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The disappearing company job | CBC Radio

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For most of the 20th century, everyone — from the janitor to the CEO — was employed by "the company". But increasingly, large corporations are outsourcing work to small companies, often abroad. For workers, this change means lower wages, fewer benefits and an intensified widening of income inequality, with huge financial gains going to the top one percent. In a lecture and subsequent interview with Paul Kennedy, scholar and Barack Obama appointee, David Weil, talks about precarious work and the disappearing company job.

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What is a fissured workplace?



David Weil delivers his lecture "The Fissured Workplace" at the 2017 Labour Law Conference at the University of Western. (Mary Lynk/CBC)

A fissured workplace is becoming our new norm, and having a radical impact on widening income inequality, according to scholar and Obama-appointed, the former Labor Standards Regulator,

David Weil

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Professor Weil coined the term to explain how many large

companies — Apple, The Marriott Hotel, Amazon — are no longer direct employers of the people behind their products and services.

Take the Marriott hotel chain. According to David Weil, it's a key brand in the hotel business. It employs top executives, except they don't run the individual hotel properties. Instead, they hand over exacting, top-secret brand standards to third-party managers, staffing agencies, and layers of subcontractors, who in turn employ the workers.

The hotels aren't even owned by Marriott, but by groups such as private equity funds, which have no desire to operate a hotel property. Instead, they sub-contract a management company to handle the bookings, and another to hire the cleaning staff, and yet another to hire the front desk — and the fissuring of the workplace continues.

The only people with actual company jobs now tend often to be top executives and senior managers.

The rest are working for smaller subcontractors, who in the brutal competition of today's marketplace, often don't have the financial capacity to ensure good wages, benefits and other key labour standards.

The term "fissured" actually came from David Weil's wife, a former geologist, who compared this new business model to a geological fissure. As a crack occurs in rock, further cracks emerge, and then still more cracks occur, until everything

breaks apart.

Why is the company job disappearing and why should we care?

The company job is generally secure and well-paying — the contract gig often lacks benefits, job security and decent pay.

There was a time when a large company employed everyone from its CEO to its janitor. Health benefits, work safety, pay raises were shared across the board when the company did well.

It wasn't unheard of for a janitor, or mail room person, to rise to a managerial level, or even become CEO. But those opportunities are drying up.

Many large companies are sticking to their core competency — meaning that company officials focus on their core brand, service — and are shedding their traditional workforce.

So executives with Google stay with the company, and reap the rewards as one of the largest platform companies.

But the majority of the people working (indirectly) for Google do not get a share of the economic rewards.

What does this mean for the average worker?

This in turn leaves workers with fewer — or no — health and

safety benefits, job security, pension, decent pay and training. Sometimes they are paid by piecework rather than by the hour, meaning they can earn a paycheque that is below minimum wage.

What does this mean for society?

It means a radical widening of income inequality, even though the economy is thriving. It can also have long-term adverse impact on the economy. Societies that allow income inequality to become too wide, frequently witness stalled economic growth (because too many people earn too little to enable consumer-led growth) and waning levels of social trust.

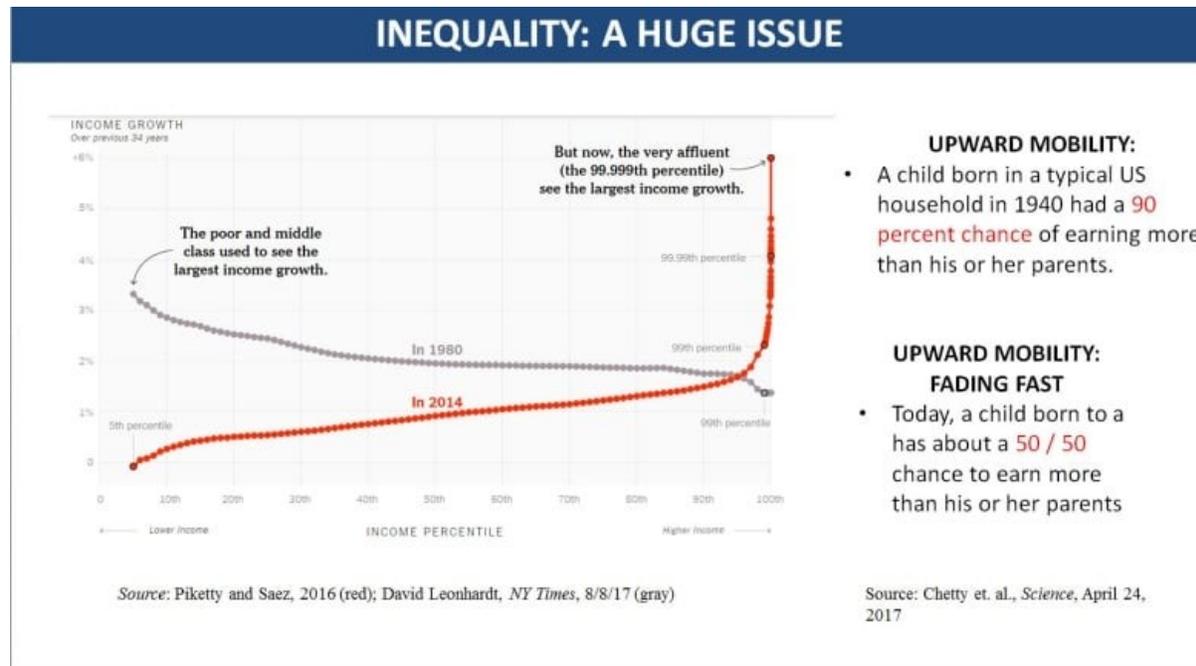
As large company profits soar, the benefits no longer trickle down to a large traditional workforce. Instead, the profits are shared by a smaller group of executive shareholders and private equity investors, etc.

For a long time, from post-World War Two until the late 1970s, all income classes were benefiting from productivity growth and expansion of the economy.

In fact, between 1946 and 1980, the lowest earners benefited the most in terms of annual real income growth. But from 1980 to the present, there's been a radical change in how income is being distributed — with lower and middle class incomes stagnating, and even declining — and the top 10 per cent seeing radical jumps in their income, with the most

extreme increases occurring at the very top — the 99.999th per cent — of income distribution.

David Weil explains the change in income inequality shown in the graph below. 2:38



What can be done to stop this from getting worse?

Strong government labour policy is a start. Public policies need to recognize that the workplace has changed and responsibility must change with it. Strong and creative enforcement of existing laws is also essential. The Obama Labor Department used a variety of enforcement and litigation tools, outreach to business, and cooperation with key stakeholders like worker advocates, states and other government agencies to create incentives to increase compliance.

In fact, the Obama Labor Department signed 36 cooperative agreements with states, including the very red state of Texas, as it realized that it was losing too much tax revenue because the traditional workforce was being replaced by contract workers, mis-classified as "independent contractors", who were not paying state taxes, such as worker compensation and unemployment insurance. Recent workplace reform legislation in Ontario seeks to build on those lessons and experiments to protect Canadian workers from the impacts of the fissured workplace.

[David Weil](#) served as head of President Obama's Wage and Hour Division in the U.S. Department of Labor. He is currently the Dean of the Heller School for Social Policy and Management at Brandeis University, Boston. His book *The Fissured Workplace: Why Work Became So Bad, For So Many and What Can Be Done To Improve It* is published by Harvard University Press.

Web Extra | Watch David Weil's lecture delivered at the Labour Law Conference at Western University

***This episode was produced by Mary Lynk.*