

BOOK REVIEW

Charles G. Tharp

John W. Budd. Employment with a Human Face: Balancing Efficiency, Equity and Voice. Ithaca, NY. ILR Press, 2004. 288 pages.

The author, John W. Budd (the Industrial Relations Land Grant Term Professor at the Carlson School of Management, University of Minnesota), provides a comprehensive review of the evolution of the employment relationship from the perspective of the economic objectives of the company (efficiency), expectations by employees to be treated fairly and justly (equity), and the desire of employees to be involved in helping to shape the work environment and to influence the overall operations of the firm (voice). The author asserts that this trilogy of perspectives—efficiency, equity, and voice—does not consist of mutually exclusive interests, and that finding a balance between these key aspects of the employment relationship should be the goal of the modern-day employer.

The theme of the book is that the evolution of the employment relationship can be interpreted through a framework that tracks the progression from a view of work as a purely economic activity (efficiency) to a view reflecting the broader social concepts of fairness and minimum standards of decent treatment and safety (equity) to a focus on the psychological needs of workers as active participants in helping to ensure the success of the company and to support their professional and personal growth (voice).

The key influences on this progression of the employment relationship have been the union movement, employment laws and regulations, the impact of broader societal values and national cultures, and the globalization of the competitive marketplace for both products and labor.

At various points in history, the relative importance and impact of these influences have helped to shape the structure of the employment relationship. Similarly, the author points to the different forms of governmental intervention and approaches to collective worker action that have developed in various cultures around the world. Although the approaches have differed among various countries, the common themes have been the attempt to balance the potentially conflicting needs of employers, society, and workers in the structure and governance of the employment relationship.

At the most basic level, the employment relationship is characterized by a conflict between the property rights of employers and the labor rights of workers. This zero-sum view of the employment relationship portrays a struggle by employers to maximize profits and to minimize the costs of production—including the price of labor. The scientific management model of work, viewing workers as cogs in the production process

and holding workers as fungible inputs, is the label frequently used to capture this view of the employer/employee relationship. This view of work casts workers as striving, through collective action, to better equalize the power relationship with employers to extract economic rents for their services and to improve their economic lot. The author notes that the U.S. legal system, which is based to a large extent on the sanctity of property rights, served to enforce employers' right to unilaterally manage the employment relationship in pursuit of maximal efficiency. Over much of the twentieth century, however, the emphasis in legislation focused on providing greater protection for the interests of workers.

The pursuit of a property rights-based efficiency model of employment resulted in the socially undesirable externalities of child labor exploitation, industrial accidents, and the absence of an effective safety net to protect the social well-being of American workers. Prompted by the social trauma of the Great Depression and the corresponding economic hardships of the 1930s, the view of the employment relationship began to change, and society realized the importance of providing a better balance between the needs of workers and employers. The pendulum swung from a disproportionate focus on property rights to greater concern for the rights of labor. The concept of equity in the employment relationship was reinforced through the enactment of key legislation to help balance the power differentials between employers and workers by sanctioning collective action (the National Labor Relations Act), providing a safety net for workers and their families (the Social Security Act), and establishing socially acceptable minimum standards of pay and hours of work (the Fair Labor Standards Act).

Overall, these initiatives, and the underlying social advocacy of workers' rights, resulted in dramatic changes in the employment relationship. Workers gained greater protection and participation in determining their treatment within the workplace through bargaining over wages, hours, and general conditions of employment. The framework for promoting equity in the em-

ployment relationship was established in the form of union representation and collective bargaining. Through the provisions of the National Labor Relations Act, workers gained a legally sanctioned process through which to promote their labor rights versus the property rights of employers in pursuit of greater equity of treatment. Further, the enactment of the Fair Labor Standards Act, the minimum wage, child labor restrictions, and codification of the 40-hour workweek reflected the societal view that the workplace should be more humane and fair.

The author tracks the many paths that unionization has taken around the world and compares these models to the U.S. experience. In each global model—including code-termination in Germany, sector unionization in many parts of Europe, employer-based unionism in Japan, and business unionism in the United States—the common ground is the tension between the efficiency focus of employers and the desire of workers for greater equity and voice in the employment relationship. Beyond the framework of unionization, employees' quest for respectful treatment and meaningful participation in their work environment has been facilitated by the participative work practices inherent in strategic human resource management practices that reflect the current best practices in structuring the employment relationship.

Strategic HRM attempts to gain the commitment and alignment of the workforce by engaging in high-performance work practices (incentive compensation, training, self-directed work teams, promotion from within, etc.) and by educating employees as to how the business makes money and the impact of their individual contributions on creating sustainable competitive advantage for the firm. In this regard, the seeming contradiction between efficiency, equity, and voice is bridged through the application of enlightened human resource practices and a culture of appreciation and involvement. The author points out that an example of this high-engagement/participatory model is the work system at automaker Saturn. Within the unionized environment of Saturn, there appears to be a successful balancing of the interests of profitability, fair

and respectful treatment of employees, and employee participation.

Globalization has placed new pressures on the efforts of employers and employees to balance the focus on efficiency, equity, and voice. As the hypercompetitive nature of global marketplaces exerts downward pressures on profits and, thus, costs (wages being a significant cost area for most companies), the author asserts it will take even greater diligence to balance the needs of employers and employees. Governmental trade agreements, international labor codes, company codes of conduct, and the initiatives of non-governmental organizations will help to shape the ultimate form that is taken to balance the interests of the various stakeholders in the employment relationship.

As organizations face an increasingly global economy, and as we encounter new technologies and organizational configurations, the historical emphasis on an economic-based view of the employment relationship will continue to give way to a more balanced view of the nature of work. Governmental legislation and regulations, collective bargaining strategies, and overall human resource management practices will need to continually adapt and evolve to accommodate the multistakeholder view of the employment relationship and to ensure a proper balance between economic performance, personal dignity and respect, and the need for worker involvement and a sense of pur-

pose in the workplace. The author suggests that an important research, public policy, and practice question is the determination of how best to structure and govern the employment relationship to allow an effective balancing of the economic, social, and psychological aspects of work.

I believe Professor Budd has made a meaningful contribution as to how we should view the evolving employment relationship and has provided a broad and interesting multidisciplinary perspective on the evolving structure and meaning of work.

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