexible work. This distinction between the old and new economy I have shown in this chapter is not a clear-cut one, and the rhetoric and reality of the scope of the economic changes was hotly debated at the time. But accompanying this discussion of a new, “renewed” innovative economy was talk of risk taking, entrepreneurship, and individual initiative that informed the ways in which people think about their jobs. It is in this economic, political, and cultural environment that a new medium arose, and embedded into these new technologies and messages were the entrepreneurial values of the people who were creating it, as we will begin to see in the next chapter.

Economic and financial risk is not something necessarily natural and innate, but rather constructed in part from the discourses that surround it. As Louise Amoore has argued, how risk is framed concretely shapes social practices. Management consultants influenced employees’ perceptions of the risks of globalization and the actions that the employees took as a consequence of these perceptions. If the risks of globalization seem inevitable, Amoore argues, then there exists a very different range of
choices that people feel they can make. While Amoore focused on discussions of globalization, the same holds true for how workers welcomed risk, trumping any discussion of uncertainty or structural change in the U.S. labor market.

In a similar way, discussion of risk in the new economy put a positive spin on the discourse of unforeseen events, one in which people learned to accept that they could profit from uncertainty and should embrace—not fear—the corporate changes under way. Just as managerial doctrines about globalization encouraged employees to be more entrepreneurial, the discourse of risk served a powerful symbolic function to get employees to accept more uncertainty within their jobs and within the economy. The lure of risk—the potential for payout—adds an element of choice, that people are choosing to accept risk rather than merely accepting the consequences of economic structural change.

Geoffrey Hodgson, in his critique of what British scholars call “the learning economy,” argues that at the root of this utopian vision of market individualism is the notion that the individual is the best judge of his or her own needs. However, this vision of society ignores the fact that individuals are socially formed, through both the process of socialization and people’s knowledge of possible choices. As a consequence, economic decisions are more complex to disentangle: do people make choices based on their best rational judgments or because of how they interpret the multiple competing signals? As Hodgson writes, a connected set of developments of increasing economic complexity and more advanced knowledge “make the distinction in practice between employment and self-employment all the more difficult to uphold.” As a social endeavor, work itself has been largely individualized, Hodgson argues: “The employment contract is in large measure a convenient fiction, couched in the individualistic categories of modern contract law, which in fact masks the social and co-operative character of all productive activity.”

The people who study governmentality have shown how we internalize these economic desires into our being. No longer are work relations constructed as conflictual but rather framed as a way that we want to be working. The culture of the era meant people internalized the message that taking risks was desirable and, in turn, internalized the lack of economic security within their jobs.

There is an increased ability among people to identify these risks on a macroeconomic level. Our economic data is more finely calibrated than ever, and there is more widespread knowledge about the economy with
the increase in media reporting about business and the stock market. Political scientist Mark Smith found that there has been a radical shift in the way the press has talked about the economy. The amount of front-page reporting of economics in the *New York Times* doubled from 1973 to 2004 compared to the previous twenty-year period. In a public opinion survey, only 17 percent of those surveyed from 1946 to 1972 mentioned the economy as one of the most pressing problems; from 1973 to 2006, a shocking 73 percent mentioned the economy.41

However this knowledge is now matched with distrust in the institutions that could help individuals hedge their bets. As Van Loon put it, in a risk society “closures offered by expertise, legislation and moral panics are no longer met with trust in the systems that produced them.”42 We have replaced the old economy with something we no longer trust, although we have more information about the risks. Less trust in institutions such as the government and corporations means people are placing relatively more trust in themselves, whether or not by necessity. This in turn further diminishes the ways in which people press institutions like the government to provide security. To a large degree, the arrangements that used to buffer American workers from economic insecurity—such as expectations of corporate job loyalty and increased government support for jobs growth—have been replaced by mechanisms that place the burden of risk more squarely on the shoulders of individuals. How have people adapted to these changes through their decisions, their career choices, and their approach to their jobs?

Framing economic risks as desirable is one of the enduring social consequences of the dot-com era. After decades of growing concern over job security, downsizing, and corporate cutbacks in the United States, the lure of risk during the dot-com boom made the lack of job security seem like a choice—and a pretty good one at that—for people working in the potentially lucrative technology industry. The lure of risk—and by this I mean the idea of *taking* chances—replaced the fear of uncertainty as the predominant economic rhetoric during the Internet boom. This shift is subtle but important as *risk* and *risk taking* in economic life now imply active choices while *uncertainty* connotes economic passivity and forces beyond one’s own control. For high-tech firms and start-up Internet companies, skyrocketing stock prices during the late 1990s gave risk the shiny luster of potential wealth for all employees, regardless of the chances for payoffs. Risk provided a justification in individual terms for both the profits and losses that came with the stock market crash in 2000. When the crash happened,
the people I interviewed questioned what was wrong with themselves rather than what was wrong with the economy. Within a larger social and political context of flexible work, risk-taking privileges potential individual rewards and losses over collective responsibility and group, organizational, or structural causes of either prosperity or poverty. In *The Disposable American*, Louis Uchitelle argued that even when we know layoffs are not the fault of workers, people who are laid off experience them as personal failures. American society takes actions that stem from collective social and economic forces and turns them into something private and personal. In other words, society has individualized the outcomes of collective economic risk.

Risks and rewards at work are not new, of course, but changes in the organization of work mean that individuals now bear most of the costs of flexibility and are responsible for activities previously thought of as within the purview of companies. Individual workers are less protected by their companies from the economic risks that companies face, and, with the fraying of the social safety nets of union protection and government support, workers are facing these risks alone. It is as if the logic of American capitalism replaced the metaphor of “climbing the ladder” for professional work with that of jumping aboard a ship that has yet to come in. In the words of a web site producer, “it is really up to you to manage” the risks of a market downturn, of losing a job, of becoming technologically obsolete. The lure of the potential payouts for these kinds of jobs made taking risks more attractive while masking the downsides of risk and insecurity.

**Defining Venture Labor**

One strategy for managing the risk of contemporary work is what I call *venture labor*. Venture labor is the investment of time, energy, human capital, and other personal resources that ordinary employees make in the companies where they work. Venture labor is the explicit expression of entrepreneurial values by nonentrepreneurs. Venture labor refers to an investment by employees into their companies or how they talk about their time at work as an investment. When people think of their jobs as an investment or as having a future payoff other than regular wages, they embody venture labor. Venture labor is the way in which people act like entrepreneurs and bear some of the risks of their companies. Venture labor includes the entrepreneurial aspects of work—how people behave as if they have *ownership* in their companies, even when they are not actual owners.
Venture labor is about people taking risks for their jobs, as much as it is about their subjective embrace of that risk.

Venture labor is one way that employees adapt to bearing the economic and financial risks of the companies for which they work. The term is a play on venture capital, the private investment on which new companies rely. People, venture laborers, can invest in their companies in many different ways. Employee retirement funds may be invested in company stock, and in new companies there are often tacit or explicit agreements to defer some or all compensation in exchange for potentially lucrative options to buy company stock in the future. There are other, nonmonetary assets that people invest in their companies. They invest time, for example, when they promote products and services in their off-hours as a way to support firms’ goals and generate new demand. As I saw in my field research in the New York–based Internet industry, employees spent many of their off-hours marketing their firms at industry networking events, and they talked about the interpersonal connections that they made at such events as a form a social capital for themselves and their companies. Sociologists think of social capital as a kind of asset, and I argue that people can invest their social capital in the companies where they work by tapping their personal connections for information and other resources that, in turn, often provide crucial support for their companies. These ties have been shown to provide critical resources for fast-growing companies and regional economies, but less is understood about how people work to develop and maintain these ties through mechanisms such as after-hours networking. Venture laborers can invest their human capital as well, agreeing to learn and update skills in their own time that could benefit their companies, and this too can be framed as an investment. Skill as a form of investment is one that an employee makes both in herself and in her company or industry. As Hacker wrote, “Skills are not costless to obtain, nor do they come without risk. Skills are an investment, and often what economists call a ‘specific investment’—an investment that is tied to a particular line of work, industry, or technology. And the more specific the investment, the greater the cost and dislocation if that investment is left ‘stranded’ by economic change.” Richard Cantillon in his 1755 Essay on the Nature of Commerce in General explained that the costs of employing an artisan is more than that of a “common labourer” because it is “dear in proportion to the time lost in learning the trade and the cost and risk incurred in becoming proficient.” Cantillon noted that costs of products incorporated the risks of their production, in general, and specifically, the risks of becoming proficient in a particular trade. Risk entered the
Anglo-American tradition of economic thought as a cost to be accounted for, and one for which price or insurance should compensate individual economic actors. But skill is a different kind of risk; it is quite costly in terms of the time required to get training, and for many college-educated workers, there is a range of people—from parents to taxpayers—who bear at least some of the cost of that skill. Learning skills that are useful in one industry makes job loss even riskier. As Hacker phrases it, “The educated rise farther, but increasingly they fall farther, too.” Training, especially at one’s own cost, is a form of investment that in jobs and industries with highly specialized skills requires enacting venture labor, and this was the case during the dot-com boom.

Another form of venture labor involves shifting managerial responsibility onto the employees themselves. Flexible, short-term, project-based workplaces place more responsibility for getting and keeping work on employees themselves. Heightened job insecurity means workers are increasingly exposed to cyclical economic risk, and flexible workplaces have placed increased managerial responsibility on their employees. As one cofounder of a news web site put it, “I don’t want someone who’s going to ask, ‘What’s my job?’ I need someone who’s going to figure out that on their own.” Considering the quick turnaround times on the development of computer applications, employees are expected, in the words of one programmer, to “hit the ground running” with continually updated skills, including new programming languages and familiarity with new technologies. This “individualization of the labor process,” as Manuel Castells termed it, aims at “decentralizing management, individualizing work, and customizing markets, thereby segmenting work and fragmenting societies.” Being in companies with less middle management and administrative support gives them a feeling of more autonomy in their work and, ironically, a greater sense of attachment to the very companies that have eliminated loyalty within the organizational culture.

While companies may benefit from venture labor investments, the increased job insecurity employees experience encourages them to make these investments in the first place. “The culture of the new capitalism,” as Richard Sennett calls it, replaced a rhetoric and expectation of company loyalty with venture labor and other forms of personal responsibility. The shift in corporate culture from company loyalty and responsibility toward employee risk taking gave rise to the entrepreneurial behavior of the dot-com era. With any job there are inherent risks that workers face given the nature of business cycles. However, working as venture labor means being exposed directly to the economic risk that companies face without
the same level of protection afforded to capital investors. Investing one’s venture labor presents the possibility of direct or indirect future rewards, but the ability to take risks is not equitably distributed across society, so that people who are already vulnerable in the labor market face other, new inequalities. Moreover, they are directly exposed to market forces and often are without the shelter of company pensions, retraining commitments, clear internal promotion opportunities, and companies’ implicit commitments to protecting their jobs.

Like venture capital, venture labor provides valuable resources for companies, new and established alike. Venture labor also creates the discursive and rhetorical mechanisms and language for employees to “buy into” the goals of their companies. Long gone is the expressed conflict between the interests of stockholders and the interests of employees. The discourse of risk gives potent rhetorical power to the tight alliance of employees’ interests with owners’ interests and company directives. Using venture labor helps employees articulate to some degree a personal sense of “ownership” in their employing companies and in the projects they complete for them.

Venture labor, though, entails risks that are often not as equitably distributed, neatly accounted, or directly compensated as the risks that financial investors face. The risks that ordinary employees take, to continue with the investment metaphor, are often not as portable, as easily diversified, or as fungible as financial investments. Financial capital moves with relative ease compared to labor and employee's investments of company-specific skills, social capital, and deferred compensation. Employees’ investments in a company or career often bind them more tightly to particular companies and industries, a stark contrast to financial investors’ attempts to diversify the risks they face across sectors. Consider the years of industry-specific knowledge and experience gathered over the course of a career. The more specific the preparation for a job, the more closely that skill set is tied to the economic performance of a particular company or industry. Some fields, especially creative industries, require years of unpaid training and internships or work “on spec” before payment can begin. The less likely this experience translates outside the company or industry, the less fungible, or transferable, an employee's investment is.

**Venture Labor in the Internet Industry**

Venture labor is an investment of people’s time and work, bearing risks with potential payoffs in innovation, sometimes with an impact on the
larger economy. One lasting impact of the dot-com era was the introduction of venture labor as an important factor in economic growth, and during the rise of the Internet industry, venture labor investments fueled stock market growth for the entire country. The dot-com boom will be remembered as a time when employee entrepreneurial behavior led market growth.

That is why the Internet industry is a good place to start to study venture labor, even though it is by no means the only sector that has entrepreneurial employees or the only place to find venture labor. In the Internet industry, people were explicitly exchanging work for future possible payoffs and explicitly engaging with, managing, and discussing risk within their jobs.

These types of entrepreneurial risks within jobs were so unusual before the dot-com boom. By the height of the dot-com boom, risk taking was a primary theme of U.S. business discourse. Business magazines such as Business Week and Fast Company viewed risk taking as something to be embraced, rather than ashamed of, and published articles on why failing in a venture is actually a good thing (namely, it shows initiative and experience for the next venture). Daniel Pink wrote a manifesto for the “free agent,” an individual entrepreneurial worker who is “working solo, operating from her home, using the Internet as her platform, living by her wits, rather than the benevolence of a large institution, and crafting an enterprise that’s simultaneously independent and connected to others.”

The media covering the Internet industry during the economic expansion championed this free agent model of work, and indeed the term was first coined in a magazine that covered the Internet industry. The dot-com boom is also a good place to explore the cultural dimensions of economic risk. These cultural dimensions were important for attracting people to the industry as well as for making those risks seem safe. For example, in The High-Risk Society, a book published at the beginning of the dot-com euphoria, economic journalist Michael Mandel tells the story of Kenneth Olsen, founder of Digital Equipment Corporation. Olsen did not believe that the personal computer was going to be a significant technological development. He was wrong, of course, but the moral of this story, Mandel argues, “is he should have been right: the odds of a technological innovation sticking and becoming a big deal are extremely low and there is no way of foreseeing which one might make it.” The Internet industry is no different. In 1999 and 2000 people made choices—what Mandel would call “high-risk, high-reward” choices to work for start-ups. Mandel argued, and I agree, that these types of choices are becoming more
common in the new economy—where more is at stake for a chance at a larger payoff.

In the new economy, ordinary employees integrated this acceptance of risk into their own narratives about the choices they made, regardless of the likelihood for their risks to pay out and even when it was clear that the risks that they took were bad ones. These narratives were at times almost tautological in nature and often prescriptive: risks have positive payoffs; thus, people do and should take them. Within the Internet industry, economic risks and personal hopes were so often intertwined that taking risks edged into the realm of passion, not clear calculation. In the new economy, a person could talk about risks in the same breath as hopes and dreams. To take risks was to believe in dreams, dreams within reach, dreams attainable through work. This was easy to contemplate when the Internet stock prices were at their dizzying heights and risks within the new economy seemed close to sure things. What struck me in the interviews I did for this book was not so much how people talked of their work as potentially making them rich, but rather how “risky work” was often equated with fulfilling, rewarding, or challenging work. Safety and security in the workplace became part and parcel with boring, dull, and uninteresting work. This is a far remove from the way we talk about environmental risks or health risks, and certainly any language that equates risks and dreams is a far cry from the cool calculation that one associates with financial accounting and the realm of “risk management” within the corporate world.

Risk created a sense of choice, oftentimes false, that pervaded tech workers’ narratives about their careers. For people who worked in Internet start-up companies, the risks they took represented, in their own words, their hopes and dreams and “only the upside” in the words of a software engineer. But these attitudes and rhetoric about being one’s own boss and having control over one’s company did not emerge by chance or in a vacuum. The social context for this frenzy and the rush to boldly take risks occurred in the midst of major structural change from an economy in which 30 percent of the workforce was unionized to the wide acceptance of at-will employment. The attitudes toward risk that we saw during the dot-com boom happened in the context of the shift from a workplace where regular, full-time employment was the norm to a growing percentage of the American workforce in nonstandard jobs, many lacking health insurance, pensions, and training. Risk presented a choice when jobs were shifting from the security of regular employment to flexible hiring to meet demand only when times were good.
This rise of individualization and the increased importance of work cultures also led to a change in the rhetoric of work. New economy career guru Tom Peters described the model of the new economy worker as follows: “Turned on by her work! The work matters! The work is cool! . . . She is the CEO of her life!” This new rhetoric of work pervaded business magazines covering the workplace and influenced how people framed their own jobs. During the dot-com boom, new economy workers were represented as young, energetic workers taking chances, making money, and having fun. In keeping with this spirit of revolutionary changes, Jeff Bezos’s motto for Amazon was “Work hard. Have fun. Make history.”

In many ways workers in dot-coms were “avatars” for the cultural shifts toward riskier work that was under way throughout the economy—they represented, magnified, and reflected the changes in progress while making risky work seem attractive. The risks of the era were not solely dependent upon many different individual evaluations, but rather, in keeping with the pathbreaking work of Mary Douglas and Aaron Wildavsky, culturally and socially informed. This means that people making choices during this time did so in an environment that shaped the perceptions of risks. As we will see in subsequent chapters, many people working in dot-coms wanted to pick the “right” kind of company, one that might have economic payoff, provide for career-establishing visibility, or allow for stability relative to the rest of the economy.

But risk is not optional. Risk taking across the high-tech sector was perceived as being a requirement of working in the industry, not just a lifestyle option. An organizer with the Washington Alliance of Technology Workers (WashTech) said, “Most of the workers in this industry think of stability as dead-end,” and throughout the boom-time 1990s, taking risks was seen as the only way to get ahead. Highly skilled, highly educated, and mobile workers were able to take on and benefit from these risks, and welcomed them as an opportunity for personal challenge and growth. In addition, those who “opt in” for work in this industry (as one employee described the process to me) offered individual-level explanations for and solutions to the problems of risk. Taking risks in their jobs gave them a feeling that they could manage layoffs and economic downturns on their own, and in turn fueled an ideology of financial success as being the result of personal, not collective, actions.

It is important that we think of risk in this sociological way, in order to understand the shift in cultural values in the economy. Mary Douglas argued that the word risk in contemporary Western societies now implies bad risks, having moved from meaning merely chance to meaning the more
serious danger. Douglas rightly emphasizes the shift in the cultural discourse around risk toward an individualistic, rather than collective, notion of responsibility for those dangers: “The modern risk concept, parsed now as danger, is invoked to protect individuals against the encroachments of others. . . . The dialogue about risk plays the role equivalent to taboo or sin, but the slope is tilted . . . away from protecting the community and in favor of protecting the individual.” She did not study economic risks directly, but she argued that an analysis of how people view risks can show how communities understand the risks they face and the processes by which blame and accountability are distributed within them. Douglas’s cultural analysis has rightly shown that understanding who bears the brunt of risks reveals the level of individualism within a society, and although her argument about the cultural framing of risk does not explicitly address economic life, her observations lead us to consider the culture of individuality within economic life. What we will see in later chapters is that the concept of risk during the dot-com boom connoted individually made choices with the possibility of great rewards, even while rising job insecurity meant more people faced economic uncertainty beyond their control in the American labor market.

To many working in the Internet industry before the crash, work in the technology field was not risky, but rather seemed a sure thing. Growth, at a certain point, was phenomenal, leading many people in the industry to believe that while they might lose a job with one company, they would never, as Sophie said, “lose all the jobs” in the industry. The case of the Internet industry exemplifies the extremes of risk taking by employees, with the industry’s rapid rise and fall along with a particularly wide range of outcomes from long-term unemployment to stock-option millionaire over a relatively short amount of time. This is a clear case of the attraction to and the effects of risk taking at work, and this clarity helps reveal the social forces that shape those risks.

This attraction to risk gave rise to the entrepreneurial spirit of the dot-com era, and people rushed to join in the dot-com boom, in part, out of a growing lack of job security in the labor market. The same social forces that reduced workers’ job security encouraged them to align even more closely with their companies by seeking profit-sharing plans and identifying with the products and services being produced. These cultural changes accompanied larger economic trends and made the economic risks that people faced seem manageable and at times even desirable.

There is now a common misconception that the Internet industry was filled only with “digital hustlers,” as one oral history called the pioneers
of Silicon Alley. But many people working in New York’s Silicon Alley wanted to make new media and new technology, not fortunes, especially because it was seen as an area that fostered “content,” or media, for the World Wide Web rather than computer hardware or software. In a survey of Silicon Alley firms in 1995, 91 percent of them responded that they were in the business of “content design and development” for the Internet—that is, creating the web sites that are on the World Wide Web. Those who were early Silicon Alley pioneers created interesting, “edgy” Internet sites, often on their own time and with their own money.

According to accounts in the media, the Internet industry was filled with people who thought they might get rich quick. However, the majority of the people I interviewed before, during, and after the dot-com crash had sought employment in the industry because it matched their desire for creative, interesting work or because they thought the industry would provide a stable future. Some people found opportunities in this emerging industry that simply were not available to them in other sectors of the economy or used these well-paid jobs to support them as they pursued a career in Manhattan’s hypercompetitive arts or media fields. People working in the Internet industry reported feeling freer there than they did in other industries—doors were “wide open,” as one respondent who had jumped into the industry from book publishing said. The medium itself was “the freest around,” as a former documentary filmmaker said of his online job with a corporate media concern. In the words of another person interviewed, job openings matched “talents not resumes.”

What economic risks did they face? I want to discuss three directly: the risk in stock options, the risk of unsteady work, and the risk of industry collapse. More than 40 percent of those employed by New York Internet companies in 1999 got some form of stock options or deferred income as part of their compensation package. While to some extent employees have always been exposed to the vagaries of the market, pay tied directly to their company’s stock performance is a relatively recent trend. This trend began with CEO compensation as shareholders tied executive pay to stock prices. During the dot-com boom, this trend trickled down the company ladder in technology companies. What began as a movement toward economic incentives for CEOs to keep share prices high has been used by companies as partial compensation for employees who have little direct effect on share price, and there is evidence that cash-strapped start-ups used stock options in lieu of at least part of workers’ salary in order to save money on salaries.
The second risk they faced was that of not having steady work. At its height in early 2000, the New York City new media industry had more than 138,000 jobs, according to an optimistic report—more than the area television, magazine, and book publishing industries combined, and just under the number of workers in brokerage and trading firms in New York. Over a quarter of these jobs were part-time or temporary jobs. Even during the industry’s most rapid growth period, part-time and freelance jobs grew faster than full-time employment. These are called “nonstandard” work arrangements compared to permanent, full-time employment. Arne Kalleberg and his coauthors found that these nonstandard work arrangements allow firms to hire at a higher hourly base salary in times of tight labor markets without permanently raising salary levels for the rest of their employees. These arrangements benefit employers by increasing flexibility at the cost to employees of stable, permanent jobs. In these nonstandard work arrangements, employees often must provide for the costs of their own training and absorb the time and cost of looking for new work once their project or contract is over. It is in this way that nonstandard work arrangements place cyclical economic risks more squarely on the people doing the work, rather than on the companies profiting from their labor. These risks come in two forms. Contractors and temporary employees, not employers, absorb the risks associated with the ebbs and flows of market demand. They must also invest in skills training and social capital that may or may not pay off. In the New York Internet industry, people spent on average almost twenty hours each week just “staying alive” in their careers through unpaid training and looking for new work. Even at the height of an economic boom, and during a tight labor market for people in technology industries, highly skilled workers faced the pressures of securing steady work. At after-hours socializing at business networking events and parties, people hunted for future job prospects. People in the Internet industry during the dot-com boom welcomed the risks of flexibility as possibilities for new career opportunities, rather than as a loss in job quality. Gideon Kunda, Steve Barley, and James Evans found that highly skilled contractors often welcome this kind of risk as an opportunity to make a personal profit; this is one of the reasons that all flexible, nonstandard jobs are not “bad jobs,” as Arne Kalleberg and his coauthors termed them.

The third risk that people working in the early days of the Internet faced was the loss of work through the collapse of the entire industry or failure of their companies, a risk that seemed impossible to many. With the
dot-com crash, those who worked in the Internet industry saw demand dry up for specialized skills, such as programming and project management. They often acquired these skills on their own time and had to figure out how to retool, adapt, or apply them elsewhere once industry demand for those skills fell. Socializing at after-hours networking events—parties to launch new web sites or promote companies, for example—built the dense networks that are critical to companies in an innovative industry, as AnnaLee Saxenian showed in her book about the success of Silicon Valley, *Regional Advantage*. After the dot-com crash, however, many people within the industry found their investment of hundreds of hours of time in building those social networks useless for helping them get a job.

While there were a few dot-com millionaires, the New York Internet industry in 1999 had a median salary of $42,600, which was less than the median salary in either magazine or book publishing. The boom may not have turned everyone in Silicon Alley into millionaires, but the subsequent bust certainly hurt their chances for getting a job. Razorfish, a Silicon Alley design firm, saw its stock market valuation soar to $4 billion during the Internet stock market boom, making it one of the most valuable publicly traded companies in the country, only to later see its share price drop to under $1 by the end of 2000. Massive layoffs and closures, “shake-outs,” and consolidations swept the Internet industry in New York and nationally. Perhaps with hindsight the “dot-com bomb” seems inevitable, and with it, “pink slip parties” instead of launch parties. As an article in the *Financial Times* poetically phrased it, workers went from “dotcom to garçon.”

At the time, economic risks were made to seem natural or inevitable. People working in the Internet industry expressed that they saw little downside to working in a risky industry, even if they articulated their work as risky. These economic risks were discussed in terms of manageability, since people tried to manage risks in different ways. Instead of fearing risks, people welcomed risks, and the culture of the dot-com sector helped them do so. Companies advertised for jobs as if being a risky young start-up was a benefit for working in the field.

However in the Internet industry, economic risk was widely welcomed. Rhetoric about the potential payoffs of stock options were used to motivate workers, even when, as Alexander Lyon shows in his study of the organizational communication of a start-up company, executives knew these claims to be overly optimistic. In this model of the new workplace, promoted by magazines like *Fast Company*, taking risks was tantamount to asserting independence from corporate control and from boring work. At
the very moment when a massive shift toward individualization emerged—
with organizations sloughing off responsibility for skills training, health
care, and other benefits, and even financial accounting such as tax
withholding—an ideology about freedom made risk taking not only accept-
able, but, at least in Silicon Alley, highly desirable.

The organization of risk and uncertainty within New York City's Internet
industry is important for studying risk for several reasons. First, the
industry was one of the first to embrace technologies of distributed work,
and it has been theorized that these technologies of distribution also desta-
bilize some bureaucratic structures. Second, innovative practices within the
industry, both in terms of new products and of work practices, may influence work outside the industry. Third, understanding the work cultures
and social organization of the production of information technologies can point to the problems encountered in the adoption of these technologies
and work practices, especially within other workplaces.

Many individuals working in the Internet industry in New York, particu-
larly in the early years of the industry, would not be classified as “entre-
preneurial” or risk-loving in a classic definition, and yet they directly faced
market uncertainties on several different levels. All of the “early true believ-
ers” reported having nothing to lose by working in Silicon Alley. The
chances they took were utilized by a volatile industry that needed to spread
its risk among many different actors within the economy. Job-hopping,
outside consulting and professional work, and risk taking are all part of
the strategies high-tech workers used to guard against the uncertainty of
their industry. In talking about risk, they often connected risks to their
chances of finding jobs in the future, either through their creative reputa-
tions, the reputation of their company, or careful management of their
ability to be in a stable environment.

These risks and workers’ strategies to manage them together form a
currency of innovation. Individual entrepreneurs and risk-taking employ-
ees, exciting new companies, and an industry developing a new class of
products are all images of economic growth and economic change. The
examples from interview data presented in this book show a variety of
approaches individuals use to frame risk taking in their careers. All of the
workers interviewed reported feeling compelled to continually acquire new
skills needed for their jobs and responsible for tasks such as after-hours
marketing of their companies, “networking,” and the pressure of “keeping
up” in acquiring new skills.69 This “individualization of the labor process,”
as Manuel Castells has termed it, aims at “decentralizing management,
individualizing work, and customizing markets thereby segmenting work
Other forms of individualized work practices fostered a highly individualized sense of responsibility for one’s own job stability and career trajectory within the industry. Flexible staffing practices and nonstandard employment arrangements increase flexibility at the level of the firm by distributing part of the burden of cyclical risk among subcontractors and self-employed freelancers, who face risks and costs that a firm has explicitly externalized. Within firms, emergent forms of the organization of work itself rely not on standard hierarchical structures that support risk but on heterarchical forms characterized by “minimal hierarchy and by organizational heterogeneity”—forms hinging on employees’ adaptability and entrepreneurialism. The dot-com crash exposed narratives of self in which people expressly individualized the risk of the market. Nikolas Rose has argued that the rise of “governmentality” means individuals take on increasingly more risk and assume responsibility, economically and psychologically, for mitigating that risk, and he concludes that working with risk is one of the fundamental aspects of neoliberalism. In this case, it includes placing blame on themselves for decisions to enter the dot-com industry and for failing to navigate successfully the risks of the market. Whether luck, caprice, hubris, or bad timing, the individuals I interviewed often blamed themselves, not the market or their industry, when they lost their jobs.

Creative, Cultural, and Media Labor

Another form of risk that people took in Silicon Alley was the risk associated with being creative labor. Media and communication scholars including Richard Caves, Mark Deuze, and David Hesmondhalgh have written that the uncertain demand in “creative industries” such as media and entertainment means people working in these fields face increasing entrepreneurial pressures and risks. So-called creative industries workers who produce these sorts of intangible goods and services have long faced an uncertain demand for their work—being to some extent, as an old Hollywood adage puts it, only as good as their last picture or project. Because they rely on audiences to evaluate their work, many people in communications—and media-related jobs have “portfolio-based careers,” in which they piece together projects judged for their creative or commercial impact. I believe that understanding how media workers produce symbolic, informational, and aesthetic goods and services can help scholars understand how economic value more generally is communicatively
constituted and mediated, as more industries begin to rely on this aspect of value.

One concept from this research that is useful for understanding the production of cultural value is the concept of individualization, the term for each individual’s increasing responsibility for his or her own welfare. In a particularly clear explanation, Angela McRobbie wrote: “What individualization means sociologically is that people increasingly have to become their own micro-structures, they have to do the work of the structures by themselves, which in turn requires intensive practices of self-monitoring or ‘reflexivity.’ This process where structures (like the welfare state) seem to disappear and no longer play their expected roles, and where individuals are burdened by what were once social responsibilities, marks a quite profound social transformation.”74 McRobbie studied the careers of cultural entrepreneurs in London whose blurred lines of work crossed from night clubs to their companies and back. She and others have argued convincingly that the creative labor force is one of the most visible places to see these changes. Scott Lash and John Urry argue that “cultural industries” provide the template for the rest of the economy to follow—that creative, cultural work has the power to influence how work in other industries is organized.75 Work extends into more corners of life including social arenas, home, and off-hours.

Communications scholar Terry Flew has made the persuasive argument that service work in general needs to be understood in terms of “transactions that utilize relational, persuasive and semiotic strategies to link the production and consumption of creative content,” and this is particularly true for those who create explicitly “creative” content.76 Creative and cultural labor is speculative and increasingly precarious. The “cultural turn” across a wide array of businesses means that workers are asked to be continually self-monitoring and self-reflexive and seek out intrinsic rewards and motivations for their work.77 While workers in Silicon Alley were situated simultaneously in the worlds of technology and media, their position was one of creating a new medium. However, within cultural industries, content creation and content distribution often have very different kinds of employment arrangements. As one of Flew’s informants phrased it, “Writers drive VWs, and the publishers drive BMWs.”78 In the heady, early days of Silicon Alley, people expressed that they were changing the ways that cultural distribution would occur—and that these changes held out the promise that that writers, artists, and other content producers working in this field could, to build on Flew’s work, afford luxury cars as well.
It was this approach to cultural production that differentiated New York's Silicon Alley from California's Silicon Valley. Silicon Alley's industry association was called the New York New Media Association, and many of the region's boosters made much of the fact that people in the area made a creative—not just technological—contribution to the Internet. It was this spirit of creating independent, interactive content for an emerging medium that led Silicon Alley web video entrepreneur Josh Harris to predict without irony or humility on the news program *60 Minutes* that his start-up company, Psuedo.com, would eventually put broadcast network CBS out of business. Even though Pseudo failed, the early potential of the web presaged the fears that Hollywood, television networks, and music studios now have about the enormous power of new media.

Now it is hard to imagine a day without searching for information online—or getting news online, or watching videos on the web, or dodging ubiquitous banner ads and other online advertising. The pioneers of Silicon Alley created the first online magazines or “webzines,” the first advertisements, the first online soap operas, the first social networking sites, the first online “webisodes,” and some of the first online news sites. Early Silicon Alley focused on creating online video, building communities of users, and experimenting with news and entertainment online. The Internet as we know it today owes much to these early experiments. They shaped in a fundamental way how we now use the Internet and their companies and ideas are still with us, even if some of the particular ventures failed.

Content mattered to Silicon Alley, and content from news, blogs, and videos is still relevant to the Internet—perhaps now more than ever. Content has become infrastructure in the sense that the term is used in science and technology studies: technologies that seamlessly and invisibly blend into everyday life. When Silicon Alley emerged, fewer than 14 percent of Americans were online; by 2002, 66 percent were; and by 2009, almost 75 percent of American adults accessed the Internet. Today, Facebook and Twitter are the surefire hits that Silicon Alley companies TheSquare and SixDegrees, early social networking sites, weren’t. Google bought Doubleclick, a pioneering Silicon Alley firm, for over $3 billion in 2007. Silicon Alley company CDNow may no longer be a thriving web-based business, but surely no one now would doubt its strategy of using the Internet to help distribute music. The lessons of Silicon Alley are important not only for what they can teach us about a critical moment in American economic history but also for what we can learn about the creation of a medium through the experience of those who did the work of creating it. And more important for venture labor, these lesson show how
entrepreneurial values shaped the Internet. As Fred Turner has written in *From Counterculture to Cyberculture,* an early generation of influential pioneers—not necessarily technical innovators, but cultural and social innovators—can have enormous influence on how technologies are subsequently developed and used.

**Methods**

Economic life is a perfect arena for field research because the economy links personal values to global structures. In addition to uncovering individuals’ relationships to social structures and their discourses about the economy, qualitative inquiry can link observations at the local level to scholars’ understanding of these global structures. Although the rapid pace of change in urban Silicon Alley may not be representative of the experiences of most Americans in the late 1990s, much is learned through a close examination of how these individuals navigated economic change. In many ways they were at the forefront of changes in U.S. employment structures, and their experiences presaged ones that have become more commonplace in the intervening years. This book contributes to a view of economic phenomena that treats participants in a field as being shaped by—but not powerless against—larger structural change.

The challenges for this book are to examine the rise of the Internet using cultural, organizational, and societal levels of analysis and to connect the actions and representations of individuals to larger economic structures. Attention to organizational processes can prevent researchers from being able to situate organizational settings in larger social structures; within a globalized economy, this is a particularly dangerous oversight. While a close focus on the work process and dynamics of one particular company can highlight its power structures, examining companies across an industry can help researchers uncover the links between formal organizations and among individuals throughout those organizations. This latter approach is the one I took, choosing to examine work across a new industrial field, rather than delving deeply into the practices at one particular location within that field. This choice offered opportunities to hear from a range of people who were pursuing careers in dot-coms, and without this method, I think it would have been almost impossible to able to uncover a systemic yet nuanced functioning of risk across the industry. However, what is lost in this choice is the richness and depth that comes from following one company, one set of actors, through their everyday practices and engagements in making technology.
My immersion in the field of Silicon Alley began literally in my living room, where my roommate hosted Special Interest Group meetings of the World Wide Web Artists Consortium. Before I studied Silicon Alley, I was living in it, and the parties we hosted became salons for talking about what was possible with the Internet. When Sharon Zukin suggested I write one of my first papers in graduate school on the impact of the new media industry on New York’s cultural industries, it was easy to find young people working in Silicon Alley willing to be interviewed. I began field research in 1997, just when the first wave of Internet content companies were becoming commercially successful. The benefit of having lived the evolution of Silicon Alley firsthand was to gain invaluable insight into how the participants themselves framed the multiple communities and networks as the industry grew.

While I did not work in Silicon Alley, I participated in the social events that were important to the industry that my respondents said were central to their mobility and visibility within the field. I attended office parties, toured companies, interviewed people at work, and hung out at after-hours events in bars, restaurants, and people’s homes. Although some of these were the raucous parties that dot-commers had the reputation for throwing (and I faced the occupational hazard of trying to conduct research in such treacherous terrain), many of the events I attended were more like spirited intellectual salons or soirées, with heated debates about the future of the web. My fieldwork included attending Internet industry–related conferences, touring office spaces marketed toward small Internet companies, observing failed and extant companies within the Internet industry, talking with and interviewing industry and company leaders, meeting with industry leaders and New York civic officials interested in learning about in Silicon Alley, and participating in public showcases of Silicon Alley firms. My deep immersion in the field also included participating in the online modes of community that emerged within the industry, following many of the listservs and online newsletters that connected workers in Silicon Alley to one another.

Over the six-year period from 1996 to 2002, I conducted in-depth, semistructured interviews with fifty-four people who worked at Internet-related companies in all position types, from CEOs and founders to entry-level data entry assistants. I also interviewed ten people in one company just before the company’s successful IPO. I interviewed people who helped found the key organizations that supported work, networking, and industrial development in Silicon Alley, as well as people trying to get a job in Silicon Alley from other high-tech regions. I interviewed technologists,
“creatives,” and managers; people with years of technology experience and those for whom their Silicon Alley job was their first. I cast my recruitment net wide, snowballing from my original sample, recruiting from Silicon Alley events (including post-dot-com-bust “Pink Slip” parties), and recruiting interview participants from online Silicon Alley forums. My sample includes millionaires, slackers, temps, self-proclaimed office drones, and everything in between. I asked semistructured, open-ended questions about the nature of work in Silicon Alley, career aspirations, and the culture and norms of the office place and industry.

As part of my study of the social network connections in Silicon Alley, I adopted the method of “network ethnography,” using social network analysis to justify the case selection of interview subjects. Having a social network map of the field allows for a richer version of the qualitative researcher’s tool, the context chart, which allows for the interrelationships among actors within a field to better understand the context for individual and group behavior. Having mapped the field of Silicon Alley social events enabled me to expand the inferences drawn from my interview data by positioning respondents into one kind of visibility in the field. These data were drawn from a six-year listing of social events in Silicon Alley that listed over eight thousand participants at more than nine hundred events.

This approach also dovetails what we now know about cultural production and technology industries. Work by David Stark suggests that network forms of organization pervade single organizations—that capturing what happens in place within networked organizations “increasingly the unit of action, the unit of innovation, and hence the unit of entrepreneurship is not the legally bounded firm but the networks that span organizational boundaries.” The decision I made not to follow a single company, but rather to focus on the industrial arrangement of Silicon Alley helped me see the interrelationships among types of work and types of companies. More important, the ways in which people working in Silicon Alley engaged with venture labor was clear through my comparison of people’s narratives from across several different types of companies, in different stages of funding, with varying degrees of financial success.

I also followed and carefully read industry trade publications—both in print and online—as well as researched the corpus of general interest news about the industry. I did not do formal content analysis, but this extensive reading showed me which frames Silicon Alley used to talk about itself, how Silicon Alley was framed in the mainstream news media, and the ways in which work and risk intersected with these two sets of discourses about the industry.
For understanding the historical context, I relied on both print and electronic newspapers and trade publications as well as cultural artifacts of the Internet era such as advertisements, brochures, promotional material, and ephemeral matter and was involved in several efforts of the historical preservation of dot-com ephemera. I also rely on newly constructed archives of digital materials including email trade newsletters, archived dot-com web sites, and job advertisements from the dot-com boom to understand the historical context of the emergence of the Internet industry.

Overview of the Book

The chapters that follow are based on research before, during, and after the dot-com boom in New York City in the late 1990s through the early 2000s. I examine the institutionalization of economic and financial risk and uncertainty within this innovative industry using field research, historical and archival methods, analysis of in-depth interview data, observation of industry events, and social network analysis.

Chapter 2, “The Origins and Rise of Venture Labor,” situates the rise of Silicon Alley in the historical context of American postindustrial economic changes. New York’s Internet industry, or Silicon Alley as it was commonly called, emerged as an alliance among entrepreneurial work, creativity, and technology and focused primarily on providing services to the media and communications industries in New York. This chapter describes both the historical shift from industrial to postindustrial to so-called new economy paradigms of production in the United States and the ways in which new technology industries were framed as the solutions to the problems of postindustrialism. By the early 1990s, many of the institutional and organizational arrangements for handling economic risk and uncertainty were being replaced to a large degree by individual-level strategies, and this, I argue, helped lead to the rise of entrepreneurialism on the part of individuals during the dot-com boom.

Chapter 3, “Being Venture Labor,” focuses on the strategies that people in Silicon Alley used for managing the economic risks they felt they faced. These approaches were tightly linked to personal values, such as valuing financial success, job stability, or creativity, and, in turn, these approaches influenced how people perceived and evaluated the risks they were taking. These strategies, taken together, show culturally individuated approaches to economic risk, providing a protosubstitute for the social institutions
that were failing to protect workers from risks. This chapter uses the interview data to build a typology of venture labor strategies that is rooted in this valuation process and shows how people talked about the risks they faced and what communicative frameworks they used to manage these risks. These cultural frameworks encouraged an orientation toward venture labor, even from people with vastly different—and often competing—ways of evaluating the worth of their jobs, which in turn supported the powerful ideology that economic risks people face are the result of their own personal choices. Rather than ask whether these workers were attracted to the riskiness of the industry, my research looks at the ways in which they themselves articulated the uncertainty of their choices. In this way, my research develops a more nuanced approach to understanding the existing theories of risk.

Chapter 4, “Why Networks Failed,” examines one of the resources that people used to support themselves in risky work. Respondents I interviewed considered their social networks to be their unemployment insurance, hedges for risky ventures and buffers for difficult times. They thought of their friends and acquaintances in Silicon Alley as the fastest and most reliable sources for information about jobs, rapidly changing technologies, trends, and prospects for clients or projects. For those working in Silicon Alley, social networks were considered critical in maintaining their skills, knowledge, and employability. While people relied on them, social networks were not strong or flexible enough to provide support during the industry’s recession. These social capital investments show that venture labor can be both a private investment in an employee’s career as well as an investment in the company, one that blurs the line between the enterprise and the self.

Social networks provided an important resource for individuals in Silicon Alley for acquiring information and skills. These networks in turn provided valuable resources for the organizations in which employees worked. Employees’ social networks also helped foster a sense of community. This sense of community is crucial for building contemporary innovative regional industries. The idea of the community also provided support and, in the downturn, illusions of support. This perception of support helped naturalize risk, making the next job seem more like a sure thing and less dependent on market conditions than on community connections.

The stock market crash is covered in chapter 5, “The Crash of Venture Labor,” which uses the interview data after the dot-com bust along with
historical materials to show some of the problems facing venture labor. This chapter shows how individual venture labor investments were put at risk by the stock market crash and how the crash heightened the conflict between different mechanisms of evaluating worth within the industry and the clash of values such as security, creativity, and investment. In terms of theoretical contribution, this chapter develops theories from economic sociology and the rhetoric of economics to suggest the mechanism for the calcification of individual beliefs and perceptions about the market into economic structures, providing a key conceptual link between social constructionists of the market and economic realists.

The concluding chapter draws lessons from the experience of the first wave of the “new economy” for thinking about media production. In this chapter, I also suggest ways to apply the concept of venture labor to work outside of the Internet industry. The public policy implications of venture labor are enormous. Understanding and appreciating the implications of venture labor is especially important in a public policy environment in which the social safety net has been eroding, limiting employees’ ability to take on the risks required for innovative industries. Encouraging and supporting venture labor is paramount for continued economic growth and innovation, and, even more important, for creating sustainable work environments that support workers.

Why Risk Matters

Political, economic, and cultural shifts help explain the entrepreneurialism of the dot-com boom. This book follows the responses of workers in the dot-com industry to those shifts. Shouldeering risks has become pervasive throughout the U.S. economy, and I argue that the motivations of people taking these risks are deeply individualized. People experience risk personally, framing their risks in culturally informed but individuated ways. Even though economic choices are shaped by shared social influences such as economic trends, this individualization of economic risk does not bode well for organizing collective, social responses to support work in innovative industries. What this book shows is that entrepreneurial behavior is no longer limited to company founders and financiers and that job losses are experienced very personally, even when economic factors may be to blame. The experience of people who worked in the Internet industry illustrates that risk is socially organized—not a natural or inevitable consequence of economic capriciousness—and understanding the benefits and the costs of venture labor helps situate these individual experiences in a
social, political, and cultural context and will help people design better workplaces and make better choices in the future.

Risk gives the appearance of choice, power, and individual agency. As such, risk provides a powerful justification for the lack of security in jobs in the new economy. If anything, capitalism’s social innovation during the dot-com boom was to make images of risk and the lack of job security a good thing. The strong lure of the rewards to risk during the dot-com era created a volatile situation in which risk taking seems to be a way to have control over the economy. By taking risks, people feel as though they have some control over outcomes in a seemingly increasingly capricious labor market. But this embrace of individual risk taking may hinder the ability to collectively demand and create good stable jobs and workplaces for everyone.

While workers in other sectors of the U.S. labor force may not yet embrace the high degree of entrepreneurial behavior as dot-commers did, they will come to accept uncertainty within the economy if high-tech workers’ expectations are any guide. Vicki Smith argues that this is already starting to occur as “uncertainty and unpredictability have diffused into a broad range of postindustrial workplaces, service and production alike.” The widespread acceptance of economic uncertainty—and the lure of risk for workers—pose a challenge for the labor movement and progressives to counter. While some companies and workers at the top of the pyramid may indeed be able to convert uncertainty into opportunities for wealth and advancement, the increasing numbers of workers in low-end service jobs and temporary positions without the security of benefits or continued employment will not be as lucky. As income inequality increases, employees’ entrepreneurial behavior will continue to be a contributing factor in maintaining this inequality.

For example, almost a third of the American workforce now works outside the standard, full-time employment arrangement, and that includes both low-paid, part-time workers and high-skilled independent contractors. As a group, nonstandard workers are less likely to have health insurance or a retirement plan and more likely to be poor. What these workers also have in common, despite their differences in skill and pay, is that they bear more fully the brunt of economic insecurity faced by companies. Company flexibility is gained at the expense of employment security for workers in nonstandard arrangements and in volatile industries and sectors like technology.

The lure of risk becomes a powerful mechanism pushing people to think of themselves—not their companies, not their industries, and not their...
economies—as solely responsible for their employment and their economic well-being. This attitude shifts social uncertainty and insecurity to individual calculable risk—risk with potential for enormous payout according to the myths of the new economy. What follows is an in-depth study of the lure of risk in booming industries, which like a siren’s song traps people on islands of uncertainty and renders their social safety net even weaker. This context of the economy at large helped shape an environment of flexible and insecure work within the Internet industry.