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*Introduction*

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**Symposium on John W. Budd: *Employment with a Human Face: Four Views on Efficiency, Equity, and Voice in the World of Work***

The following symposium on John W. Budd's book, *Employment with a Human Face: Balancing Efficiency, Equity, and Voice* (Cornell University Press, 2004), launches the "Perspectives" section in this journal. Although only published last year, the book has already been acknowledged as a highly regarded and challenging work in the field of industrial relations. To summarize the author's central thesis in a nutshell, Budd argues that in democratic societies, efficiency, equity, and voice are moral imperatives that need to be balanced in the employment relationship. Within this context, efficiency is characterized by the economical production of goods and services; equity is defined by granting employees fair compensation and working conditions while voice guarantees that employees have input, both individually and collectively, in determining issues of importance to them in the workplace. This perspective is also adopted by Budd in his recently-published labor relations textbook, *Labor Relations: Striking a Balance* (McGraw-Hill, Irwin, 2004).

Four distinguished industrial relations scholars from Australia, Canada, England and the United States have written essays for this symposium. While acknowledging the contributions that this book makes to the field of industrial relations, each essay analyzes *Employment with a Human Face* from a critical perspective provoking further thought on the ideas elaborated on by Budd. Greg Bamber, Professor of Management and Associate Dean of Griffith Business School, Griffith University, focuses his remarks by analyzing Budd's theoretical framework of efficiency, equity, and voice for the employment relations in a number of industrial democracies throughout the world concluding that "the geometry of comparative industrial relations" can be used as a springboard for reforming the current US industrial relations system. Roy J. Adams, Emeritus Professor of Industrial Relations, McMaster University, challenges Budd to reconsider whether balancing efficiency, equity and voice should be the objective of industrial relations systems. Rather, Adams theorizes "optimality within minimally accepted bounds," that is, the optimization of efficiency, equity, and voice without giving equal weight to each, should provide the foundation for industrial relations systems. Richard Hyman, Professor of Industrial Relations, London School of Economics, argues that Budd's "pursuit of even-handedness" in balancing efficiency, equity, and voice precludes him from fully developing "some of the radical implications" of his analysis. Finally, Samuel Estreicher, Opperman Professor of Law & Director, Center for Labor and Employment Law, New York University School of Law, raises four provocative points: Criticizing, among other things, the difficulty in operationalizing efficiency, equity, and voice, although concluding that Budd is correct in

arguing that US labor unions must become more flexible if they are to remain as employee representatives in a globalized world of product and labor markets.

In the “Perspectives” section of the next issue, we will publish Budd’s essay in response to the four essays that appear in the following pages. In future issues, we plan to organize other symposiums on books that are considered important and influential in the field of employment relations broadly defined. I invite readers to contact me with suggestions for the discussion of additional volumes. We hope that you enjoy these four essays and that they help to provoke thought and stimulate discussion on the 21st century employment relations in an increasingly complex world.

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## Efficiency, Equity, and Voice as Moral Imperatives

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*The thesis of this book is that efficiency, equity and voice are all human rights and should be treated as such by individuals, corporations and governments. The author reviews a wide range of philosophical and religious material that affirms the human rights nature of these aspects of employment relations. He also assesses a broad spectrum of approaches to employment relations against the standards of efficiency, equity and voice. Of particular note is the author's critique of contemporary mainstream economics for subordinating voice to efficiency.*

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**KEY WORDS:** efficiency; equity; voice; dignity; human rights; collective bargaining.

In democratic and ethical societies efficiency, equity, and voice are moral imperatives. The ideal employment relationship is one that results in the efficient production of goods or services, provides employees with equitable and fair conditions and ensures that employees have both an individual and collective voice in deciding issues of concern to them. That is John Budd's central thesis in his new book *Employment with a Human Face*.

### VOICE, EQUITY, AND EFFICIENCY AS EMPLOYMENT IMPERATIVES

That efficiency, equity, and voice are issues of concern to labor practitioners, policy makers, and academics, is not a new idea. What is new is the extent to which Budd digs into philosophy and ethical theory in order to justify concern for all three dimensions of employment independently.

Early in his book, Budd makes the bold assertion that "Intrinsic voice is important whether or not it improves economic performance, and whether or not it alters the distribution of economic rewards" (p. 13). Although others, including me, have said something similar in the past, Budd's wide ranging review of theory supporting that assertion should substantially enrich contemporary debate on the state of employment relations.

In contemporary American economic thinking regarding employment and employment relations, voice is of little concern. In conventional economic reasoning Pareto Optimality, which is achieved when "no one can be made better off without making someone else

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worse off,” is the desired state and the vehicle for achieving that end is perfect competition (p. 15). Economists recognize, of course, that perfect competition is impossible to achieve in the real world and thus interventions are called for where markets fail. But where markets are operating efficiently, adherents of conventional economics want us to leave them alone regardless of the status of voice in the mix.

From this perspective, voice has no value on its own. It is seen as desirable only if it can be demonstrated that it is capable of repairing some market failure. Neoclassical economic analysis, Budd tells us, is associated with and ethically justified by “utilitarianism” in which an act is “morally good if aggregate welfare (utility) is maximized, defined as producing the greatest benefits with the least costs compared to alternative possible actions” (pp. 67–68).

Although it has enormous influence in the United States, this ethical theory is not without its critics. It “can be criticized for allowing the ends to justify the means, irrespective of the rights or virtues that might be violated, for accepting ends (outcomes) that seem unfair and unjust, and for ignoring broader concerns of community and relationships” (p. 70). Libertarianism also “supports free markets” but its objective is liberty, “individual autonomy to interact with others without undue interference” (p. 73). A major problem with this notion is its assumption that all market actors are equal when the reality is one of unequal resources, knowledge, and bargaining power.

While voice, and especially collective voice, is either an unwarranted interference with the market and perhaps with one’s individual autonomy or at best an instrumental means of repairing a market failure in mainstream American thought, less well-appreciated theories provide philosophical justification for voice as important by itself regardless of its implications for efficiency or equity.

Immanuel Kant’s categorical imperative—“Act only on the maxim by which you can at the same time will that it should become a universal law”—includes the notion that one must always treat human beings “never simply as a means, but always at the same time as an end” (p. 71). To treat human beings simply as a means to increase wealth or even aggregate welfare “violates the intrinsic value and sanctity of human life.” Regarding voice specifically, Bowie, quoted by Budd says: “Kantian moral philosophy requires a vast democratization of the workplace” because, “unilateral rule making treats workers as means only” which demeans human dignity and violates the categorical imperative (p. 72).

Consistent with Kantian philosophy, Budd finds that all of the major religions incorporate notions of the primacy of human dignity and the rights necessary to function as a human being with dignity. Additionally, human rights, “was central to the founding of the United Nations.” They “stem from the basic quality of being human . . .” and thus are universal. Among the rights “recognized worldwide as human rights . . .” are equity, and voice (pp. 42–44).

John Rawls’ Theory of Justice also would seem to lead to the conclusion that voice is justified for all. “Rawlsian justice is based on a veil of ignorance; individuals must determine the principles of justice behind a veil of ignorance in which they do not know their own characteristics (such as race, gender, social status, and abilities)” (p. 74). Without knowing their place in it would rational human beings choose authoritarian workplaces without employee representation? “Faced with the prospect of being on the subservient end of an autocratic employment relationship once the veil is lifted, I suspect” Budd says, “that most would instead create workplaces with a voice mechanism from behind the veil of ignorance” (p. 75).

The philosophy underlying democracy as a scheme for organizing human affairs also justifies the imperative of voice at work. In his 1928 book *Estey*, quoted by Budd, put it this way: “It is a fundamental doctrine of political democracy that one should have some voice in regard to matters that vitally affect him . . .” for without it “the most important incidents of his life, his wealth, his property, indeed his very life itself are removed from out of his control . . . . If there is an argument for giving [a worker] a vote, even more is there an argument for giving him a voice in the conditions of shop and factory” (p. 24). Budd concludes his review by saying “For reasons stemming from political theory, religious thought, human dignity, and elsewhere, extending voice into the workplace is a “moral imperative” (p. 28).

Budd identifies two dimensions of voice—collective and individual—and concludes that both are essential if the moral imperative is to be achieved: “The industrial democracy dimension of voice suggests that a collective voice component is necessary while the self-determination dimension implies that individual voice mechanisms are also important” (p. 28). Thus for the voice imperative to be fulfilled, employees must be provided with an opportunity individually to participate in work organization and employment decision making but they must also have an agent to represent their collective interests.

This is a strong statement that, it seems to me, is justified by the philosophical and ethical theories from which it springs. One of the unfortunate aspects of Budd’s presentation is that he does not consistently apply this standard but instead suggests that something less than universality might fulfil the voice imperative. For example, Budd reviews the state of US industrial relations and notes that union density has fallen to very low levels. Commenting on that situation he says “If low levels of unionization represent limited demand for union representation, then perhaps employees are satisfied with the current balance of efficiency, equity and voice” (p. 112). Since the voice imperative is rooted in human rights this statement is tantamount to saying that the absence of Black bankers on Wall Street in the 1950s might have been due to the lack of demand among the Black population for banking jobs. Either the voice imperative is an imperative or it is not. If it is, the objective must be universality and anything less, whether “chosen” or not fails the moral imperative test. Systemic exclusion is a human rights offence no less heinous than systemic discrimination.

Another fault with Budd’s application of his standard to contemporary practice has to do with his consideration of “nonunion representation.” Budd suggests that the legitimacy of employer established and controlled representation schemes, from the perspective of voice as a moral imperative, might be worthy of debate. It is not. The universally recognized authority on voice as a human right is the International Labour Organization. Its Committee on Freedom of Association has issued opinions on over 2,000 cases having to do with the application of the right to voice (de la Cruz *et al.*, 1996). As part of this work, the ILO has considered employer controlled representation plans and has ruled that they do not comply with international human rights standards. Workers have the right to “establish and . . . to join organizations of their own choosing” as they see fit without the interference of employers or governments. (de la Cruz, *et al.* 1996, p. 185). They also have the right “to draw up their constitutions and rules, to elect their representatives in full freedom, to organize their administration” and to organize their “activities and to formulate their programmes.” (de la Cruz *et al.*, p. 191). Explicitly forbidden are acts of interference “designed to promote the establishment of workers’ organizations under the domination of

employers' organizations or to support workers' organizations by financial or other means, with the object of placing such organizations under the control of employers or employers' organizations . . ." (de la Cruz *et al.*, p. 216).

Equity, according to Budd, is "a set of fair employment standards covering both material outcomes and personal treatment that respect human dignity and liberty" (p. 18). Like voice, Budd finds that the equity imperative is supported by ethical, political, and religious theory. Since it is less controversial, Budd's review need not be reported in detail.

Perhaps because its value is obvious and uncontroversial, Budd does not expend much pointed intellectual effort justifying efficiency. Nevertheless, his major argument would seem to be that, like voice and equity, property rights are human rights and just as labor's human rights must be respected in a democratic and ethical society, so must the rights of capital to deploy its resources in an efficient manner. But Budd qualifies this latter argument. Property rights at one time were believed to be essential for individual "freedom." A farmer, with his/her own land, was self-sufficient so long as his or her claim to the land was inviolable. But as the nature of economies has changed so has this source of human dignity. Budd presents evidence that ownership has evolved to a state where it is now a bundle of statutory rights which are generally considered to be inferior to fundamental, universal human rights. Nevertheless, despite what he calls the "deflation of property rights" he still believes that balancing efficiency, equity, and voice must be the goal of any democratic and ethical society.

### ASSESSING EMPLOYMENT GOVERNANCE SYSTEMS

A large part of Budd's book is devoted to his assessment of the extent to which all of the following approaches to employment governance balance equity, efficiency, and voice:

- Competitive labor markets
- Government regulation
- Human resource management
- Human resource management with employee voice
- Worker control
- Bilateral employer-employee negotiations
- New Deal IR System
- Social partnership
- Sectoral bargaining
- Centralized awards
- Enterprise unionism
- Exclusive representation with majority support
- Codetermination
- Voluntarism
- Job control unionism
- Employee empowerment unionism
- Social unionism
- Free trade
- Corporate codes of conduct

International labor standards  
 The North American Agreement on Labor Cooperation  
 European Works Councils  
 Transnational bargaining

Government regulation, for example, “provides protection to everyone” not just to workers who “possess particularly favorable bargaining power” (p. 88). On the other hand “regulation is removed from those directly involved in the relationship” with the result that “participation . . . is effectively removed from this system.” Budd classifies government regulation as good on equity but not so good on voice and efficiency.

Budd’s classification of individual schemes is, in many cases, disputable. For example, he weights Australia’s system of arbitration awards towards equity and away from efficiency. Although consistent with the tenor of recent public discussion in Australia, that conclusion fails to account for the fact that, with the award system in place throughout most of the 20th century, Australia rose to become one of the world’s most productive nations. Budd believes that Japan’s enterprise unionism is weighted more towards efficiency and away from equity and voice even though wage and benefit distribution within Japanese firms is much more egalitarian than it is in the US and many other countries and even though Japan’s approach to involving employees in employment decisions has been widely written about and studied around the world (see e.g., Brown *et al.*, 1997).

But these criticisms are quibbles. It was not Budd’s intention to provide definitive analysis of these various systems. Instead his goal was to illustrate how his scheme may be used by researchers and students to analyze the performance of various approaches to employment relations and organize debate about them. He certainly has done that successfully.

### BALANCE OR OPTIMALITY?

As noted above, a major theme of *Employment with a Human Face* is the proposition that efficiency, equity, and voice must be balanced. What Budd finds to be problematic is clear enough. Unregulated markets tip the scale in the direction of efficiency; worker control provides voice but perhaps not efficiency; government regulation is good at providing equity but maybe not efficiency and voice. Budd’s solution is balance.

I am not so sure that balance is the appropriate keynote. Instead, it seems to me that the object should be optimality within minimally accepted bounds. In short, societies should attempt to optimize efficiency, equity, and voice—but the result might not be an equal weighting of all three objects. Fundamental standards should not be compromised. Thus with respect to equity, human rights standards require that every family has sufficient food, shelter and housing and something extra in order to make progress beyond the minimum. With voice, the standard should be universality. Everyone, even in the poorest nations, has the fundamental right to say about the conditions under which they work. Efficiency should be pursued within those bounds. Pursuit of efficiency should not be accepted as a legitimate reason for failing to meet minimal equity and voice standards. If any employment relationship does not meet minimal requirements it should either be brought up to standard or, where feasible, be shut down. Does that mean that efficiency must suffer? Not necessarily. As Budd recognizes, equity, and voice—if appropriately implemented—may facilitate efficiency. The goal is to find the right configuration of voice

mechanisms and equity-achieving policies consistent with high levels of efficiency. Budd's cataloguing of a long list of approaches to employment governance provides a starting point for systematic research into appropriate combinations.

This interpretation has profound implications for American industrial relations. In the public sector well over 50% and in the private sector over 90% of American workers have no independent collective voice. In short, employment relations in the U.S. do not meet minimum standards. However equitable their working conditions, the systemically forced silence of American employees is an insult to their human dignity and human rights. It "violates the intrinsic value and sanctity of human life."

### **IMPLICATIONS OF THE ANALYSIS FOR THE ORGANIZATION OF ACADEMIC INQUIRY**

Budd believes that "this renewed focus on the objectives of the employment relationship" has "implications for revitalizing the academic field of industrial relations by defining an inclusive field of human resources and industrial relations that includes all perspectives on work . . ." (pp. 189–190). His scheme he believes provides a "metaparadigm"—an "organizing map that defines the parameters of a field" (p. 191). Very likely, he overestimates the ability of his scheme to unite scholars concerned with employment.

First of all, the three schools (institutional, human resources and critical) he seeks to unite do not begin to exhaust the large number of disciplines and sub-disciplines that address employment issues, each of which has its own traditions, methods, and value systems (Adams 1993). Nor is Budd's framework likely to achieve the more limited task of uniting the three schools he does identify.

It is doubtful that followers of the critical industrial relations school will willingly allow themselves to be melded into Budd's unified "metaparadigm." Among the aspects of Budd's "desired employment relationship" is "respect for the need to make a profit . . ." (p. 197). However, since "critical industrial relations views the labor problem as inherent in capitalism and seeks to replace it with worker ownership and socialism" (pp. 103–104) its members are unlikely to sign on benignly to the implicit acceptance of capitalism and the need for capitalists to make a profit.

And finally as Budd's discussion throughout the book makes perfectly clear, although mainstream human resource management researchers certainly concern themselves with equity and voice, they do so primarily as instrumental means to improved efficiency. That is a theme that is strongly embedded in HRM textbooks and curricula, at least in North America, and is not likely to be easily displaced. Following the belief of the historical "personnel management school" at least one contemporary branch of HRM in the US holds that unionization with a view towards establishing a collective voice at work is an overt indicator of management failure. (Adams, in press). Followers of this approach are not likely to rally to Budd's call for recognizing voice as a key independent aspect of good employment relations.

### **CONCLUSIONS**

*Employment with a Human Face* is a welcome addition to the literature on industrial relations. Especially enlightening is Budd's review of the philosophical and ethical

foundations of various approaches to employment relations and his defense of voice as an independent issue of concern regardless of its implications for equity or efficiency. His framework should also prove useful to organize debate on employment and as a device to analyze specific employment relations cases. It is not likely to unify the field as Budd hopes. But it will allow for a more sharply etched debate between adherents of different approaches to employment research and policy.

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## The Geometry of Comparative Industrial Relations: Efficiency, Equity and Voice

Greg J. Bamber<sup>1</sup>

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*This article focuses on John Budd's efficiency, equity and voice concepts. The discussion considers the concepts' utility as a framework for analyzing different national patterns of industrial relations in a comparative perspective. The article considers eight forms of employment relationships: social partnerships, sectoral bargaining, centralized awards, enterprise unionism, exclusive representation, codetermination, the US new deal system and voluntarism. The author concludes that this is a useful framework for such purposes, and that it is following the industrial relations tradition of pluralism.*

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**KEY WORDS:** international; equity; efficiency; voice; comparative industrial relations.

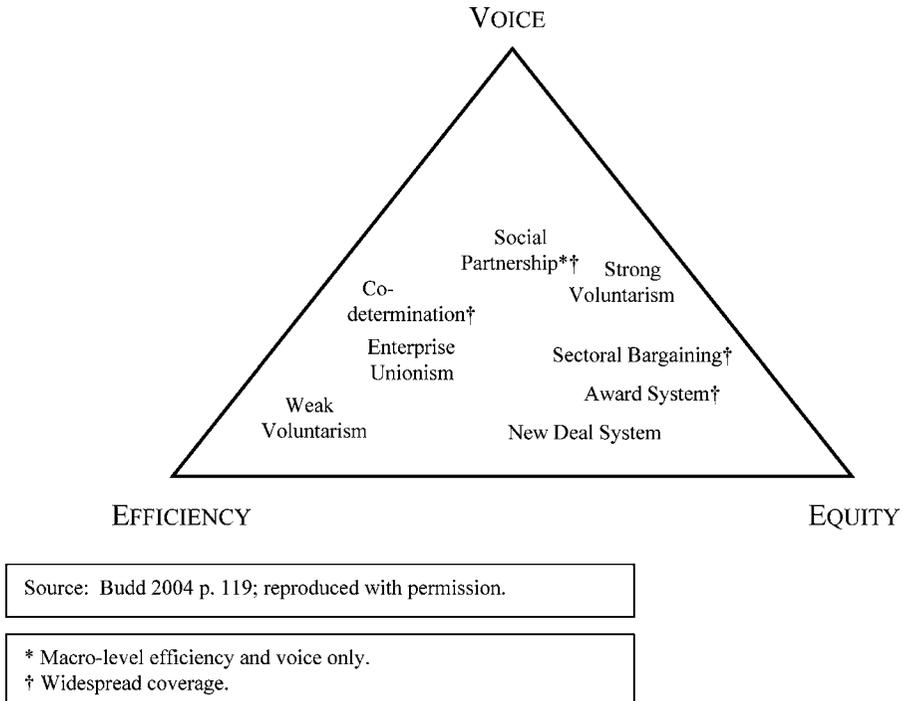
Others in this journal have summarized the innovative theoretical approach developed in this important book (Budd, 2004), so it would be redundant to do so again here. Although most of this interesting book focuses mainly on the USA, in the latter part of it he applies his model to broader international issues. I will concentrate on this part.

What does John Budd's book contribute to comparative industrial relations? How useful is his trilogy of efficiency, equity and voice as an analytical framework for analysing employment relations arrangements in different countries? He builds on an earlier idea of Richard Hyman's to propose an appealing notion, the Geometry of Comparative Industrial Relations (see Fig. 1). Nevertheless, by contrast with the more radical approach of Hyman, Budd's emphasis on *balance* puts his scholarship firmly in the tradition of pluralism. Despite his impressive review of a diverse range of literature, he begs the question: efficiency for whom? He assumes an employer's perspective, but what is efficient for an employer may be inefficient for an employee.

Budd considers seven international forms of employment relationships: social partnerships, sectoral bargaining, centralized awards, enterprise unionism, exclusive representation, codetermination, and voluntarism. Even though these approaches operate at different levels and are by no means equivalent, he provides a useful framework for analysing comparative industrial relations.

He points out that centralized, Austrian or Irish forms of *social partnership*, provide voice only at a macro level. However, it is vital to bear in mind that under social partnerships,

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**Fig. 1.** The geometry of industrial relations.

there may well also be forms of codetermination, which provide voice at an enterprise level (see below).

A slightly less centralized approach than social partnership is industry-wide collective bargaining. Budd uses the term *sectoral bargaining*. He argues (p. 122) that sectoral bargaining is weighted towards equity, but that it serves efficiency and voice to a limited extent.

For Budd, Australian-style *centralized awards* are biased towards equity and can be criticized “for interfering with efficiency” (p. 124). He submits that centralized awards do serve employee voice, but not as well as some other systems.

For Budd, Japanese-style *enterprise unionism* serves efficiency well. However, enterprise unionism serves equity to a much lesser extent, since large numbers of non-core employees are excluded by enterprise unions. On the one hand, enterprise unionism serves voice well, for example, insofar as enterprise unionism is usually accompanied by consultation arrangements. On the other hand, however, “the extent to which enterprise unions are dependent on a single company potentially detracts from the legitimacy of employee voice in this system” (p. 127).

*Exclusive representation* with majority rule is characteristic of USA and Canada. The relationship with efficiency depends on employer and union strategies. Equity and voice depend on a majority of workers favoring a specific union.

The strength of Western-European forms of *codetermination* is in delivering efficiency and voice. But, according to Budd’s analysis, codetermination generally is less effective at promoting equity; for instance, in many contexts works councils do not have the jurisdiction

to regulate economic rewards and they usually lack the right to strike. Therefore, the parties tend to pursue equity issues via collective bargaining rather than via codetermination and works councils.

British industrial relations are often characterized by the term *voluntarism*. This implies that the parties may (or may not) agree to enter into collective bargaining agreements and then to abide by (or not) whatever agreements are concluded. Budd rightly observes that voluntarism is a relative term, so that, after the (different forms of) re-regulation induced by Thatcherism and by Britain's membership of the European Union, British industrial relations in the early 21st century are relatively less voluntaristic than they were in most of the 20th century.

As Budd points out, under voluntarism, when labor markets are loose, as in Britain in the 1980s and 1990s, employers' power translates into the domination of efficiency over equity and voice. There are examples in the Japanese car manufacturing "trans-plants" in Britain, where there is "quasi non-unionism" (even though the Nissan and Toyota plants have established a form of enterprise unionism). When labor markets are tight, as in Britain in the 1950s and 1960s, some unions may have sufficient power to compel a higher standard of equity and voice. There were myths then about all-powerful UK unions (illustrated by Peter Sellers' character Fred Kite in the classic 1959 film "I'm All Right, Jack"). Nonetheless, in that period there were still significant groups of UK workers with low pay and thereby little equity and also with little voice, which employers took little heed of: for example, most of those in retailing, clothing manufacture and, agriculture, especially in the small and medium-sized enterprises.

We can infer from Budd's analysis that the components of national industrial relations systems embody trade-offs between his three goals of the employment relationship. Hence different arrangements can be placed in different locations in the geometry of the comparative industrial relations. For example, he argues that social partnership should be in the middle of the triangle, because social partnership provides voice for all workers on economic and social issues, which in turn raises the visibility of equity concerns. Efficiency is also served by macro economic stability. By contrast, codetermination and enterprise unionism also provide voice and efficiency, but equity is less well served in view of the lack of power to establish minimum labor standards.

In terms of voice and equity, sectoral bargaining and centralized awards could be seen as being above US New Deal industrial relations in view of the lower coverage rates in the US. But it is also arguable that, for those who are covered, US New Deal collective bargaining provides better employee voice because negotiations are less centralized and so less removed from the rank-and-file. Budd holds that, at their best, New Deal arrangements might not promote efficiency and voice. However, these arrangements can also provide "better equity" than under codetermination or enterprise unionism. He interprets equity as higher compensation. But such an operational definition of equity is debatable, for there is greater pay inequality in the USA than in countries that have codetermination or enterprise unionism. We would conclude that greater inequality means less equity.

We do not have scope to discuss many more details of his imaginative analysis here. However, it is worth making three other points.

First the features mapped in Fig. 1 are only *elements* of industrial relation systems, not entire systems. For example, social partnerships are combined with voluntarism in Ireland and with codetermination in Austria. Each country's system, then, can be mapped in Fig. 1 as a function of the location of its elements.

Second, the relative locations of particular elements in Fig. 1 are debatable, as illustrated by the above discussions of New Deal arrangements. This reinforces the utility of the framework for analysis and for learning about comparative industrial relations.

Third, the geometry of comparative industrial relations can also be used to consider proposals for reforming industrial relations.

In terms of this third point, Budd considers several proposals for reforming US industrial relations, including notions of importing modified forms of codetermination into the US. I would personally sympathize with such proposals and the logic of adopting them can be argued well in terms of Budd's paradigm. Nevertheless, unfortunately we are not likely to see any such proposals implemented, at least not in the current US realpolitik. This exemplifies that we should not only consider the various *elements* of an industrial relations system in relative isolation, but, it is also vital to see them *in their broader context*, including the history, culture, and wider society, as well as their political economy. For an elaboration of the potential usefulness of such a political economy analysis, see Bamber *et al.*, 2004, and Martin and Bamber 2004.

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## Geometry Does Not a Theory of Employment Make

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**KEY WORDS:** cost-benefit tradeoff; competitiveness; employee voice; rights talk; equity-efficiency tradeoff.

John Budd, a highly regarded industrial relations scholar at the University of Minnesota, has written an ambitious book that seeks to establish a new framework for studying and evaluating the employment system in the United States, and other countries as well. Criticizing what he believes to be an overemphasis on efficiency concerns in the US debate, Professor Budd argues that the values of equity and voice are no less important than efficiency; indeed, the three form the legs of a basic triangular model of the employment relationship.

“Efficiency” is defined conventionally as seeking the most effective use of resources. Economists sometime mean “Pareto optimality”—that is, a state of affairs where no one’s situation can be improved without making someone else worse off. This is a bit demanding, but Budd presumably would accept the less stringent “Kaldor–Hicks” test, where a change is considered efficient if the gains are large enough to compensate all losers, even if compensation does not in fact occur. For Budd, efficiency focuses on the needs of the employing form (and, by extension, other employers in the economy). Its legal bolster is the property rights of the employer.

Professor Budd breaks somewhat new ground in separating out the other two criteria which are more closely attuned to the “human face,” the needs and aspirations of human beings. “Equity,” we are told, “entails fairness in both the distribution of economic rewards (such as wages and benefits) and the administration of employment policies (such as nondiscriminatory hiring and firing)” (p. 8). While equity is an instrumental value, “voice,” by contrast, looks to the intrinsic value that should be placed on workers being able to express their needs and demands in an effective manner, and without fear of employer retaliation. Voice requires “meaningful input into decisions” (p. 23). Voice casts its net well beyond “Hirschman’s efficiency-enhancing, alternative-to-exit definition of voice,” because it is “linked to visions of workers’ rights for self-determination in the workplace” (p. 24).

The two human-oriented values often travel the same path, supplementing each other. But there can be institutional arrangements like centralized bargaining in Continental Europe where equity is strong, but voice benefits are weak. Or, in the US context, where

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nonunion workplace committees may promote voice but without any reasonable prospect of advancing equity.

Professor Budd is extremely well-read and his book offers a broad summary of the growing literature on employment relations, as well as a useful typology that doubtless will inform future writing and advocacy. I do, however, find it disappointing in some respects.

First, even within the terms of the typology, it may be difficult to operationalize the concepts. Where does equity begin and where does it end? From Chapter 4, which surveys the various ethical theories, from Kant to the ethics of “liberty,” “virtue” and “care”—the reader might get the impression that equity is a shorthand for all of the good things in life, or at least all of the good things that might be predicated on these theories. If so, how do we judge a system along the equity dimension? Can one confidently make the judgment, as Budd suggests, that Germany is high on the equity dimension because of the centralized collective bargaining system and the availability of extension laws to bring nonunion firms into line with the bargained standards, without at the same time assessing other dimensions of that country’s labor market experience, such as its long-term double-digit unemployment rate?

Can voice be usefully separated from equity? In the workplace context, as opposed to, say, participation in the larger polity, can much weight be given to a purely intrinsic measure of voice? “Voice” is to be regarded “as an equal standard” (p. 29). Is this realistic; does it conform to what workers in fact value? Workers may care about their ability to participate in decision-making because it provides a means for enabling their views on some workplace economic issue, and the intensity with which those views are held, to be heard by both the employer and the worker representative. But if they can obtain high-equity wages and working conditions without effort, why would they seek voice?

Even if we assume voice may be usefully separated from equity, is it always to be given the same weight as equity or efficiency? If so, does this create a form of automatic double-counting, with two values almost always moving in the same direction to be weighed against efficiency? Does a system low in efficiency, say a unionized, high-cost construction industry bedeviled by unnecessary staffing rules, score a net plus in the social welfare calculus because, for those employed, it ranks high in equity (high wages and low effort level) and high in voice (strong local union democracy)?

Second, even though Professor Budd repeatedly informs the reader that his task is only to establish an “intellectual framework” (p. 11), not to prescribe solutions, one wonders whether the framework can have much utility without providing principles for resolving inevitable tradeoffs between these values. For example, how do we evaluate the case for wrongful discharge laws? The United States remains an outlier among developed nations in adhering to the rule of at-will employment—in the absence of a statute or contract specifying otherwise, both parties to the employment relationship are free to terminate the relationship at will, without notice or reason. US legislatures and courts have established fairly significant exceptions to the rule, but it remains the baseline for employment contracts. In most other developed countries, laws have been enacted which require employers to demonstrate “cause” for terminations. Should we move to a “cause” regime? Presumably, such a move would improve our score on both equity and voice scales. But how do we weigh the resulting loss in efficiency—not only the transaction and errors costs attendant to any legal intervention but also the increased reluctance of firms to hire at the margin because of firing costs?

Perhaps, the author does not discuss tradeoffs because he wants US policymakers to conceptualize the issue as one of competing rights—the human rights of fairness and participation at work poised against the employers' property rights. Because property rights reflect only efficiency concerns that labor and management can argue about (pp. 41–42), one suspects that legal intervention in labor markets that plausibly promote equity or voice, will invariably triumph in the balance. In any event, no metric, not even the seeds of one appear to enable the reader to engage the balancing process—a bit surprising given the book's subtitle.

Bentham was certainly wrong to dismiss “rights” as “nonsense on stilts.” But once the discussion moves beyond certain negative rights (such as the right to engage in free expression, the right to be free of unreasonable search and seizure, even the right to not have one's property taken without due process) that we are willing to treat as virtual trump cards outweighing most claims of social gain, to embrace positive rights (such as the right to employment, the right to a fair distribution of society's resources, the right to self-determination in the workplace, and the like) that can never be treated as near absolutes, we are inevitably and inescapably in a relativist world of institutional arrangements necessarily a weighing of relative costs and benefits. It is not clear how in this context “rights talk,” to use Mary Ann Glendon's phrase, usefully furthers the analysis.

Do I have a “right” to a job? I have a right not to be burdened with discriminatory barriers that close off sectors of the economy to me. But do I have a right to demand a public-sector position irrespective of my skills, the government's needs or budget? Do I have such a right when private-sector alternatives at the minimum wage are available? Do other claimants on the government's resources have a similar right? How are rival claims to be reconciled? Rights-based rhetoric may be in fashion, but does it help illuminate social policy debate?

Third, any tour d'horizon has to suffer from generalities. To take one example, Professor Budd's Chapter 7 on “The Geometry of Comparative Industrial Relations” cannot hope to do justice to the complexities of other systems. Normative law always has to be viewed in its institutional context. If workers have rights against wrongful dismissal, one must ask how hard it is to bring a claim. Are lawyers effectively barred, as they are in most of Europe, from funding lawsuits through contingency fees or class litigation? Are employees deterred by “loser pays” rules from bringing claims that are not open and shut? France, we are told, ranks high in equity because of its centralized or sectoral collective bargaining and the availability of extension laws. But how does the system in fact work given the presence of several competing union federations each offering its own form of the central or sectoral agreements? Do employers have an opportunity to play the union federations off against each other, in a kind of buyer's auction?

There is a static quality to Professor Budd's account. The forces of change in these other systems seem unexplored. Australia and New Zealand have abandoned their mandatory interest arbitration system, but we are not told why. German labor relations is in a state of ferment, with firms increasingly opting out of employer federations and negotiating separate deals with the unions. Aren't these changes relevant to evaluating the implicit judgment that Germany does a good job in providing equity, if at some cost in efficiency?

Fourth, Professor Budd helpfully offers up a new alternative to traditional “job control” unionism, which he regards as an “anachronism” (pp. 140, 141). His alternative is called “employee empowerment unionism,” of which there are two types: (1) the “employee discretion variant” and “self-representation variant” (p. 142). The former applies where there are stable workforces, the latter where workers move from project to project. Both involve a form of “bargaining lite” or what might be termed “framework bargaining”: “Bargaining does not determine all work rules or outcomes. Rather, for some topics, collective bargaining establishes processes for individual employee empowerment that incorporate minimum standards and procedural safeguards” (Ibid.). In the “employee discretion” category, the author places GM’s Saturn Division, the Shell Canada plant in Ontario, and Sweden’s “solidaristic work policy” (p. 146). In the “self-representation” category, he places US sports and entertainment unions, some locals of the International Alliance of Stage and Theatrical Employees (IA), and Harvard University’s clerical union.

It is a bit difficult to discern what unifies these examples. The Saturn agreement, for all its well-deserved plaudits, is hard to view as simply establishing a framework for individual worker bargaining. One could also question whether unions can really invite individual bargaining in most settings without undoing the *raison d’être* for their role. That they do so where there is a high level of skill heterogeneity, as in sports and entertainment, does not necessarily suggest this would be wise in other, more common settings.

But the basic point is well taken—US unions need to be more flexible if they are to remain effective bargaining agents in a world of competitive product and labor markets. One hopes Professor Budd will start his next book elaborating on this theme, now that he has identified what he believes to be the core values of an employment system.

## Striking a Balance? Means, Ends and Ambiguities

Richard Hyman<sup>1,2</sup>

John Budd has written a challenging and imaginative book. It offers at one and the same time a critique of dominant policy assumptions and a guide for the future of the study of industrial relations. His analytical framework, the triangulation between efficiency, equity and voice, is a remarkably powerful yet parsimonious instrument for the understanding of moral principles, the dynamics of economic governance, alternative trade union strategies and identities, and the diversity of national systems of employment regulation. There is no wealth but life, wrote John Ruskin, and in some respects Budd echoes Ruskin in asserting the humane values that transcend narrow economic rationality. My main critique, which I will develop below, is that his pursuit of even-handedness—a “balance” between the three elements of this triangle—prevents him from following through some of the radical implications of his arguments.

I have a personal interest in triangles. I can scarcely claim to be their inventor, but I found them a helpful device in analysing the “geometry” of changing trade union identities, and Budd kindly acknowledges my usage. I conceived this as a means of identifying a field of tension between competing principles which offered little prospect of a stable equilibrium. Yet his plea for balance is essentially a search for such equilibrium.

Let me start with what is perhaps a subsidiary concern. Disentangling ends from means is notoriously difficult. Neither individuals, nor societies, operate on the basis of a clear hierarchy leading from first principles to subordinate goals and recipes. Institutions and practices initially chosen for instrumental reasons can become valued as ends in themselves. Budd tends to treat efficiency, equity and voice as moral equivalents, certainly in their guise as “objectives of the employment relationship.” This is surprising: to my mind, efficiency is quintessentially a means: the way to achieve desired results at least cost. Indeed Budd at one point (p. 8) states that “efficiency and equity are instrumental standards . . . while voice is an intrinsic standard.” This also surprises me. *Liberté, égalité, fraternité* were the rallying cries of the French revolution and remain (with the appropriate elimination of gender bias) the inspiration for many of us today. Hence is equity (a close relative of *égalité*) really just an “instrumental standard”? Conversely, voice is often perceived as a means rather than an end; what is widely valued is not voice in itself but *effective* influence on outcomes. “I hear what you say” is a familiar and chilling phrase: you can state your case but I will ignore it. Voice is an effective means to achieve one’s aims, or it is a charade.

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This is an essential reference point when we consider the increasingly popular repertoire of management-dominated schemes for employees to voice, powerlessly, their opinions.

In other ways, efficiency is a peculiarly slippery concept. Budd notes (p. 5) that “adding to the rhetorical power of efficiency is the close association of efficiency with property rights,” going on to remark that “property rights are also considered a fundamental basis of liberty.” This is a set of linkages which Budd hesitates to challenge. Yet why should efficiency, property and liberty be conflated? The consequence, notwithstanding his best intentions, is to assign efficiency with high moral virtue; the practical and intellectual problems of industrial relations appear as “freedom versus justice,” a confrontation between rival goods.

“Efficiency is the common economic standard of effective use of scarce resources” (pp. 7, 15). Put slightly differently, efficiency increases as the ratio of inputs to outputs diminishes. Yet what *counts* as an input or an output; or, a related question, *who* counts? For an employer, labour is one factor of production and what is paid in wages and associated labour costs is an input, what the employee produces is an output. An employer’s calculus is thus that efficiency is raised if wages are reduced, working hours and work intensity increased, expenditure on health and safety and other conditions of work minimised, opportunities for collective employee pressure eliminated—*unless* it can be shown that the quantity and/or quality of production suffers more than proportionately. For an employee, conversely, energy expended, leisure forgone and risks to life and limb are inputs; wages or salaries and other benefits (including psychological and social ones) are outputs. Applying the normal canons of economy rationality, it is more efficient from the employee’s point of view to work less and earn more—at least up to the point where continuity of employment is at risk. And within these parameters, the weighting of inputs and outputs—which cannot be reduced to simple monetary equivalents—involves a high degree of subjective judgment. One might say, for example, that European workers tend to think it more efficient to work and earn less than is customary in the USA.

Of course many analysts, not least academic writers on HRM, insist that the “high road” of employment relations allows at least partial reconciliation of the two metrics of efficiency. For certain sectors of the economy this may perhaps be a plausible argument. But as a general thesis, the evidence is scarcely persuasive. In other words, across much of the world of work, the employer’s concept of efficiency is in conflict with that of the employee. For this very reason, it is impossible to speak of “the objectives of [the employment] relationship” (p. 13) as if these were common to both parties.

Why should the employer’s definition of efficiency be morally privileged? Here, the moral status of property rights kicks in. Property rights and labour rights are both human rights, Budd insists (p. 33); and human rights in turn are universal (p. 37). One obvious rejoinder is that labour is intrinsically human, property is not. Budd derives the principle of the rights of property from the writings of John Locke (pp. 35, 73). This is correct, but only up to a point; as Budd notes (p. 39), Locke’s writings had a more radical and subversive edge. *Nota bene* the key passage of his *Second Treatise of Government*:

Though the earth, and all inferior creatures, be common to all men, yet every man has a *property* in his own *person*: this no body has any right to but himself. The *labour* of his body, and the *work* of his hands, we may say, are properly his. Whatsoever then he removes out of the state that nature hath provided, and left it in, he hath mixed his *labour* with, and joined to it something that is his own, and thereby makes it his *property*. It being by him removed from the common state nature hath placed it in, it hath by this *labour* something annexed to it, that excludes the common right of other men: for this *labour* being the unquestionable property of the labourer, no man but he

can have a right to what that is once joined to, at least where there is enough, and as good, left in common for others.

Locke's thesis is clear (though later in the *Treatise* he wriggled to evade its implications): the rights of property are *derivative* of the rights of labour. Land and other natural resources, he asserted, were available in abundance; by labouring on them, a person became entitled to the produce which would suffice for his (or her) personal needs; and enough land and "fruits of the earth" would still remain for all others to satisfy their own personal needs equally well.

Locke's "state of nature" was not the economist's world of scarce resources. His property owner was the self-employed farmer or artisan. The relationship between subordinate employment and the ownership of capital did not figure in his political economy. We can draw from Locke a theory of the "human rights" of the capitalist corporation only if we perceive no difference of principle between owning a back garden and owning half a country, or between a bicycle repair shop and a Microsoft or General Motors. It is a strange ethics which treats these as equivalents. As Commons insisted in his *Legal Foundations of Capitalism* (which Budd indeed cites, p. 40), they are qualitatively distinct, involving a transformation from "holding for self" to "withholding from others."

Here it is necessary to turn to the principle of liberty, which "is closely associated with free markets" (p. 73). Budd points out criticisms of libertarian arguments for property rights, insisting that "it is not clear why freedom from harm to private property always overrides other freedoms such as freedom from hunger" (p. 74). Yet he does not then develop the implications of the diversity of conceptions of liberty: that the principle of liberty could well support the rights of labour against those of private property. Here it would be useful to refer back to Budd's discussion of the legal realist school, which treats property "as a bundle of state-created rights" (p. 40). We may add that the state defines, and also delimits, not only the rights but also the responsibilities of property. If a tile falls from the roof of my house and kills or injures a passer-by, as property owner I am personally liable; if I have not taken out insurance I could be bankrupted as a result. When individuals first pooled their assets to create companies, they were personally and severally liable for any debts or defaults, and as a result some indeed did suffer bankruptcy. Then the notion of "limited liability" was invented: investors in a company could accrue unlimited profits from its activities but risked at worst the loss of their investment—an asymmetry which few "libertarians" find objectionable.

And just as the status of property is socially and politically created, so—as Karl Polanyi demonstrated in his *Great Transformation* and as the more recent "varieties of capitalism" literature has elaborated—is that of markets. The idea of a free market is an oxymoron. What is a market? In its simplest and most concrete meaning, it is a physical place where goods are bought and sold (or in some cases, bartered). Every Saturday morning I visit my local market to buy fruit and vegetables, cheese, fish and flowers. I talk to the traders and to fellow-customers, sometimes negotiate a little over prices. Other meanings of the concept are more abstract: when we speak of "the market for coffee," specific producers, sellers and purchasers disappear from view. If we refer to "the introduction of the market" (for example in Eastern Europe after 1990), the level of abstraction is intensified. Yet in all cases we are talking of the social organisation of exchange—and of the identification of those goods and services which are socially legitimated as exchangeable commodities. Whether or not there is a "free market" in children, or sex, or body organs, or education, cannot be deduced from an abstract conception of liberty. Nor can the balance of rights

and responsibilities of the buyers and sellers of those commodities which *are* socially and legally sanctioned. The existence of contracts, as Durkheim taught us, rests on social norms which are non-contractual. Economic activity is universally regulated within and through society.

Here one might add that even the economist's narrow conception of efficiency may clash with the idea of freedom of property. Consider a rarely quoted passage from Montesquieu, often regarded as an apostle of libertarianism. In *De l'esprit des lois* he wrote (my translation):

Commercial freedom is not a licence for entrepreneurs to do whatever they please; that on the contrary would be slavery. What constrains the entrepreneur does not thereby constrain the economy. It is in free countries that the entrepreneur faces innumerable prohibitions; and nowhere does he encounter fewer laws than in enslaved countries.

Unfettered freedom of the rich and economically powerful, Montesquieu insisted, was a recipe for tyranny over the rest of society. There is, in other words, no necessary symmetry between collective prosperity and individual enrichment; Adam Smith's invisible hand is a fiction. Or as Wolfgang Streeck more recently put it, "capitalism is too important to be left to capitalists."

To conclude: unless we radically redefine our notions of efficiency, and liberate them from anachronistic principles of the "human rights" of large agglomerations of capital, the conflict with labour's claims to equity and voice are irresolvable. Rather than seeking an unattainable "balance," we have to choose where we stand.

## ***Employment with a Human Face: The Author Responds***

**John W. Budd<sup>1</sup>**

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*In this article, the author of *Employment with a Human Face: Balancing Efficiency, Equity, and Voice* responds to the four commentary essays that appeared in the June 2005 issue of this journal.*

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**KEY WORDS:** employee voice; equity; human rights; industrial relations; property rights.

In the June 2005 issue of this journal, four essays commented on and critiqued my 2004 book *Employment with a Human Face: Balancing Efficiency, Equity, and Voice* (Budd, 2004a)—“Striking a Balance? Means, Ends and Ambiguities” by Richard Hyman; “Efficiency, Equity and Voice as Moral Imperatives” by Roy J. Adams; “Geometry Does Not a Theory of Employment Make” by Samuel Estreicher; and “The Geometry of Comparative Industrial Relations: Efficiency, Equity and Voice” by Greg J. Bamber. Before turning to my response to these essays, I want to first sincerely thank this exceptionally distinguished panel. I am truly honored that each of them agreed to participate and comment upon my work.

As revealed by the essays, *Employment with a Human Face* focuses on—quoting from the aims and scope of this journal—“the ever-changing balance of rights and responsibilities between employer and employee.” In the stylized liberal market economy, the key rights and responsibilities are simple—the employer’s responsibility is making a profit (Friedman, 1962) while having the right to hire and fire at will; employees have the responsibility to hold up their end of the bargain by working hard for their employers while having the right to quit at will. In this view—which dominates many local, national, and international policy discussions and pervades corporate boardrooms and economics textbooks—the employment relationship is a purely economic transaction with business concerned only with efficiency (competitiveness) and workers focused solely on income to support consumption. Social welfare is reduced to economic welfare (Osterman *et al.*, 2001) and justice is narrowed to marginal productivity justice—market-based outcomes are viewed as fair, simply because they are produced by market exchange (McClelland, 1990). What’s good for General Motors, as the old saying went, is now seen as good for the world.

It is against this backdrop that *Employment with a Human Face* asserts that the rights and responsibilities of workers and their employers go significantly beyond concerns relating to productivity, competitiveness, economic prosperity, the effective use of scarce

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resources, and the like (concerns that I group together under the shorthand heading of “efficiency”). In particular, employees are entitled to fair treatment (“equity”) and opportunities to have input into decisions that affect their daily lives (“voice”). Equity entails fairness in both the distribution of economic rewards (such as wages and benefits) and the administration of employment policies (such as nondiscriminatory hiring and just cause discharge). Voice is the ability to have meaningful employee input into decisions both individually and collectively. This includes not only free speech, supported by unfair dismissal protections and grievance procedures, but also direct and indirect participation in workplace decision-making.

I carefully justify the importance of equity and voice by drawing on diverse theories in moral philosophy, theology, political theory, psychology, and human rights. This can be summed up by the conclusion that work is a fully human activity—in addition to being an economic activity with material rewards undertaken by selfish agents, work is also a social activity with psychological rewards undertaken by human beings in democratic societies. As a result, the fundamental objectives of the employment relationship are efficiency, equity, and voice. The rights and responsibilities of workers and their employers stem from the need to respect efficiency, equity, and voice. Beyond justifying efficiency, equity, and voice, much of *Employment with a Human Face* demonstrates the usefulness of this framework for analyzing central human resources and industrial relations issues such as forms of workplace governance, debates over the US New Deal industrial relations system, comparative industrial relations, alternative union strategies, and institutional arrangements for governing the global workplace. Other extensions are also possible, such as using efficiency, equity, and voice to compare and evaluate workplace dispute resolution mechanisms (Budd & Colvin, 2005).

Note carefully that the justification for equity and voice is not the profit-maximizing justification of contemporary human resource management. Providing employees with equity and voice might enhance employee commitment and therefore efficiency, but what happens when this wishful thinking is not true? The difficult problems in human resources and industrial relations as well as in employment and labor law are not when efficiency, equity, and voice are mutually supporting; rather, the most difficult problems are when these objectives conflict. Government regulations that mandate overtime payments (equity) might conflict with individual desires to have input into how they are compensated for working extra hours (voice) and with employers’ abilities to compete in global markets (efficiency). Centralized bargaining (equity) might clash with workgroup or individual responsiveness (voice) and flexibility (efficiency). Because equity and voice are rooted in human dignity and democratic ideals, they must be respected even when they do not enhance efficiency. In short, efficiency, equity, and voice should be balanced in the modern employment relationship.

In addition to the dominance of the liberal market ethos, the second backdrop for *Employment with a Human Face* is that most US employment research focuses on how processes work and how outcomes are determined. What are the rights of employees with disabilities? What standards do arbitrators use in determining just cause? Do joint labor-management committees improve safety? What is the union wage premium? What employee selection methods best predict future job performance? These questions are important, but ultimately our knowledge of how processes work is incomplete without an understanding of what the processes are trying to accomplish.

Teaching about labor unions and labor relations in the United States is also dominated by the processes—how unions are organized, how contracts are negotiated, and how interest and rights disputes are resolved. From Dunlop's (1949) *Collective Bargaining: Principles and Cases* to the aptly titled *The Labor Relations Process* by Holley *et al.* (2001), this is most visibly illustrated by the generations of textbooks that focus uncritically on the labor relations processes. And since US unions have typically used these processes to win detailed work rules, there is a tendency to equate labor relations with work rules, and to therefore structure labor relations courses and textbooks around the examination of these work rules. But what's missing is the why (Budd, 2005a). Labor relations is not about work rules. Human resources and industrial relations processes and work rules are means to more fundamental ends or objectives. What are these objectives? In my view, these objectives are efficiency, equity, and voice. An important goal of *Employment with a Human Face* is therefore to reinject employment-related research (Budd, 2004a) and teaching (Budd, 2005a) with a solid grounding in the objectives of the employment relationship.

This background provides the context for considering the four insightful and thought-provoking essays by Professor Adams, Professor Hyman, Professor Estreicher, and Professor Bamber. There is much in these essays for me to agree with. They accurately identify some areas where *Employment with a Human Face* has some gaps. On the other hand, there are important areas where I respectfully disagree with my colleagues' arguments. Given the largely distinct focal points of the four essays, I will discuss each one separately and endeavor to do each one justice.

### MEANS, ENDS, AND AMBIGUITIES

There are risks in trying to reduce something as complex and diverse as the employment relationship into three tidy objectives such as efficiency, equity, and voice. Professor Hyman justly questions whether I have identified means instead of ends. He sees employee voice as a means to influencing outcomes whereas I define voice as an end in itself. However, voice as a means to influencing outcomes begs the question of what are the desired outcomes. And this brings me back to efficiency and especially equity. In industrial relations, in particular, employee voice is often equated to labor unions with the power to obtain a fair day's pay for a fair day's work, safe working conditions, just cause dismissal protections, and the like—in other words, equity. If voice is only a means to better outcomes, then it does not matter how the desired outcomes are achieved (e.g., via collective bargaining, government regulation, enlightened human resources policies). What makes labor unions and other voice mechanisms special is the element of self-determination above and beyond the nature of the specific outcomes. Human dignity requires participation in decision-making even if those decisions do not always go your way.

With that said, I recognize the fine line I am trying to walk. If voice never influences outcomes, then, to borrow Professor Hyman's description, it is a charade. So we cannot completely divorce voice from outcomes. But voice is more than just outcomes. The element of participation has intrinsic value. My criticism of German centralized bargaining or US job control unionism stems more from the lack of rank and file participation than with outcomes that are unresponsive to rank and file concerns (Budd, 2004a, pp. 122, 155). Moreover, popular discussions of labor unions tend to further confuse the issue as collective voice creates power which achieves better outcomes for workers, but it is important to remember

that unions have dual functions—protection and participation (Weiler, 1990) or protection and democratic rights (Godard & Delaney, 2000), or serving what I conceptualize as equity and voice.

This intrinsic conceptualization of voice creates more receptivity for nonunion voice schemes as well as individual voice. These mechanisms are likely poor ways to achieve equity because of a lack of worker power but they may nevertheless be valuable (albeit not perfect) mechanisms for facilitating employee input into decision-making. But in my view, explicitly distinguishing between equity and voice creates a framework for debating these voice mechanisms that is more productive than resting these debates solely on the extent to which the material outcomes are favorable to workers.

Professor Hyman's most important critique, however, pertains to my treatment of efficiency. He first notes that efficiency is a means rather than an end. Professor Hyman then questions the equal weight I give to efficiency alongside equity and voice, and the moral weight I give to efficiency through its connection with liberty via property rights. I note the strong connection between efficiency and property rights on the one hand, and human rights, equity, and voice on the other. Yet I call for a balance between property and labor rights. But shouldn't property instead serve humans? Is not efficiency only a means toward greater human ends (such as equity and voice)? Why is efficiency an objective in its own right? John Godard, Bob Hebdon, and other non-US readers have expressed similar concerns to me.

In response, I first have a small reminder—"efficiency" in my usage is shorthand for economic prosperity and development. I am not interested in technical efficiency per se, but rather am trying to recognize the broader importance of using scarce resources to create prosperity. This reminder does not completely counter the critique, but it is nevertheless important. Secondly, I do not think it is coincidental that this efficiency critique is largely expressed by non-US readers. As such, I think the differing perspectives reflect the differing socio-political-legal contexts in which we reside. Against the backdrop of the US system with its exceptionally strong emphasis on consumerism, economic growth, and property rights, a weakening of efficiency and property rights to be equal with, rather than trump, equity and voice seems like a significant advance for the cause of labor and human rights. Lastly, with such a strong US emphasis on shareholders, it is inappropriate to omit them from the analysis; they consequently enter my framework through the efficiency–property rights nexus.

This is admittedly more of an explanation than a justification, and I trust that Professor Hyman and my other non-US friends will continue to push me on this angle. In fact, Professor Hyman concludes his essay by leaving no doubt that in his view, I do not go far enough in my redefinition of efficiency. This reflects a long-standing difference between the pluralist vision of being able to balance efficiency with other goals, and the critical vision of a more pervasive conflict between labor and capital in which one always has the upper hand so "balance" is a mirage. The pluralist–critical debate cannot be resolved here. But while *Employment with a Human Face* has an explicit pluralist foundation, it nevertheless provides important food for thought for critical scholars, as well as those in the unitarist human resource management school of thought.

## MORAL IMPERATIVES

Turning from the nature of the employment relationship objectives to their application, the essay by Professor Adams focuses on the moral imperative of efficiency, equity,

and voice. As described by Professor Adams, *Employment with a Human Face* carefully ties employment issues into scholarship on ethics and human rights. In spite of some other employment research on ethics (Budd & Scoville, 2005; Legge, 1998; Schumann, 2001) and human rights (Adams, 2001; Gross, 2003; Santoro, 2000), these areas have yet to be fully embraced in the field and practice of human resources and industrial relations. But, conceptualizing employment as having a human face rather than as a purely economic transaction elevates the importance of ethics and human rights in employment scholarship and policy debates. Professor Adams and I are in strong agreement on these points.

Where we differ is over the acceptable range of ways to fulfill the moral imperatives of the employment relationship, especially voice. For Professor Adams, voice requires independent collective voice, especially collective bargaining or works councils, and choice is not an option (Adams, 2001). If voice is a moral imperative or a human right, then Professor Adams argues that workers should not be able to opt out. The only acceptable standard is universality and Professor Adams criticizes my analysis for stopping short of this standard.

In response, I should first emphasize that in no way can my analysis be read as an apology for the current state of US public policies on collective bargaining. If pressed, Professor Adams and I would probably advocate fairly similar reforms for US labor law. But in *Employment with a Human Face*, I stop short of advocating mandatory, universal collective bargaining, or even works councils. Voice means that workers should have some control over decisions that affect them—this includes choosing how decisions are made. I share Professor Adams's bewilderment that some workers might choose to allow someone else to make all of the decisions, but many people do not vote either. Again, this is not to say that the current US system adequately allows for employee free choice; but my assertion is that a system that truly allows for free choice provides voice even if some workers opt out, just as a legitimate political democracy can have less than 100% voter participation.

Moreover, while I criticize the current state of efficiency, equity, and voice in the United States—and in the liberal market ethos more generally—my goal is to establish a robust framework for debate, not to propose specific policies. I therefore allow for the possibility—emphasis on “possibility”—that individual and nonunion voice mechanisms might be able to deliver voice, albeit perhaps only partially. In future work, I hope to be able to articulate the case for legal protections of employee free speech in the workplace. This could go a long way to provide employee voice in the absence of collective voice. But for the time being, *Employment with a Human Face* casts a wide net so as to promote debate.

Professor Adams states clearly that he thinks nonunion representation is not up for debate. He cites the rulings by the International Labour Organization that such schemes do not comply with international human rights standards. The concerns are well-known—workers should be able to establish their own organizations without employer interference. But the debate should be over whether there are ways to structure labor law such that nonunion representation can provide voice without interfering with workers who want to do more. Again, this should not be confused with a defense of management dominated schemes that are manipulated in today's weak system of labor law in the United States, nor should it be interpreted as an assertion that nonunion and individual voice mechanisms are perfect substitutes for independent collective representation. But consideration of varied mechanisms for providing voice (and equity) is consistent with work as a fully human

activity in which voice (and equity) is both a moral imperative and multidimensional. A complex universal principle need not be fulfilled by a universal method.

### OPERATIONALIZING A BALANCE?

While Professor Adams and I debate how to make efficiency, equity, and voice universal, Professor Estreicher questions whether my call for a balance between these three ideals can be operationalized at all—“where does equity begin and where does it end” asks Professor Estreicher. This is an important question for which I do not have a simple answer. I am tempted to say that my goal is simply to change the frame of employment debates to include equity and voice in addition to efficiency, but I accept Professor Estreicher’s concern that there should be something more. In fact, *Employment with a Human Face* outlines a number of important elements to start defining each objective in more detail. Equity, for example, includes a set of minimum labor standards, a balanced distribution of income, equality of opportunity, and just cause dismissal policies. If some of these elements also serve efficiency or voice, all the better.

With that said, there are admittedly ambiguities and trade-offs, and this brings us to the issue of balance. Both Professor Adams and Professor Estreicher explicitly question whether efficiency, equity, and voice should always have equal weighting. First, I want to remind the reader that my analytical objective is to establish an intellectual framework in which employment issues are analyzed in terms of efficiency, equity, and voice. And giving decision-makers a human face (beyond the mechanistic, self-interested, utility-maximizing agents prominent in neoclassical economics) in analytical models of workers is another element of conceptualizing employment with a human face. In other words, my call for employment with a human face is as much an intellectual call as a normative one (Budd, 2004b, 2005b).

My argument for a balance only comes into play in the normative aspects of *Employment with a Human Face*, that is, in the claim that employment *should* balance efficiency, equity, and voice. I do not want to hide behind semantics, but to a certain extent I would not object to replacing “balance” with “respect” which perhaps does not connote equal weighting to the same extent as the word “balance.” In other words, in contrast to the liberal market ethos, the employment relationship should *respect* efficiency, equity, and voice. But critics might not find this use of “respect” any better than “balance” because how much respect is enough? I certainly agree with Professor Adams that fundamental standards should not be comprised, but is this sufficient respect or should we demand more? As such, respecting each of the three objectives to a significant degree probably brings us back to seeking a balance.

In justifying my use of “balance,” I am not convinced that the best way to think about a balance is in terms of the equal weighting of efficiency, equity, and voice questioned by Professor Adams and Professor Estreicher. Rather, my vision for a balance in the employment relationship is as the search for arrangements that enhance one or more dimensions without undue sacrifices in other dimensions. For example, I identify a new model of union representation which I call “employee empowerment unionism” in which unions negotiate the parameters for individual or group decision-making processes (in contrast to traditional union contracts that rigidly specify outcomes). Relative to traditional US unionism, I argue that efficiency is enhanced through greater flexibility, and voice is

improved because of greater employee empowerment, but these changes do not come at the expense of equity because the negotiated (rather than unilaterally imposed) processes for individual or group empowerment incorporate minimum standards and procedural safeguards.

Admittedly, this search for improved arrangements is a tall order and, as Professor Estreicher emphasizes, I do not provide specific metrics for knowing when we have achieved a balance. But recall from my introductory remarks that in my opinion, too much employment research focuses on the details of processes and loses sight of the broader objectives of the employment relationship. We need guiding principles, or what philosophers might call a regulative ideal—something to strive for even if it is not achieved. For example, Muirhead (2004) argues that trying to structure work that is responsive to both social fit (what society needs done) and individual fit (what individuals find interesting and rewarding) provides a regulative ideal for the nature of work even if a perfect balance between these two constructs is unattainable. Trying to balance efficiency, equity, and voice is a similar regulative ideal.

Moreover, criticizing a lack of unambiguous metrics strikes me as defeatist. Domestic public policies, international human rights documents, union platforms, and corporate codes of conduct are filled with desirable goals that take years to define in practice—nondiscrimination, equal opportunity, reasonable accommodation, good faith bargaining, just cause dismissal, progressive discipline, and so on. And all analyses of employment suffer from the problem of trying to juggle competing metrics except very simplistic cases with unidimensional metrics (such as Professor Adams's apparent goal of 100% unionization). If we succumb to these real world ambiguities and complexities, no employment policies will ever be implemented or reformed. A regulating ideal of balancing efficiency, equity, and voice provides an overarching guide to employment policy, even if it is never perfectly realized (or even if we do not know with certainty when it is achieved).

I am more sympathetic to Professor Estreicher's concern with "rights talk." In fact, I make a disclaimer in *Employment with a Human Face* in exactly this regard. My arguments do not critically depend on property rights and labor rights being "rights." My argument can be recast to say that property rights have weakened sufficiently to be considered property interests (in support of efficiency interests), and property interests must be balanced with labor interests. In either case, the critical task is seeking a balance which I have already argued is very different from the current liberal market ethos that dominates much national and international discourse.

I also accept Professor Estreicher's characterization of my analysis as static. When analyzing the US New Deal industrial relations systems, popular union strategies, and comparative industrial relations systems, my goal is to show how efficiency, equity, and voice are a powerful framework for understanding these and other important employment institutions. As I show in Chapter 6 in particular, changes in these institutions can be understood as altering the relative mix of efficiency, equity, and voice—the relative mix of employer and employee rights and responsibilities—and reform pressures are often rooted in dissatisfaction with this relative mix, but I do not address how these changes occur.

## COMPARATIVE INDUSTRIAL RELATIONS

In my opinion, one of the most exciting applications of the efficiency, equity, and voice framework is to comparative industrial relations. Evaluating elements of various countries'

industrial relations systems against each of these three dimensions, provides a unifying method for understanding these elements across diverse settings while also highlighting both the common elements of industrial relations across countries and the diversity of methods for seeking similar goals.

Professor Bamber's essay describes many of the possible comparative industrial relations applications of this framework. Both Professor Adams and Professor Bamber note that my specific evaluations are debatable, for example, is Japan's enterprise unionism system biased towards efficiency because of weak unions, or does it score well on the equity and voice dimensions because of cooperative and participatory structures? I am gratified that both of them also note that such debates underscore rather than undermine the utility of this framework. And as Professor Bamber emphasizes, we also need to continue to try to understand these institutions in the broader context of history, culture, and political economy.

## CONCLUSION

In conclusion, I again thank my distinguished colleagues for their essays. I am honored by their participation and I continue to greatly benefit from their wisdom. I am also grateful to the *Employee Responsibilities and Rights Journal* editors, especially Victor Devinatz and John P. Keenan, for sponsoring this symposium. It has been very valuable for me to reflect upon the ideas I advanced in *Employment with a Human Face*, and I hope that the readers have been stimulated by this exchange. The importance of work for individuals and society, and therefore the optimal responsibilities and rights of employees and employers, demand our continued discourse.

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