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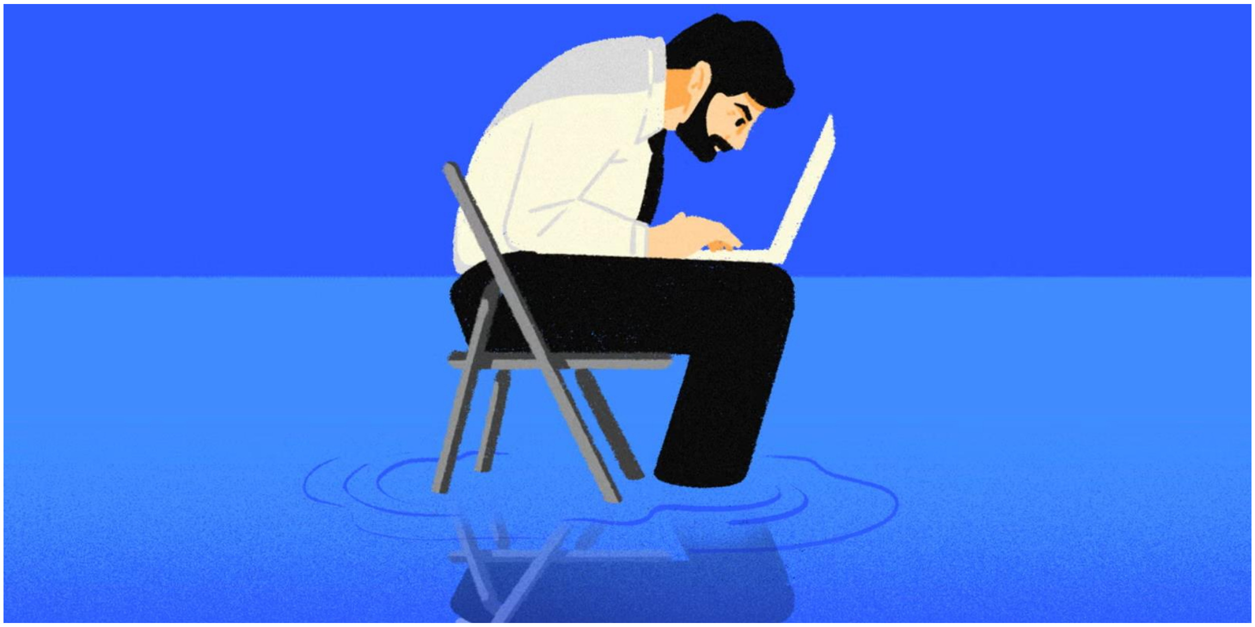
America's new sink-or-swim era of work is here

Capitalism is alive and well in the private sector, where many employers have higher expectations and care less about loyalty.



By Sarah E. Needleman + Follow

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A few years ago, HR practitioner T. Tara Turk-Haynes hired yoga instructors and meditation gurus to help employees handle burnout at the media company where she worked.

She's not doing anything like that today.

Wellness perks are no longer "a thing," said Turk-Haynes, now an independent HR consultant in Los Angeles. "Attracting and retaining talent is not a business challenge right now."

The white-collar workplace has gotten a lot less cuddly in the past few years, as the economic bargain between employers and employees has been redefined. Perks have vanished, in-office mandates are on the rise, and layoffs continue even as profits hold up — changes that reflect a system that prioritizes shareholder returns over stakeholder capitalism and corporate loyalty.

With job openings thinning, wages struggling to keep pace with inflation, and AI looming as a threat to entire occupations, the recalibration is altering how advancement and compensation are determined inside companies — a new reality that some workers view as destabilizing, and others see as a long-overdue reset.

"When COVID happened, there was a shift in power from employers to employees with the Great Resignation," said Jessica Kriegel, chief strategy officer at workplace consulting firm Culture Partners in Sacramento, Calif. "The pendulum swung really far. Now it's swinging back."

This story is part of Business Insider's series "The Future of Capitalism," which looks at ways Americans' confidence in capitalism has been eroding and what related changes in our economy mean for your work and wealth.

Earlier this month, Meta began rolling out a new employee evaluation program that ties career advancement and financial rewards to measurable impact, while Citi CEO Jane Fraser issued a memo saying she expects higher performance this year and to see "the last vestiges of old, bad habits fall away."

In August, AT&T's John Stankey told managers the company had moved away from a tenure-based "employment deal" toward one "focused on rewarding capability, contribution, and commitment."

Citi CEO Jane Fraser recently told the bank's employees she expects them to level up their game this year. John Lamparski/Getty Images

Meanwhile, some CEOs, particularly those aligned with the Trump administration, have become more outspoken about their political views, suggesting diminished concern about alienating talent. In November, Palantir CEO Alex Karp told analysts on an earnings call that his software company is the first "to be completely anti-woke."

The shift toward a more explicitly capitalistic workplace is taking hold even as leaders across the political spectrum are championing increased government involvement in private enterprise. The US, for example, has recently taken equity stakes in about a dozen private companies—an unusual expansion of direct federal ownership in the private sector.

Now, even though the economy is relatively healthy, most employers are planning to trim or maintain head count this year, survey data show, while white-collar workers are job-hugging and bracing for more layoffs.

"There is pressure on CEOs from investors and shareholders to continue to grow," said Kriegel. "And that pressure is getting pushed down onto employees."

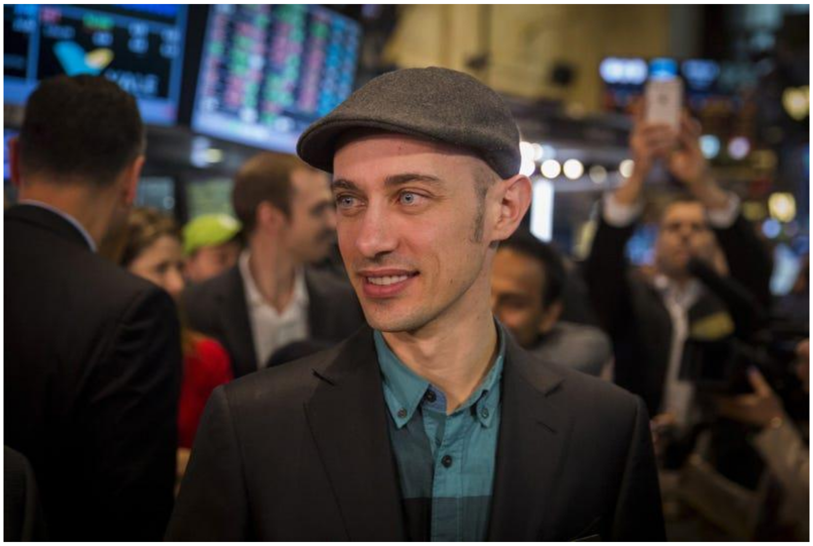
The current moment stands apart, though it's not the first time the pendulum has shifted toward employers.

The dot-com bust in the early 2000s and the global financial crisis from 2007 to 2009 also cooled hiring. Both events, however, coincided with steep stock market declines, whereas the post-pandemic period has been marked by generally strong results on Wall Street.

"The stock market's doing well, record-setting, and yet companies are squeezing their employees," said Peter Cappelli, professor of management at the University of Pennsylvania's Wharton School.

The rise of AI has also posed a new existential threat to workers. Many employers see the potential for the technology to replace human talent through automation, and some have cited AI directly or indirectly as a reason for layoffs.

"Before asking for more headcount and resources, teams must demonstrate why they cannot get what they want done using AI," wrote Shopify CEO Tobi Lütke in an April memo to the company's employees.



Shopify CEO Tobi Lütke said in April that employees must demonstrate why they cannot get what they want done using AI. Reuters/Lucas Jackson

To be sure, employers' labor costs — typically their largest expense — are on the rise.

For one, the average price of employer-sponsored health insurance in the US is expected to increase 6.7% this year, up from 4.5% in 2024, according to consulting firm Mercer.

Businesses have also incurred a new expense: AI investments, including chatbot licenses and employee training. Research firm IDC forecasts that US-based firms will spend roughly $320 billion on AI hardware, software, and services this year.

Those costs come as corporate leaders are navigating what they describe as a shakier economic environment. Mentions of "economic uncertainty" on US public company earnings calls more than doubled in 2025 compared with the prior year, according to market-intelligence platform AlphaSense.

Employment experts say the uncertainty helps explain why the job market has been stuck in a low-hire, low-fire state.

Even as large companies such as Starbucks, Southwest Airlines, and Disney announced massive layoffs last year, the overall rate of layoffs and discharges stayed below historical norms, Labor Department data show.

The result is a labor market full of contradictions, said Nicole Bachaud, an economist at ZipRecruiter. "That's why it feels so weird," she said.

In September, Starbucks said it planned to lay off 900 non-retail employees. Ted S. Warren/AP

The unemployment rate finished last year at 4.4%, near historic lows.

Still, many professionals lack confidence in the job market as career opportunities in once-reliable sectors, such as technology and the federal government, have thinned.

"Psychologically, it's damaging," said Lars Schmidt, a recruiting executive in the Washington, D.C., area.

In industries where jobs were plentiful, workers generally knew how long it would take to find a new position if they craved change. Now, "most people don't have any safe prediction of what that may be," Schmidt said.

Another drag on confidence is the bleak employment outlook. A recent survey of US CEOs by the Yale School of Management shows that nearly two-thirds plan to maintain or reduce head count in 2026.

Further, average annual pay increases are forecast to remain flat in 2026, despite continued high inflation and after shrinking in recent years, according to Mercer.

These factors may help explain why workers feel economically insecure. Nearly a third of Americans expect their finances to worsen this year, according to a December survey by Bankrate. That is the highest level of pessimism since 2018, when the personal-finance site began asking consumers about their financial outlook.

Against that backdrop, workers are increasingly reluctant to quit. The US quit rate has fallen below pre-pandemic norms, federal data show, even as more employers mandate five days in the office and track workers' hours and AI usage.

All of this leaves workers with little appetite for pushback, said Jeff LeBlanc, a management lecturer at Bentley University. "You're not going to see a big revolt," he said. "I don't think people have it in them right now."

"This low-hire, low-fire environment cannot last forever."

Though the overall job market forecast is gloomy, there are some bright spots for workers.

Demand is robust for people who can build out AI applications across industries, said Aditya Challapally, who teaches a course for Stanford Online about generative AI. "This is a small, but rapidly growing niche," he said.

AI fluency can help just about anyone get ahead in their career, added Challapally. Workers who understand AI are "able to move faster, make better decisions, and take on higher-leverage work," he said.

Hiring is also strong in healthcare, social assistance, and leisure and hospitality, according to recent data from the US Labor Department.

Laura Ullrich, director of economic research at job site Indeed, expects the overall labor market to improve as long as the economy continues to grow. "This low-hire, low-fire environment cannot last forever," she said. "At some point, companies will need to start hiring more."

In the meantime, some workers are regaining a sense of control by taking on freelance or contract gigs that they could parley into full-time work should they get laid off. Others are starting their own businesses, tapping AI tools to get up and running quickly.

Adopting a side hustle is safer than quitting a job and launching a search for a new one right now because the market is just so competitive, said John Ferguson, an HR consultant and former chief human resources officer at NASCAR.

"If you don't have the next opportunity lined up, I encourage you to stay where you are," he said. "But also plan your exit strategy."