

## PROSPECTIVE UNEMPLOYMENT: THE COST OF INERTIA

J. H. FOEGEN, PH.D.

*Winona State University, Minnesota*

### ABSTRACT

An underrecognized “ball and chain” effect, inhibiting both productivity and the overall economy, represents a continuing challenge to maximizing use of human resources. In one sense unreal, and hence deserving lower priority compared with more urgent problems, “prospective” unemployment is in another way only *too* real, as a serious, broad-scale, long-run threat to economic well-being.

Concern about unemployment is age-old. When substantial numbers lack jobs, the economy bears a heavy burden; social fabric can be threatened. When competition is both keen and international, the problem grows. When even *one* person wants work but can’t find it, individual and family suffering can be pronounced; in equity, it should not be ignored.

Because it is here and now, *actual* unemployment is usually focused upon. In April, 1992, the overall rate in the United States was 7.2 percent. However “low” this number appears, it represents millions of real people in trouble. At the same time, furthermore, the rate was 13.9 percent among Blacks and 19.2 percent among teen-agers [1-4].

Some would argue that the overall figure is less onerous than it appears, including as it does a “frictional” component, a minimum percentage inevitable in a free market. Some workers are always between jobs, and such mobility, with its potential for improvement, is considered on balance an advantage to society. It is possible to see *most* of today’s normal i.e. non-recession-related unemployment as “frictional.” Increases in the overall rate, can be attributed more to structural changes in the labor force, such as the large influx of women and the growing number of dual-career marriages, than to weakness in the economy.

Beyond actual unemployment can be seen a panorama of “ghosts,” phantom clones the existence of which is more arguable. Labor unions, for instance, typically cite those who get discouraged and stop looking, after long but fruitless job searches. Dropping out of the labor force, such people no longer appear in official statistics. These uncounted thousands make the true situation worse than appearances would indicate.

Another phantom, having two subtypes, is called “underemployment.” People who are underemployed are working, but not as they would like. Some want to work full-time, can’t find such jobs, and settle for part-time as better than no-time. Intended to be temporary, such jobs sometimes “trap” workers in frustrating situations indefinitely, as routine and inertia take over.

A more recent kind of involuntary part-time employment involves mothers who either are not working as much as they would like, or not at all because they can’t find affordable child care of acceptable quality. Some studies show that about 20% of those having preschool children are in this group [5].

Even more numerous—although statistics here are unreliable—are those working at skill levels lower than their abilities would permit. Untold numbers “suffer in silence,” frustrated daily, yet not daring to complain for fear of losing what they have. These people are working, so the economy takes credit for their being employed. But if, for example, someone trained as a newspaper editor must work as a janitor, the economy, employer, and individual all lose. Again, conditions are worse than official figures show.

In addition to unemployment represented by discouraged workers leaving the labor force, and underemployment based on time or skill, yet another kind is all but ignored. For lack of a better label, it can be called “prospective” unemployment. It is *unreal* in that nobody has been laid off, but it *is* real in the long run because of its drag on productivity. Just as the primitive ball and chain attached to a convict’s ankles impeded running away, prospective unemployment is a figurative impediment to the economy’s “running away” to set new performance records.

To be more specific, videotext technology already makes possible elimination of physical newspapers. Customers can get news “printed” electronically on screens; if printouts of special items are wanted occasionally, properly equipped sets can supply them. Installed by the French government in homes at no out-of-pocket cost to the householder, such units have been common in that country for some time. Superior performance, economy, and attractiveness make it likely that one way or another, they will eventually be so in the United States as well.

Unfortunately, a dark side to this technological “glitter” exists. What will be done with the thousands presently working for newspapers? For that matter, a “ripple effect” would also affect the paper industry and other newspaper suppliers; trees might be saved but many now working in newsprint mills would lose jobs.

Unconsciously worried about this, we are apparently in no hurry to realize state-of-the-art performance.

Similarly, futurists have speculated about whether a true “uni-versity” will prevail some day, in the sense of one national, or even world institution of higher learning, attracting the best talent from all present schools, and sending it electronically to large receivers in centrally located, regional branch facilities, or even directly into homes. This has also been done already, on a relatively small scale, with specific courses, programs and schools. Again, where would faculties and staffs of present institutions work, when only a fraction of their number would be needed?

Arguably the most dramatic example, if only because it would be felt in every community, would be electronic mail. As with the other examples, the technology is already here; computer terminals are linked in networks in ever greater number. Saturation may be some way off, but is probably more close than commonly thought, given the industry’s hectic pace. What will become of the half-million or so postal workers who, together with their customers, have so far been a potent voter bloc preventing privatization, much less fully implemented, electronic sophistication?

In all of these cases, many could lose jobs if present trends continue. While few want to hinder progress deliberately, people sense quickly the potential negative effects of prospective unemployment. Layoffs and terminations are not new. Many survivors of the stock market crash, restructuring, takeovers and keen foreign competition are already fearful about jobs, thinking perhaps, “There but for the grace of God go I.” Rationalization is supportive; “If it’s not broken, don’t fix it.” The Postal Service works, after all. It may need fine-tuning, say its champions, but clearly, it’s not broken. With such feelings fairly common, in other words, the very *prospect* of adding many more employees to those already out of work may create a real—if disguised and difficult-to-measure—drag on the economy.

Despite such impediments, potential for cost cutting or profit making acts at *some* point as an economic override to any unconscious holding back by workers and managers who perceive jobs threatened directly or indirectly. Computers, after all, have been displacing clerical workers and even managers, the latter by increasing use of ever-more-sophisticated expert systems and artificial intelligence. Recognized improvements in both productivity and convenience eventually impel action, regardless of unemployment fallout.

If benefits to be realized eventually are so great, noting them earlier should provide even better results. The challenge is for managers and policymakers to recognize more fully, the ball and chain that prospective unemployment represents, and to minimize the unconscious slowing down that is its reflexive, unconscious result. Greater awareness of inertia’s cost, both in electronic communication and more generally, is an important first step.

\* \* \*

Professor of Business at Winona (MN) State University, Dr. Foegen has published more than 330 articles to date, mostly in human resource management and industrial relations. He is a member of the Industrial Relations Research Association, the Academy of Management, the Society for Advancement of Management, the Society for Business Ethics and the World Future Society.

### REFERENCES

1. *Bureau of Labor Statistics*, news release, May 8, 1992.
2. D. R. Sease, Dreary Street, *Wall Street Journal*, p. 1, April 11, 1988.
3. *Business Week*, p. 23, April 18, 1988.
4. *Daily News*, Winona, Minnesota, p. 1, May 7, 1988.
5. C. Trost, School Child-Care Programs Stir Debate, *Wall Street Journal*, p. 17, April 8, 1988.

Direct reprint requests to:

J. H. Foegen  
Winona State University  
P.O. Box 5838  
Winona, MN 55987-0838