

## 6 Labour. How to employ people with dignity

Labour – with capital and nature – is a factor of production, albeit a special one. It plays a fundamental role in our lives. Not only is it a *source of income*, when we sell our labour – for most of us, who own no other means of production, it is actually the only source of income. Work – being the actual practice of one’s labour – is also a *source of identity*, when what we do for a substantial part of our waking hours, and how we do it, redounds to *who we are*: not only through the special knowledge and skills we need to acquire to do a particular job, and the kind of professional “ethos” that may be linked to it, but also by the way it allows us to relate to other people, to realize – if we are lucky – our full capacities, and to become what we want to be, as human beings.

Work is a source of income and identity.

Obviously, labour can’t be reduced to an *instrumental* perspective. It is a means of livelihood, but also part of our lives. Actually, the unpaid work we do *outside* our jobs may be even more important, meaningful and rewarding to us – even if, in economics, it is not considered “productive”, because it doesn’t contribute to the GDP. When housework, thus, is seen to serve *reproductive* purposes mainly, hobbies and *DIY*, e. g., allow us to recover from our jobs and to actually *recreate* our labour. Instead of being mere means of non-monetary subsistence, gardening or motorcycle maintenance, e. g., appear as much-needed counterbalances to increasing levels of divided labour and consumption.

Work is more than wage labour: It allows us to re-/create ourselves.

The importance of “leisure work” clearly has to do with what’s been called *alienation* – an “estrangement”, a lack of relation to the work we do in our jobs, to the things we produce there, and also to the things we buy. At the same time, this highlights the *moral significance* work has attained in our society: Work has been said to be our fate, as human beings that need to create their own destiny, individually and as a species. Work, thus, is closely associated with images of human freedom and a just society where individual effort and achievement determine one’s luck. So, work probably never had the same significance in our lives that it has today – while the actual need to work, to satisfy our needs, is indeed smaller than ever before in history. The fear that we could run out of work, though, and the extension of “work” to realms previously not called by this name (such as “relationship work”, “inner work”, “brain work” or the idea that “money works”) indicate the *ideological* significance of work in our societies quite as much as does the broad consensus that, after all, *work* and not *need* should be the legitimate basis of subsistence.

We are more dependent on work than ever before – which is absurd.

So, while the debate on whether political communities should provide some “basic social care” to individuals, as a human right, is still relatively recent and marginal, the ethical debate on labour-related issues – including a “human right” to *work* – has been focusing on questions of justice mainly: How is the product of labour to be distributed? How should labour be distributed in the first place? Under what immediate physical conditions should it be done? And how should it relate to our lives outside the job?

The ethical problem of labour is about whether it enables us to be human.

In this chapter, we will review these questions from mainly three perspectives or dimensions of work: *place*, *time* and *money*. We will discuss challenges for *human capital and relations management* (for both, the acronym “HRM” will be used throughout this chapter) that are related to these issues, in diverse fields of working life.

## What's Labour?

To start with, “labour” and “work” are not quite the same: “Labour” more specifically refers to “manpower” as a factor of production, the potential, the *capacity to work* – what today, quite tellingly, is often referred to as “human capital”. As we will see in a minute, “capital” traditionally used to be seen as a markedly different, if not antagonistic factor of production. “Work”, on the other hand, more precisely refers to the actual *practice of this labour*, its “realization” as a human activity. In the following chapter, the two notions will, however, usually be treated as synonyms. Still, it's useful to keep this distinction in mind.

Another analytical distinction that was already mentioned at the beginning of this chapter will follow us throughout: Labour – or work – may be seen as a *means*, a source of income and productivity mainly. Then, ethical questions as to its distribution, its organization and the distribution of its product apply. This is mainly about justice and the the human right to work. We will talk about this in more detail when it comes to ethical claims for fair recruitment, promotion and pay, e. g..

Work is a means and an end: accordingly, different ethical claims apply.

Labour, on the other hand, may also be seen as an *end*, a source of identity and belonging mainly. Then, ethical questions as to the quality of work and to its relation to our non-working lives apply. We will talk about this in more detail when it comes to ethical claims for good working conditions, personal development, participation and “work-life balance”, e. g..

This distinction between what we could call an *instrumental* and an *intrinsic* perspective on labour actually comes close to the common distinction of a *human capital vs. human relations* perspective (cf. the box on *The Personnel is Made up of Persons*).



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**The personnel is made up of persons** This ethical view points out that the “personnel” is not just a neutral factor of production to be exploited at will – in terms of “labour force” or “human capital” – but that it is actually made up of “*persons*”, i. e. intelligent human beings that have dignity and, therefore, the moral right to be *treated* with dignity – in terms of a more demanding concept of “human relations”. This latter understanding is usually based on the second formulation of Kant's categorical imperative which exacts to “treat humanity, whether in your own person or in that of anyone else, always as an end and never merely as a means.” (Kant 2008 : 34)

While this perspective may serve as a guiding principle for a HRM policy that tries to balance employers' and employees' interests (in whatever ways), it also implies that “the personnel” – along with its moral rights – also has moral *duties*, which is more clearly spelled out in Kant's most well-known first formulation of the categorical imperative: “Act only so that your will could regard itself as giving universal law through its maxim.” (ibid.) What this means for HRM practice is that the personnel should be given the freedom and responsibility (and the incentive and enabling structure) to act according to this imperative, i. e. according to their own own free will and reason, as *moral persons*.

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Lets dwell a little on the *intrinsic* view, because it highlights the fundamental importance of labour for human society – from the peculiar, historical viewpoint of a bourgeois society. Labour, then, is about man's productive “metabolism” or “interchange with nature”, as Karl Marx had it (Marx 1894 : 571). In such a fundamental sense, it is the

very source of human self-realization, of “acting out” and becoming what we, *individually and as humanity*, may aspire to as human beings. In this very abstract sense, Marx's view on labour as the foundation of human practice – and its rational organization as the foundation of human progress into the future “realm of freedom” (ibid.) – may actually be seen to *extend* Kant's view (cf. above box) into the realm of political economy.

Work is the foundation of human practice – and history.

At the same time, Marx's anthropology shares assumptions with the liberal “natural law” conception of human labour – even if the latter, as we saw in the case of John Locke, takes it as the most original and immediate, bodily expression of *private property*. On this, then, was based the claim to have this private property of one's labour and all the fruits that come from it – including capital – protected, as a fundamental moral right (cf. chapter 3).

We will get back to the historical conflict between *labour* and *capital* in a second – it is there that most contemporary debates on humane and fair working conditions have taken their origins. For now, let's state that bourgeois political philosophy (including Marx, for that matter) “discovered” (or at least rehabilitated) human labour, as it were, as the backbone of human society. On top of that, labour and the ideas of private property, effort and achievement that were linked to it, actually formed the major ideological charge to *delegitimate* aristocratic reign over feudal society.

The bourgeois work ethic challenged traditional authority and privilege.

Indeed, *aristocracies* traditionally drew their legitimacy and status exactly from *not working*, i. e. not “giving oneself over” to an object, but instead from their ascribed “prestige value” as self-contained subjects *qua birth* (Simmel 1992 : 827f.). In most European countries, the nobility was even forbidden to work in any formal sense. The rise of bourgeois society, on the other hand, was based on a peculiar *work ethic*: Not only did it serve to legitimate bourgeois authority – based on *achievement* instead of *ascription* – in opposition to the nobility. It did, at the same time, *allow and legitimate* the capitalist accumulation of riches – in opposition to the clergy and the growing class of workers.

This peculiar work ethic (cf. also chapter 1) shows close affinities with religious beliefs, especially those of protestant sects (such as the Calvinists or the Puritans), who not only made their peace with the accumulation of material wealth for its own sake, but who – as sociologist Max Weber argued in his seminal study on *The Protestant Ethic and the Spirit of Capitalism* – actually re-interpreted worldly success as a surrogate proxy for one's being among the “chosen few”, in the context of their belief in “predestination” (Weber 1930). Work, in this early modern context, took on an explicitly *moral* meaning, as a “calling” – and, as such, it eventually became internalized into the moral fabric of modern, *capitalist* Western society. Max Weber epitomized this secular sublimation of this ethic in the famous sentence: “The Puritans wanted to work in a calling – we are forced to do so.” (ibid. : 201)

Modern capitalist society is built upon a bourgeois ethic of work and accumulation.

So-called “bourgeois” or “business virtues” may be seen as evidence for the institutionalization of a secularized, bourgeois ethic of work and accumulation in our societies. They are actually *secondary* virtues, not immediately related to ethical issues of the just and good life, but rather to narrowly economic claims as to what kind of individual behaviour could benefit an efficient market society: effort, diligence, thrift, honesty, soberness, reliability and so on (cf. chapter 1). Indeed, these values and virtues – insofar as they were often at odds with the aristocracy's *noblesse oblige* – served to promote and legitimate bourgeois political emancipation and economic autonomy.

Modern business virtues evolved with capitalism.

Modern class conflict has been about the rightful appropriation of the product of labour.

The genuinely *modern* conflict between this bourgeois, capitalist *aplomb*, and the proletarian, socialist *class consciousness* about their respective, laborious contributions to human welfare and progress, actually centered on their different conceptions of *who was the rightful owner of the product of labour* in the context of an increasingly “socialized” way of production. While *capitalists* thought they had a right to skim the profits as a reward for successful, entrepreneurial investment, less the amount of subsistence wages paid to workers, in exchange for the sale of their labour, *socialists* believed that the “surplus” generated by this highly divided, “societal” form of labour actually still belonged to the workers: even the “capital” which – in the words of Karl Marx – constituted nothing else than “dead labour” (Marx 1887 : 160).

Institutionalized class conflict has been about peacefully sharing & increasing value added.

While this original, radical opposition between capital and labour, thus, basically amounted to an “expropriation” of the respective opponent, later conflicts rather centered on the issue how to *arrange* these conflicting interests in a sustainable way. The “class struggle”, eventually, left a deep mark on industrial relations and on theoretical and practical efforts to improve “people management”, rendering labour at the same time more productive and humane. Based on the assumption of the economic “classics” that labour is the very source of human productivity and, therefore, of the generation of “value added”, a lot of brain power since has gone into finding out just how to *tap* this productive resource in more efficient and legitimate ways. Seen that way, *HRM* is basically about *increasing the productivity of this factor of production – that’s what it is supposed to be good for*.

HRM is about increasing the productivity of labour – and there are different ways to do so.

Roughly speaking, three different “paradigms” may be distinguished in HRM in order to fulfil this basic function: *crude forms* of exploitation, *physiological means*, and *psychological means* to increase the productivity of human labour. While, *as paradigms*, they may be seen in a historical sequence, overlapping, but eventually superseding each other, *as practice*, they can still be found to co-exist, at different places. Before we come back to this discussion, let’s just briefly define what’s meant by these paradigms, in an idealtypical fashion that aims to highlight just the most characteristic traits of each.

Crude forms of exploitation are employed wherever labour is plenty and unorganized.

a) *Crude forms of exploitation of human labour* existed – and continue to exist worldwide – under conditions of a constant, excess supply of workers, relatively low need for training and skills, and a lack of organization and legal protection on the part of labour. Just as these circumstances are similar, reported working conditions in 19<sup>th</sup> century European factory shops, such as 16 hour workdays at barely subsistence wages, may be comparable to working conditions in 21<sup>st</sup> century sweatshops, e. g. in Bangladesh’s textile industry as well as in China’s toy or IT industries. What these examples have in common, apart from immediate working conditions and social and political context, is the view of human labour as a factor of production that can be *exploited at will*, either in terms of *intensifying workload or extending work time*. As we will see, the labour movement and basic labour rights were first of all addressed to save workers from such crude, licentious forms of exploitation.

Physiological means are employed to rationalize the work process.

b) *Physiological means to increase the productivity of human labour* include both *Taylorist* and *Fordist* models to *optimize* organizational and individual work-flow and, therefore, output, based on close scientific observation. This paradigm is basically about “rationalizing” the division of labour, through further splitting up or “disassembling” the work process into its smallest physical parts, and “reassembling” it in most efficient ways: By

way of simplifying tasks, “ergonomizing” movements, reducing ways, connecting and fitting work to machinery, redirecting and speeding it up under the full control of management, the work process was meant to be economically “rationalized” (cf. the box on *Rationalization and Hopes for the End of the Economic Age*).

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**Rationalization and Hopes for the End of the Economic Age** “Rationalization”, in a most basic, conventional sense, is about increasing the productivity of human labour by way of replacing it, at least in part, with capital, i. e. machinery and other “labour-saving” technologies. In order to stress the origins of capital in human labour, Karl Marx called this a transformation of “living labour” into “dead labour” (Marx 1887 : 160). What this implied, first, was the Marxists’ – and more generally the Socialists’ – claim for the surplus or “value added” to remain in the hands of those who produced it: the labourers. This is the basis of the historical confrontation between *labour* and *capital*, where many labour-related ethical issues have taken their origins (cf. further down this chapter).

What this also implied, however, was the hope for a significant reduction of necessary labour – with the help of industry and machinery – and the eventual entry into the “realm of freedom”, as Karl Marx called it (Marx 1894 : 571): as soon as, through a revolutionary “expropriation of the expropriators” (Marx and Engels 1848 : 62), all means of production were “socialized”, i. e. put into the hands of the proletariat, whose “class interest” – at the time of revolution – for Marx represented the general interest.

Yet, even liberal economists such as John Maynard Keynes, in his essay on *The Economic Prospects of Our Grandchildren* (Keynes 1972), were full of hope that with increases in productivity in all sectors and industries, including agriculture, the “economic problem” of humanity would eventually be solved: which meant that – even without a socialist revolution – we would end up in a leisurely utopia not very different indeed from what Marx might have had in mind, at least when it comes to individuals’ everyday lives. While Keynes, however, did underestimate the growth rates in productivity – so that his utopia could have already become a reality during the times of his *children* – he did also underestimate the sheer *necessity* of capitalist economy (and its potential) to constantly re-create scarcity by creating new needs, new markets, new products and new ways to increase the productivity of labour, in the context of global competition (Stiglitz 2008) – and at increasing costs for people and planet.

Thus, instead of living in a *post-economic* society, where we could focus on other problems than manufactured scarcity, we today actually find ourselves in a society that’s increasingly busy with further increasing the economic realm, and in which the decreasing need to work indeed constitutes a serious problem rather than a promise to generally work and consume less, and to cultivate our leisure.

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Such technocratic measures of “scientific management”, meant to increase productivity of labour basically by *physical* means, based on external control and monetary incentives, at some point reach their natural limits. From a management viewpoint, they imply an increase in control costs, worker’s absence, fluctuation and unrest. From a labour perspective, critique included charges against “rationalization” as a source both of unemployment and of inhumane, i.e. dull and repetitive work. The fundamental problem with the physiological approach to HRM, however, is that it limits labour to a purely physical factor of production – a view from which the next paradigm clearly sets itself apart.

c) *Psychological means to increase the productivity of labour* shift the focus from individual capacities, objective working conditions and questions of efficient organization to social relationships, subjective motivation and questions of conducive culture, in order to yield



Psychological means focus on human motivations and relations to increase productivity.

effective changes. Grossly speaking, this paradigm sets itself apart from the Taylorist, *human resources*-based approach, by paying attention to the effects of *human relations and motivations* on the productivity of human labour. In short, it revealed the crucial impact of “socio-emotional” working conditions that we have become used to refer to as “shop morale” or “work climate”, and which are core concepts of the “Human Relations Movement” in people management (cf. the box on *The Hawthorne Effect and the Birth of the Human Relations Movement*).



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**The Hawthorne Effect and the Birth of the Human Relations Movement** The term “Hawthorne Effect”, coined in the 1950s by US industrial psychologist Henry A. Landsberger, actually conveys two different, even if connected meanings: When industrial psychologists studied workers in the *Hawthorne Works*, a *Western Electric* plant outside Chicago, 1924-1932, they found out that their very presence somewhat biased the results of their experiment (“experimenter effect”) – but that this bias, at the same time, taught something important about the subjective, motivational aspects of productivity (“management effect”).

Management had commissioned the study to find out whether better lighting conditions would increase productivity of their workforce, and to what extent. While such a bare, *physical* relationship between lighting and productivity couldn't be found, the researchers came across a surprising phenomenon: Rather than slightly better objective conditions, the simple fact that *something* changed and, more importantly still, that *somebody* was interested in them and their needs, had a positive impact on productivity – even if such a *Hawthorne effect*, which was also observed as a result of other changes in working conditions, was usually only short-lived.

The “discovery” of the *Hawthorne effect*, however, is credited to have made an important contribution to the fundamental insight that human labour and its productivity are not just a function of individual capacities and “objective” working conditions, but as well of social relations and quite subjective, motivational aspects linked to these – these are the basic tenets of the *Human Relations Movement*. (Sources: wikipedia.org, economist.com)

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This change in perspective also concerns the question of incentives. While the classical *Fordist* model provided simply material, monetary incentives – such as significantly higher wages, in line with increasing productivity (cf. chapter 4) – the human relations approach focuses on immaterial, non-monetary incentives and intrinsic forms of motivation as essential elements of a pleasant and conducive work climate. This includes treating employees with respect and dignity, paying attention to their needs, acknowledging their competence and capabilities and enabling them to develop these in a pleasant atmosphere.

Many of the *Human Relations Movement's* tenets have actually become core topics of contemporary ethical debates on labour. What distinguishes a more specifically ethical perspective from a conventional perspective on human relations, however, is its focus on *integrity*: the credible effort to really integrate employees' and employer's interests – and not to abuse human relations policies as a more subtle and efficient way to exploit one's employees, even if on a seemingly voluntary basis.

The different “paradigms” on HRM that were sketched on the previous pages, thus, are not to be understood as strictly sequential, in terms of “stages” from crude to more sophisticated policies. Rather, they actually co-exist at different places – in terms of geography and workplace. In many emerging economies, the first and second paradigms still

Without integrity, relations-based HRM is nothing but a subtler form of exploitation.

Different HRM approaches may co-exist in the same company.

HRM with integrity deals with moral persons, enabling them to realize corporate values.

Joblessness hurts and retrenches people in many ways – that's why work is a human right, allowing us to share and contribute to the commonweal.

prevail. What's more, a transnational corporation may exhibit a state-of-the-art human relations policy in its headquarters, while its suppliers in the upstream value chain, struggling with *just-in-time* production, may still exploit their workers in the most crudest forms, including forced labour and abusive child labour. Even in countries with relatively high labour rights standards, such as most countries of the West, unskilled workers, who often are not well organized and easily replaced with others, may work in jobs that are demeaning, alienating and badly paid.

Yet, as mentioned above, even the most pronounced human relations policy may actually be abused to exploit workers – or make them exploit themselves – in a most subtle and efficient way, such as by invoking their commitment and responsibility to the firm and their colleagues. This may even be the case in companies with a highly developed corporate culture, when demands on employees in terms of values and commitments have become so strict that they may come into conflict with their employees' personality rights.

As was mentioned at the beginning, a firm's personnel is made up of persons who have dignity and the right to be treated with dignity, i. e. not merely as means to corporate ends. While this remains the basic challenge of all people management, it also hints at the fact that it's the personnel that, eventually, brings to life whatever corporate ethical agenda there may be. For employees to be able to actually realize such a corporate commitment, this has to be acknowledged in the selection and training of personnel as well as in corporate structure, culture and leadership.

We will not dwell on this aspect of ethical people management, focusing on the “cultural integration” of employees. In what follows, we will concentrate on conventional, rather negative aspects of ethical people management, focusing on three basic dimensions of labour: *place, time, and money*.

## The Right to Work, Equal Access and Privacy

When we talk about labour or work, we will more specifically refer to “paid” or “wage labour” in that context: “jobs” that we do for somebody else in exchange for money, to earn a living. As was stated at the beginning, work has many other aspects, apart from being just a means of production and livelihood. In other words, apart from its sheer material importance, labour is also an integral part of the ideological backbone of our society, where status and power are so much based on the concepts of effort and achievement.

To work or “to have work”, therefore, is a crucial thing not only to get by materially, but also for one's status in society, and one's self-esteem. *Unemployment*, for that matter, is quite often tagged with a social stigma of being lazy or not contributing to the general welfare – but instead *living on it*. Unemployment, therefore, very often entails social exclusion, a lack of meaning in people's lives, or a lack of recognition. *Die Arbeitslosen von Marienthal* (Jahoda et al. 1975), a study done in early 1930s Austria, but still widely read as a classic, found out that being unemployed actually does not make people enjoy their leisure time or activate them politically. Rather, it quite often makes them waste their time and become lethargic: Jobless persons that were observed in the study actually read less, did not take part in public life as much as they had used to, and – what researchers took as an indicator for the jobless' “disrupted sense of time” – they even walked slower (ibid. : 84).

The right to work implies equal access to jobs: the right not to be discriminated against.

Joblessness may shed light on the fact how important work actually is to lead a good life and mark out one's place in society. So, the most basic ethical claim in that respect would be a *right to work* – which actually is a human right, enshrined in article 23.1 of the *Universal Declaration of Human Rights*: “Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.” Actually, the cited article already specifies some basic conditions of such work. In most general terms, however, it just recognizes the fundamental role work plays for the economic, social and cultural development of individuals as well as societies – that's why the human right to work has been included in the *International Covenant on Economic, Social and Cultural Rights*.

The right to work translates into the issue how labour is actually provided and distributed in a society – which is a question of equal access and justice basically. Everybody should have the same opportunity to get a job that fits his or her personal qualifications and aspirations. Nobody should be excluded from access to a particular job based on extraneous grounds. Most immediately, this negative right *not to be discriminated against* applies in the processes of recruitment and promotion of personnel. In many countries, including Austria, legal regulations exist that are supposed to provide equal job opportunities to different groups of persons that have traditionally been discriminated against on the job market, such as women, people of different colour, people with disabilities, different sexual orientations and so on.

There's still a “gender gap” on the labour market.

The focus of anti-discriminatory measures has traditionally been on women, who still have no equal access to particular jobs. As labour market statistics show on a continuous basis, women are still grossly over-represented in low-rank, badly paid and mostly part-time jobs – the traditional “female jobs”, while they are grossly under-represented in the higher echelons. Legal provisions such as gender-neutral wording of job announcements, or the obligation to pick a female job candidate in the case of “equal qualifications” have as yet been of mainly symbolic value. More ambitious, active measures such as “affirmative action” to reach a definite “quota” or “share” of women in traditionally male bastions have been introduced with success in some countries, notably in Scandinavia. Yet, they are still far from being introduced – let alone socially accepted – in most other countries, including Austria. Actually, “affirmative action” is also a form of discrimination – so what's the difference? (cf. the box on *Discrimination. Can it be Legitimate?*)



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**Discrimination. Can it be Legitimate?** To “discriminate”, literally, just means to distinguish one object or person from another, based on some property. In this most general sense, discrimination is an essential part of our cognitive processes, and the categories it delivers need not necessarily be wrong, let alone ethically wrongful.

Conventionally, however, the term is used to refer to the act of illicitly distinguishing among people *not* on the basis of individual traits or merits, but on the basis of supposed *collective* characteristics of a group that are often value-laden (“prejudice”) and mostly irrelevant to the factual decision at stake. This kind of stereotypical decision that's made 1) *against* some person 2) based on cognitively and morally unjustified grounds and 3) with usually negative consequences on those affected may more specifically be called an “invidious discrimination” (Velasquez 2011).

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Not only individuals discriminate, but institutions as well – even if not necessarily on purpose, but quite often based on implicit, institutionalized criteria. When a manager does treat a black female applicant unfairly in a job interview, because he has no high opinion of blacks and women as workers, this is an example for *intentional individual discrimination*. If a firm only wants people in its board that come from a high management position and are co-opted by the other – exclusively male – board members, then this may be an example of *institutional unintentional discrimination* (ibid.).

Actually, since its beginnings in the civil rights movements, critique of discrimination has markedly shifted from the most obvious cases of the first type to the most subtle forms of the fourth type. Lacking any other way to immediately observe such forms of discrimination, an organization is said to be discriminatory when it shows some sort of significant disparity between different groups in the population – however this unequal treatment may actually have arisen.

Ethical charges against discrimination range from utilitarian arguments (stressing the loss of welfare due to an inefficient allocation of jobs) and claims to persons' basic moral rights (to be treated never merely as means, but equally) to issues of justice (that nobody, from a Rawlsian "original position" would want any group characteristic to determine one's individual fate).

Based on the same ethical arguments, "affirmative action" – as a reversed kind of discrimination – has been justified on the grounds that it offsets or "compensates" for past discrimination. It is basically meant to ensure that any (minority) group is adequately represented, by taking "positive steps" to increase their numbers or improve their situation. Critics fear, however, that the wrong ones do benefit and suffer from past injustice, that it would artificially stress the importance of sex and gender, and that it would actually be a form of intentional institutional discrimination against white males.

*What do you think? How can social attitudes and practices be changed by legal provisions? What responsibility do companies have to act upon these issues?*

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When discrimination is usually based on personal properties that shouldn't matter, the same holds for the issue of *privacy*. How much and what an employer is allowed to know about his or her (future) employee's private matters, and what's supposed to be "private" in the first place – the answers to these questions seem to be highly contingent on individual circumstances, and on national legislation. In the US, e. g., firms from the mid-1990s until 2011 were allowed to "screen" future employees for genetic predispositions to attain certain work-related diseases. Notwithstanding the recent prohibition of "genetic screening", employers are still seen to have a right to know about their workers' health state – an issue that would probably spark much controversy in other countries, especially where health insurance is not provided by the employer, but by the state.

An issue in that respect that we briefly touched upon earlier is the question of the "morality" of the applicant. Again, it is hard to give a general answer to the question whether "morality" could be a legitimate issue for recruiting one's personnel. Generally speaking, there's always the risk that personality rights might be encroached upon by an overly demanding or assimilating corporate culture. As a rule of thumb, however, the more important the position of the employee, the more will the person's character be relevant and, thus, not remain "private", as a representative of corporate culture and values.

Employees' privacy has to be protected – but to what extent?

## Workplace

Workplaces should be sufficiently safe, healthy and humane.

This section deals with the immediate physical conditions under which work is done. Some aspects relevant to questions of workplace were already mentioned in an earlier chapter, on sourcing and the related issue of securing reasonable working conditions along the upstream value chain (cf. chapter 2). Here, we will just briefly touch upon three distinctive ethical challenges in that respect: that a workplace should be *sufficiently safe, healthy and humane*.

Workplace safety requires measures, knowledge and incentives – and a sound pace.

*Safety-related issues* include all kinds of physical conditions, normative provisions and incentives that serve to decrease the potential danger to life and physical integrity that's linked to a particular workplace. In industrialized countries, where plenty of legal safety regulations for different workplaces and industries exist, management's responsibility, first and foremost, will be to “enliven” these regulations and make them part of corporate culture. Apart from designing safe workplaces, the use of safety equipment and non-risk-taking behaviour should become part of workers' “implicit knowledge” and even an aspect of professional ethos – not a source of shame or a burden. This may be reached by way of regular and consistent communications, training and incentives that essentially aim to have the workforce *participate* in developing, implementing and effectively monitoring workplace safety programs. It should become an issue that's both in the interest of employers and employees. Indeed, success of such a policy can be measured and rewarded in many innovative ways: Companies may record safety issues in the context of a process of continuous improvement, or they may incite “safety competitions” between work teams.

Health may become an issue of employee care – affecting both their private lives and the bottom line.

*Health-related issues* include all kinds of physical conditions, normative provisions and incentives that serve to make a particular workplace healthier – or at least less unhealthy. This area is yet far less covered by legal provisions, and it leaves more responsibility and creativity to management. Health related issues also do apply to many white-collar and service occupations, where physical strains and dangers are usually less imminent than in many traditional blue-collar jobs. Nevertheless, “repetitive strain injury (RSI)”, “dry eye syndrome”, slipped discs and other physical long-term damages that eventually may force people into quitting their jobs, could actually be avoided by simple changes in the physical environment, procedure and work flow of particular jobs. Ergonomic, age-adapted workplaces, regular short breaks and information on health-friendly working may help people to reduce the risk of job-related physical damages or diseases. Healthy food, other health-related offers (such as gymnastics, yoga, physiotherapy), information and incentives for healthier lifestyles, on top of that, can make a positive contribution to improve employees' health.

Treating employees as human beings is a win-win for everybody.

*Humane working conditions*, finally, include all kinds of physical conditions, normative provisions and incentives that serve to make a particular workplace more conducive to develop one's personal capacities and the relationships to others on the job. While both aspects mentioned earlier focus on physical integrity mainly, humane conditions expressly include mental health and well-being as fundamental objectives of HRM. “Burn-out” and “bore-out” syndromes, isolation, mobbing and alienation constitute serious psychological alarm signals for a flawed organization of work in any given company. While problems vary with local conditions, reasons and solutions usually apply generally: Dull repetitive work

can be made more humane by way of job rotation schemes or partly autonomous work teams. Fostering collaboration instead of cut-throat competition certainly will improve shop morale. Creating opportunities and incentives for people to build relationships and to grow personally is a crucial aspect of a corporate culture. And finally, in terms of workload, giving people the feeling that they are not merely a productive resource to be exploited – which means that work should not only be about work – will help to create a corporate culture in which everybody treats everybody else as a human being.

Eventually, measures in all three aspects of workplace – *safety, health and humaneness* – are likely to pay – at least in the long run. The “business case” of an ethical HRM promises a decline in absenteeism, sickness absence and fluctuation rates, and a better “work climate”, leading to more motivation, productivity and loyalty of employees to their company.

## Working Time

This section deals with all time-related aspects of work – daily, weekly, yearly and lifelong – and some of the most immediate ethical issues linked to them. Already, several legal provisions exist that are meant mainly to *limit* working time. Protection of labour against the *extension* of its use, actually, has been an immediate result of ongoing labour disputes, and they are clearly among the most important social achievements of what we call the welfare state. 16 hour work days, six days a week, with no hope for vacation or a leisurely evening of life were not uncommon in 19<sup>th</sup> and early 20<sup>th</sup> century Europe – and they are still today common conditions on the global workbenches.

Those limitations were mainly introduced in order to allow labour – the workforce – to reproduce itself. Throughout most of the 20<sup>th</sup> century, working time had been reduced – in all mentioned aspects – in line with rises in the productivity of labour: The 8 hour work day, 5 days a week, with a 5 weeks legal holiday entitlement and the perspective to retire at an age that still promised a few healthy and active years – what used to be the “standard career” at least of many Austrian male breadwinners – is no longer a matter of course.

Neo-liberal globalization, pitting countries with utterly different working conditions against each other, put an end to earlier hopes for further general reductions of working time. Instead, new forms of irregular “excess work”, including “work on demand”, unpaid over-time and seasonal exceptions to the law have become quite common even for people in higher positions. They quite often are confronted with expectations to do voluntary overtime, for the sake of the company. Therefore, recent trends rather seem to point in another direction: towards *more and more flexible work* – at least for those that have a job.

At the same time that there's been pressure to increase the workload by extending working time, jobs are increasingly expected not only to allow people to develop and apply their capabilities, to make careers &c., but actually not to interfere too much with people's private plans for life: their ability to develop stable and fulfilling relationships with others – friends and family – outside their jobs. Claims to support such a “work life balance” include

- flexitime, individual time accounts and outcome-based arrangements,
- sabbatical and maternal/paternal leaves for everybody and
- participatory rota systems.

The reduction of working time, based on increased productivity, is a major achievement of the welfare state.

Neoliberal globalization reversed the trend, making more and more flexible work the rule.

Time sovereignty promises a better “work life balance” – at least for the better-off.

The general moral claim, for that matter, is “time sovereignty” – which applies to all different levels of working time: a right to leisure time, a time for personal (including professional) development, to a private life (including a family), and a leisurely retirement. At the same time, working reduced hours for people in many jobs would mean that they would basically lack the means to lead a “good life”, let alone to feed a family. So, a “work life balance” – from that perspective – may indeed appear as a “luxury problem” that’s limited mainly to the well-off, while unskilled workers actually rather need to work more in order to earn a living. We see, thus, that hours clearly have to do with wages – this is the ethical aspect of labour that we discuss next.

## Wages

“Living wages” address the issue of basic rights, “just wages” address the issue of justice.

This relates to the monetary compensation for giving one’s labour to some employer. Indeed, there are other forms of income, from other factors of production, such as profits or rents. For most people, who neither own natural resources nor capital, selling their labour is actually the only source of income they have. From an ethical perspective, the issue of wages basically entails two distinct concerns: The claim for “*living wages*” that can support a reasonable lifestyle. And the claim for “*just wages*” that reflect a fair distribution of income between labour and capital, different jobs, and different groups of people.

### Living Wages

What’s a “living wage” is hard to tell – but it’s a salient concern in rich countries as well.

This notion was coined to address the bitter hardships of sweatshop labourers in so-called “emerging economies”, in the context of a *New International Division of Labour* (cf. Chapter 2). Quite plainly, the claim for “living wages” implies that work should enable people to support themselves and lead good lives – not merely help them to reproduce their labour (“subsistence wages”). Even if this is a fairly *absolute* claim, however, it is still hard to determine just how high a “living wage” should be.

For instance, according to a recent Austrian survey, 10% of Austrian full-time workers don’t make ends meet on their salaries – a 38% increase in ten years. What this shows, first, is that what’s a sufficient salary very much depends on one’s lifestyle: Some people just need less money than others to support a fairly comfortable lifestyle. The significant increase within a 10 years period suggests, however, that the situation for low-income workers has become increasingly hard. Indeed, “working poverty” – a term originally coined in the US to describe the situation of people working on several part-time jobs in order to make a living – in recent years has become a reality in many other countries in the West. At the same time that unemployment has gone up (cf. *Access*) and that precarious, temporary and generally more “flexible” contracts have become fairly common (cf. *Time*), a “standard employment relationship” is no longer a guarantee also to be able to get by, let alone feed a family. The “working poor” of today, in times of soaring costs of living (including food, gas and accommodation), often work in low-income jobs – such as in the hospitality or retail industries – where minimum wages didn’t quite keep up with inflation in recent years. While unions, in this context, started campaigns to considerably raise minimum wages in these low-income industries (cf. below on inter-job income justice), a debate has also just started on whether political communities should provide some “basic social care” to individuals, as a human right (cf. the box on *Needs-Based Basic Income – Right or Wrong?*).



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**Needs-Based Basic Income – Right or Wrong?** Rising unemployment and connected public expenditures, general job insecurity, precarious working conditions and working poverty spurred the debate on an alternative that could – according to its proponents – at the same time relieve public and private households: a needs-based “basic social care” that every citizen would be entitled to, irrespective of whether s/he is working or not.

In Austria, there's been a hot political debate on this issue – and it's still ongoing. Proponents have since presented a needs-based basic income as a *moral right* of citizens (releasing them from their most immediate existential fears) and at the same time a *benefit* to the economy (disburdening the budget and leaving wage levels more or less untouched). Opponents generally deny any such moral right, fearing that needs-based income would create a labour shortage in low-income jobs, and they want to make any income or social benefits contingent at least on the “willingness to work”.

As yet, in Austria, this debate yielded the replacement of traditional “social assistance” by a so-called “bedarfsorientierte Mindestsicherung” (“needs-based minimum care”), which awards beneficiaries slightly more money (€ 752,94 for 12 months/year), is still based on the principle of “subsidiarity” (only those that have no other means of income or claims to maintenance) and – which is new – on the condition that beneficiaries are “willing to work”. All these three aspects have been criticized by proponents of an “arbeitsloses Grundeinkommen” (“needs-based basic income”): It would not be sufficiently high (well below the “poverty line” of € 951,-), it would make beneficiaries dependent on third parties, and it would actually make it really unattractive for them to work. (Source: pro-grundeinkommen.at)

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## Just Wages

While the issue of “living wages” is more or less about setting an *absolute*, minimum standard that's based on the moral right to be able to support oneself through one's labour, the issue of “income justice” involves the solution of a *relative* problem: It is about the just *distribution* of income between different parties: owners of different factors of production, holders of different jobs, and members of different groups of society. Generally, it's based on the claim that labour should be valued fairly. Viewed more closely, this issue – as hinted at above – contains three different problems. It's about the just distribution of income between 1) *labour and capital*, 2) *different jobs* and 3) *different groups of people*.

### 1) *The just distribution of the product of labour between labour and capital*

This issue goes back to the very beginnings of the “class struggle” between labour and capital in early 19<sup>th</sup> century (cf. earlier in this chapter). While originally, and in its most radical fashion until today, labour claimed “the bakery”, as it were, the reformist, social democratic labour movement contented itself with increasing its “slice of the cake”. At the same time, militant or revolutionary class struggle in most developed countries was replaced by neo-corporatist arrangements such as Austrian “social partnership”, which claims to settle disputes between capital and labour, represented by different “chambers” or “associations”, on the “green table” rather than on the streets.

What this kind of institutionalization requires, however, is a basic right on the part of labour to associate freely and to collectively bargain on working conditions, including wages – these two rights are also included in the ILO's catalogue of core labour rights. The right to “unionize”, however, is not even respected by many companies in developed countries. In addition to that, not all wages are covered by collective bargaining, companies have

Income justice is about the fair distribution of income between factors of production, jobs and groups of people.

The institutionalized “class struggle” hinges on the basic rights to free association and collective bargaining.

considerable leeway in choosing the “proper” contract, and standard wages differ highly between different industries (cf. the next issue).

On a more general level, the distribution of income between labour and capital, in recent years, has been drifting considerably in the direction of the latter – this is what the steady decrease of the “wage ratio” (the share of wages in the aggregate income) in many countries suggests. An issue that’s often discussed on ethical terms in this respect is management salaries, esp. when their contracts include monetary incentives to cut jobs or wages. While this is an important issue when it comes to the distribution of income between different jobs (cf. the next point), and while managers – on top of their basic wages, as employees – usually draw much of their actual income from capital returns (bonuses, shares &c.), it is quite surprising that the public discussion on management salaries has almost completely overshadowed the question of shareholders’ fair share.

Rising management salaries and falling real wages matter in that respect – as do shareholder returns.

## 2.) *The just valuation and remuneration of different jobs*

Ever since neoliberal globalization, under the banner of shareholder value, increased pressure on local employees, the discussion on the salaries of managers – the concrete, visible people located in between labour and capital – has been high on the agenda in many developed countries. In Switzerland, recently, a popular petition overwhelmingly supported the limitation of management salaries at a maximum 1:12 ratio to the lowest wages paid in a company. In other countries, including Austria, similar initiatives failed for a lack of political consensus on the issue.

The debate over management salaries, however, has been fairly instructive, as a case for when the wage of a particular professional group calls for justification – and how it’s being justified. Usually, wage levels or differences between different jobs are just taken for granted. Seldom are they the subject of an open, public discussion. “Basic salaries” for different jobs or industries are usually settled by “assessment commissions” – rather semi-transparent bodies that are practically striving for a balance of interests, not for “income justice” *per se*.

What’s a just income is actually contingent on what counts – and on who has a say.

Actually, we usually cannot hope for much more than that. What a “just income” should be, in relation to others, may be argued on the basis of many different aspects of justice, pertaining to requirements, merits, supply and demand, need, past performance, distribution, qualifications or responsibility. There’s usually no “objective” measure at hand to determine just what aspect of justice should be more important than any other. That’s why the process of negotiation, the power relations between negotiating partners, and the composition of these bodies are also relevant when it comes to determine whether the results of such an assessment are just.

Women’s groups, e. g., have been claiming for many years to be adequately represented in assessment commissions at least in those jobs where women are usually significantly over-represented: the so-called “women’s jobs”. These – such as jobs in services, in the hospitality and retail industries – are traditionally paid significantly worse than “men’s jobs”. Even if yearly pay increases may be similar, this doesn’t change the unjust starting position, due to a consistent bias in the valuation of these jobs – which eventually contributes to the so-called “gender pay gap”. Still, the problem of equal pay – to sick with gender equality issues – is not only a problem of consistent undervaluation of traditional

The “gender pay gap”, first, rests upon a structural undervaluation of “women’s jobs”.

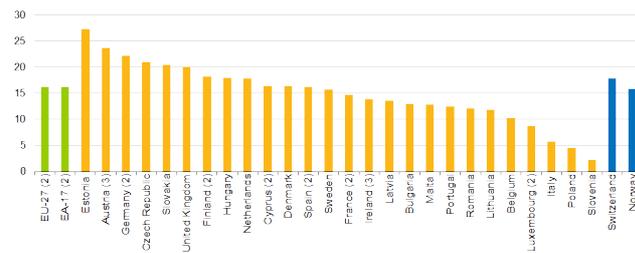
“women's jobs”. It is quite clearly associated with an obvious, direct discrimination of individual women as well – that's the issue we turn to next.

### 3) *The just remuneration of different groups of people doing the same job*

“*Equal pay for equal work.*” What women's rights groups have been claiming for more than 30 years now, probably epitomizes best what's at stake here. Other than in the often unintentional, institutional forms of discrimination when it comes to inter-job income differences, paying different wages to people who do the same job may sometimes be quite an intentional strategy: This may happen by wrongly assessing an employee, because of a biased bonus scheme that favours men, or simply because men tend to be more demanding when it comes to negotiate pay in a job interview.

So, the “gender pay gap” does not actually reflect the situation that women usually work shorter hours, but that they 1) are over-represented in the “cheap jobs” and 2) often get paid less than their male colleagues, in the same jobs. Usually, the measure is defined as the relative difference (in percentage) between the average gross hourly earnings of women and men. While this is a fairly abstract number – with many different factors that may eventually determine it – the measure is still very useful for tracing a country's development *over time*, and for comparing it to *other countries* (cf. figure).

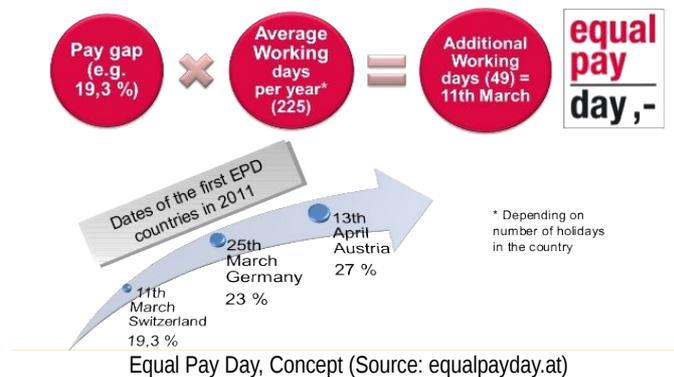
Second, the “gender pay gap” rests upon a direct discrimination of women, also in “men's jobs”.



(1) Enterprises employing 10 or more employees, NACE Rev. 2 B to S (-).  
 (2) Provisional data: EU/EA aggregates excluding Greece  
 (3) (IE) 2010 data; (AT) estimated data  
 Source: Eurostat (tsdsc340)

Unadjusted gender pay gap in Europe, by country, 2011 (Source: EU)

In an effort to create publicity and understanding for the issue, women's rights groups have recently focused their campaigns for just income around the “Equal Pay Day”: This is the day in the year when women, as an aggregate statistical group, start earning money for the (paid) labour they do. In other words, *Equal Pay Day* symbolizes – based on the aggregate numbers of the gender pay gap – until what day in the year women in a particular region – compared to men – actually work for free (cf. figure).



Equal Pay Day, Concept (Source: equalpayday.at)

Fair pay is not just a legal issue – it's an issue of good management.

Austria, so the above figures show, does pretty poorly in comparison to many other European countries, when it comes to income justice between women and men. Since 2009, the first year that *Equal Pay Day* was celebrated, however, the date moved from April 16<sup>th</sup> to April 5<sup>th</sup>, in 2013. The situation has obviously improved somewhat. The reasons for this development include: Improvements in the qualification of women, public awareness for the problem (thanks to campaigns such as the *Equal Pay Day*), a new understanding of people's *diversity* in an organization as a source of creativity, productivity and quality of work, and not least supportive legal measures, such as the recent implementation of a federal law to regulate transparency of income (“Gesetz zur Einkommenstransparenz”): Since March 2011, this law commits big companies (with more than 1000 employees, from 2014 with more than 150 employees) to disclose incomes of men and women, in an aggregate, anonymous way, in an internal communication.

Even if transparency acts such as this new Austrian law, *per se*, do not provide any kind of immediate sanction for organizations that obviously discriminate against women, such initiatives are likely to have a positive effect on the issue. As long as problems do exist only in a very vague, aggregate and aloof way (such as in nation-wide “gender pay gaps”), there seems to be no immediate reason to act. As soon as people know what the situation is like in their immediate working environment – even if no names are mentioned – they get a reason and a factual basis to work on. Indeed, people actually have a right to know what they are worth – compared to others. And they have a right to know from management how income is being distributed within an organization. Management (and employee's representatives alike) will have to enter into a serious kind of dialogue with employees on such matters. And it will have to understand that, eventually, working out a situation that's fairer will benefit all.

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