

BEYOND DISUTILITY:
THE GOODS INVOLVED IN WORK

Helena Lopes

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* DINÂMIA and Dep. of Economics, ISCTE, Lisbon.

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ABSTRACT:

The paper discusses the assumption of work as (exclusively) disutility-generating. By emphasizing consumption over production, the marginalists discarded the analysis of social interactions and focused on “the naked fact of choice” which contributed to excluding action, labour and the relations between men from economic analysis. We argue that the value of work for workers goes well beyond that of the commodities it enables them to secure. Along with pecuniary gains, workers seek for and nurture relational goods and moral goods at work. The latter are conceived as common goods, namely goods that are shared and recognised as beneficial by the interacting individuals.

Key Words: disutility at work, relational goods, common goods, moral norms and values

JEL Classification: L-23, B-52

1. INTRODUCTION

According to mainstream economics, the decision to work results from a choice between income and leisure in which leisure and consumption provide satisfaction while work generates disutility. The value of work is seen as deriving from the value of the commodities it enables the worker to secure. Consequently, there should be a close connection between earnings and job satisfaction. In the UK, however, low paid workers report greater job satisfaction than higher paid workers (Brown et al, 2007). In the same vein, the Employment in Europe Survey shows that the desire to have some paid work irrespective of financial needs is more frequent among the unemployed than the employed (Gallie and Paugam, 2000). In addition, most managers report that workers do actually provide more effort than is required and do not shirk even when there are no proper incentive controls (Bewley, 1999), contrary to what principal-agent models assume. A vast amount of evidence therefore shows that the reasons behind the decision to work are varied and the general assumption that work only generates disutility may be misleading.

In the last two decades the standard assumption of income as the sole incentive to work has been challenged by a diverse and stimulating range of models that put forward morale (Bewley, 1999); team spirit (Kandel and Lazear, 1992); intrinsic and moral motivations (Minkler, 2004); preferences for cooperation (Rob and Zemsky, 2002); fairness (Akerlof and Yellen, 1990); and identity (Akerlof and Kranton, 2005) as non-pecuniary sources of worker motivation and satisfaction. Though all these motives are obviously associated to social interactions and interpersonal relations, they are conceived as *individual* preferences, lumped together with the other arguments in the usual utility functions.

The goal of the present paper is to propose an alternative account of such motives by conceiving them as commonly held goods of a relational and moral nature. The paper intends to contribute to a better understanding of the somewhat puzzling evidence referred above by focusing on the relational components of working life. Following Gui (2000), we define relational goods as entities that emerge from sustained personalised interactions and, departing from Gui, we argue that they constitute an instance of common goods, defined as goods that are shared and recognised as beneficial by the interacting individuals. Evidence actually shows that relational satisfaction is one of the most salient types of satisfaction derived from work (OECD, 1998; Baudelot and Gollac, 2003).

The paper is structured as follows. Section 2 briefly describes how the notion of the disutility of work has evolved in the history of economic thought. It is pointed out that the economists who most influenced the conventional labour supply model also happen to be those who tried to free economics from the analysis of interpersonal relations. Section 3 explores the theoretical features that led to the discarding of the analysis of work in economics. It is suggested that the focus on decision and choice rather than on action, together with the related

shift of emphasis from production to consumption lie at the core of the present state of affairs in the economic theory of labour. Section 4 develops the notions of relational and moral goods, conceived as common goods, which we argue strongly underlie behaviour at work. Section 5 draws some normative implications from the analysis conducted to date and section 6 concludes.

2. THE DISUTILITY OF WORK REVISITED: A BRIEF HISTORICAL OVERVIEW

The back and forth of the disutility assumption

Contrary to what contemporary standard economic models assume, work avoidance was not taken for granted in the early phases of “economic science”. Marshall (1890/1966) and Jevons (1871/1970) in particular vigorously underlined that the disutility of work could be either positive or negative depending on the qualitative content of work time.

In Jevons’s (1871/1970) view, workers compare the marginal utility of consumption with the marginal disutility of labour when deciding whether and how long to work. But Jevons does not consider all work to be a source of pain; rather, workers may enjoy what they do and this satisfaction may override the pecuniary benefits of work. His claim is that (dis)utility at work varies both with the nature of work and with the number of working hours: workers find it painful to start work; resistance to work may disappear once workers are entirely concentrated on their work; and the painfulness of work re-emerges after a certain amount of working time (Derobert, 2001; Spencer, 2003a, 2003b).

In the same vein, while Marshall acknowledges that some disutility or “discommodity” has to be overcome in order to obtain the valued consumption goods, he stresses that the discommodities of labour, as well as its motives, are various. The former may arise from

“bodily or mental fatigue, or from its being carried on in unhealthy surroundings, or with unwelcome associates, or from its occupying time that is wanted for recreation, or for social or intellectual pursuits. But whatever be the form of the discommodity, its intensity nearly always increases with the severity and the duration of labour.” (Marshall, 1966/1890:117).

The chief motive for labour put forward by Marshall is pecuniary gain even if “after a worker has been out of work for some time, he might [...] rather work for nothing than not work at all” (Marshall, 1890/1966:117). Intellectual pleasure, the desire to benefit others and personal interactions are among the pleasures derived from work.

While Jevons and Marshall concentrated on the (dis)utility of work and modelled the labour supply in terms of a *labour-income* trade-off, the early Austrian economists opted to (re)define the marginal disutility of labour in terms of the desirability of leisure. The principal aspect of the cost of labour would be that of the “sacrifice of opportunity” rather than that of the “pain-cost” of actual work content (Spencer, 2003a, 2003b). Workers gain satisfaction from the use of leisure time and it is the latter that provides the source of their resistance to work. As claimed by Knight “labour is really the sacrifice of some alternative use of one’s time and strength ...” (quoted in Spencer, 2003a:242). Resistance to work would be linked to inferior wages rather than to painful work. Labour supply was thereafter modelled in terms of a *leisure-income* trade-off from which labour disappeared. Even the wage is presented not as the price/reward of work but as the opportunity cost of leisure and the omnipresence of labour in the works of the Classics was replaced by its conspicuous absence in the standard neoclassical model (Derobert, 2001).

In the 1970s, the acknowledgement of the incomplete nature of the labour contract, namely the recognition that workers always retain some discretion over the nature and the level of their work effort, led to a new phase in the labour economics literature. The models of labour supply, in which the extraction of effort was taken for granted, were followed by agency models which focus on the supply of effort. The explicitly held behavioural assumption is that most workers are opportunistic individuals (Williamson, 1985) who resist work effort and shirk whenever possible¹. The discretion that workers possess over the level of effort is to be contained by monitoring arrangements and incentive-compatible devices. It is the disutility of work as such which is again postulated as the explanation for the resistance to effort

The understanding of labour supply in terms of a leisure-income trade-off as well as the assuming of effort aversion eradicates the theoretical analysis of labour itself. Labour would be perceived by workers solely as a means to consumption. More or less consciously, economic theorists endow workers with the perspective functionally attributed to the “principals” for whom labour is a means of production. Along with labour, the worker as a producer and as a person is eclipsed from modern economic theory and replaced by the worker as a consumer². Interestingly, this theoretical operation paralleled the dismissal of the study of interpersonal relations from economics.

¹ As pointed out by Spencer (2003a), while workers are endowed with a “shirking instinct”, employers are, by default, granted immunity from opportunism. Employers act non-opportunistically in the pursuit of profit and the mechanisms of reputation would automatically prevent them from exploiting workers.

² Arendt (1958) brilliantly upholds that the modern society became a “society of labourers” and a “society of consumers” - which are actually two sides of the same coin - bound to necessity and deprived of liberty. Modern men and women condemn themselves to the biologically induced cycle of production and reproduction, endlessly producing in order to consume and consuming in order to produce.

The supremacy of consumption over production and the expunging of personal relations from economic analysis

Jevons brought the attention of economists back to the theme of the *wants* (Bruni, 2005) and motives of economic agents. But, like other marginalists, his aim was to define a domain for economics that better suited the scientific pretensions of the discipline. And “science” requires axiological neutrality. Jevons consequently restricted the domain of economics to the “ordinary wants of man” in which “the accumulation of wealth” prevails (Jevons, 1871/1970:26-27). That is, economics was to deal with the “lowest range of feelings” because the “higher calculus” of moral right and wrong was impossible to formulate mathematically (Caldas et al, 2006). The object of economics would be restricted to the study of the relations between men and nature. Jevons was also very active in setting the paradigmatic shift away from production and towards consumption that contributed to the downplaying of labour: “We labour to produce with the sole object of consuming, and the kinds and amounts of goods must be determined with regard to what we want to consume” (Jevons, 1871/1970:103).

The process of expunging the “relations between men” from economics was most forcefully carried out by Pareto who again expelled the analysis of the agents’ wants and motives. Pareto’s agent is abstract and unsubstantiated and can be represented by indifference curves. As a result he disappears - as a singular and individuated person - from a theory built up on “the naked fact of choice”. The desire to do science was at its peak. Thereafter, economics became the science of instrumental relations.

The exclusion of the study of labour and personalised relations from the realm of economic analysis goes hand in hand with the supremacy of consumption over production proclaimed by the early marginalists. Such supremacy was clearly laid down by Marshall who on the contrary maintained that “it is the science of activities and not that of wants [...which ...] may claim to be the interpreter of the history of man” (Marshall, 1890/1966:116).

Moreover, it is the strict separation between consumption and production that prevents economists from acknowledging the satisfaction work may provide. According to Demsetz (1995), the separation of production from consumption is essential for the theory of the firm. Acts of consumption and charity would not be precluded to economic agents but they must be placed “in that other black box, the household” (Demsetz, 1995:12). Utility would hence be experienced at the level of consumption alone and outside productive contexts. It is the strict separation between consumption and production along with the supremacy of the former that explains the shape of the standard economic conception of labour: “work as ‘disutility’ and money as ‘happiness’”, as phrased by Lane (1992).

Two other theoretical shifts, also related to the “marginalist turn”, have to be questioned if economists wish to be able to account for behaviour at work.

3. BEYOND CHOICE – THE THEORETICAL CHALLENGES AND STAKES OF A FOCUS ON ACTION

Choice versus action

As referred above, labour supply models portray a *choice over actions* based on the evaluation of the utility derived by the consequences of alternative actions: the utility drawn from leisure time and consumption is compared to the disutility generated by work or effort. In such a framework, actions are conceived in a strictly instrumental fashion: they are (reduced to being) the means by which agents bring about a future increase of welfare. Choice is defined as action selection and it is choice that is the object of analysis, not actions. The supposed ability of the rational decision-maker to *ex ante* calculate the optimal solution amounts to removing action from any interest. As put by Chatel and Rivaud-Danset (2006), economic theory ends when action begins.

There is therefore nowhere left in rational choice theory to account for the actions *per se* nor to analytically distinguish between choice and action³. In most of the economists’ writings, the two terms are actually used interchangeably. The focus on the “naked fact of choice” and the consequent dismissal of action may explain why there is no actual theory of labour in standard economics and why the rather ad hoc postulate of disutility has seldom been contested. Economic models concentrate on the decision of whether to work and provide effort rather than inquiring into the actual features of work. This is consistent with the supremacy given to consumption over production. Economic agents are ultimately seen as hedonic beings confronted with choice options, not producers involved in active endeavours. These theoretical features typify an “economic science” in which possession and consumption is favoured to action.

Nonetheless, the consideration of action⁴ as opposed to an exclusive focus on choice may prove crucial to understanding behaviour at work. Sen (1997) emphasises the relevance of analysing action itself by pointing to the fact that the choice *act* typically relates to the idea of

³ However, as recalled by Sen, Adam Smith’s general point was “that many behavioural regularities can be explained better by understanding people’s attitude to *actions*, rather than their *valuation of final outcomes*” (Sen, 1997:770-771, our italics).

⁴ The notion of action is pivotal in sociology, political science and philosophy. We do not intend here to carry out a systematic confrontation of the notions of choice and action. We solely point to some of the distinctive features of action as compared to choice.

responsibility (Sen, 1997:750) – a notion which, it must be noted, only makes sense in a framework that encompasses the relations between men.

Sen's reflection refers to a feature of action forcefully put forward by Arendt (1958): the *public* nature of action. Analysing economic behaviour in terms of decision or choice obscures the fact that, unlike the private character of choice, action is a public act undertaken among and often with others. For Arendt (1958), "the disclosure of who" is the principal trait of action (and language) because action takes place in a community of others, not in isolation. The "disclosing" of the individual is related to the publicity of actions: actions are (to be) seen by others. We learn about others not just by knowing the decisions (s)he takes or the declared goals (s)he pursues but also by observing what (s)he does, act by act, by seeing their display of virtue and character. In Arendt's conception⁵, action is related to the existence of a common world, a world shared by all the members of a community, in contrast with the private sphere characterised by personal appropriateness and use. Arendt relates the common world to the human artefact "as well as to affairs that go on among those who inhabit the man-made world together" (Arendt, 1958:48), because "it is not Man but men who inhabit the world".

Every person is constitutionally made to live together with others, to have affective bonds and to deal communicatively with them. One's relation-to-self stems from the intersubjective structure of personal identity: the possibility of a positive relation-to-self emerges solely with the experience of being recognised by others. It is only through interactions with others that a person can come to see him or herself as both an autonomous and an individuated being. In such a framework, action and interactions are valuable for their own sake. Action is an end in itself rather than just an instrumental means to reach valuable outcomes.

Hence, the models that simply equate work with effort may be found unsatisfactory. Rather, behaviour at work must be conceived as an instance of the broader category of human action – and not just strategic but communicative action (Lopes et al, 2009).

Elucidating the relations between ego and others: instrumentality versus morality

As referred, for logical reasons Pareto expelled both the individual – replaced by his indifference curves – and "others" from a science focused on the individuals' privately experienced utility. However, standard economics progressively reintegrated the others into the analysis though the relationships between men continued to be conceived as depersonalised and

⁵ Arendt's readers will rightly point out that our use of Arendt's arguments and categories to elaborate on a conception of work is illegitimate. Indeed, Arendt's aim was precisely to discriminate between the three categories of labour, work and action. Nonetheless, unlike Arendt, we do not restrict the economic realm to a strict instrumentality. It is our opinion that whenever persons relate with one another, as is the case in workplaces, a dimension that goes beyond instrumentality is irreducibly present.

purely instrumental: “*Ego* establishes a relation with *alter* only when and if the one needs the other, and the counterpart is seen only as a means in order to achieve some goal that is *external* to the relation itself” (Bruni, 2005:226). Despite the early marginalists’ endeavour to define a circumscribed and ethically neutral domain for economics, the methodology of maximisation built on to solely cover the “lowest range of feelings” was progressively, and without any substantial revision, extended to cover the relationship between men (as in game theory). And the motives related to the “higher range of feelings” have surreptitiously been introduced in some economic models.

Experimental economics have brought to light a large set of “behavioural anomalies”. Individuals are shown, inter al., to take the effects of their actions on the well-being of other persons into account and to act in accordance with principles of fairness. The social preferences approach argues that these deviations from standard predictions can be accounted for in the choice-theoretical maximising frame if one relaxes the assumption of self-interest, allowing for other-regarding and moral preferences to be included in individuals’ utility functions (Falk, Fehr, and Fishbacher (2003); Fehr and Gächter (2000)). For instance, agents choose to behave fairly towards others because they derive (emotional) utility from others’ welfare or because they may experience moral disutility (anxiety, guilt) if they do not comply with internalised moral rules. Emotional consequences are but one of the consequences agents consider in their choice of actions⁶. Or, alternatively, agents may choose to follow certain behavioural prescriptions, thus voluntarily restricting their utility function, in order to maintain their self-concepts and identity (Akerlof and Kranton, 2005). Indeed, if “rational choice” is defined in the minimal sense of maximising a suitably broadened maximand, concerns for any kind of goal or virtue may be accounted for in a rational choice framework (Sen, 2002).

We prefer to go beyond the paradigm of choice and focus on the processes and properties that characterise behaviour at work and interpersonal relations. Even if some strands of literature acknowledge the fact that ego is a “socially needy” ego, emotions and moral norms are incorporated into the rational chooser calculations without any acknowledgement of a common world, as though individuality and identity (Arendt’s “disclosure of who”) could take place among solitary and silent individuals. Hence, though an increasing number of models assume some kind of rule-following behaviour, they exhibit a functionalist viewpoint in conceiving behavioural rules as instrumental norms, resulting from enlightened private interest. We prefer to defend an approach that understands norms and virtues in terms of shared values held across a particular community.

⁶ However, as pointed out by Sugden (2005:54), affective states are not preferences: they are not directly revealed in our choices, rather, they are subjective experiences of the world that are important in the process of preference formation itself. And Sugden laments that economic models seldom represent such a process.

As elaborated in the next section, accordingly norms are not conceived here as (inter-)subjective *beliefs* but as *goods* commonly held by individuals and commonly taken to be intrinsically important. One then goes beyond the methodological individualistic framework of the utility-maximising principle as the main explanatory device of human action. The utility principle may be contested on three grounds. Firstly, as argued above, it was not supposed to say anything about *what* is maximised⁷. Secondly, when some substance is introduced, the utility principle lumps the various kinds of motives endorsed by individuals together in the utility function. Thirdly, it only acknowledges *individual* motives for action, thereby banning shared concerns from the framework. All three features are addressed and challenged below.

Our intent hereafter is to argue that most workers do provide effort and do cooperate with each other because they pursue and hold common – as well as private – goods at work.

4. RELATIONAL AND MORAL GOODS AS COMMON GOODS

About goods and common goods

Marshall defined goods as all desirable things, that is, “things that satisfy human wants” (Marshall, 1890/1966: 54), but he restricted the use of the term to the things that have direct business value, thus excluding affections and happiness. The definition adopted here extends the notion of a good to encompass all entities able to satisfy human wants and needs, without restriction. We focus specifically on the analysis of the intangible entities of an affective and communicative nature that emerge from the interpersonal relations in which people engage at work. These entities deserve to be called *goods* as they can be valued by the worker along with ordinary economic goods (Gui, 2000:152). In contrast to standard economic theory that focuses exclusively on the private-good components of actions, the notion of “common goods” aims at highlighting the shared-benefit components of actions. When the relational satisfaction derived from personal relations is taken into consideration, the strict separation between private and common goods breaks down: relational satisfaction is a good *because* and *only if* it is commonly shared.

The notion of common good is widely discussed in philosophy, ethics, political science and economics (Lutz, 1999). Different definitions have been proposed and various meanings have been attached to it. But they all refer to a good that is shared and recognised as beneficial to the members of a given community. In our approach, common goods are something

⁷ This is known as the *substantiation* issue: unveiling the content or substance of the principle of utility violates the normative neutrality of standard economics. Pareto (1909/1968), among others, attempted to free economics from any substantial statement on *what* preferences are pursued by economic agents and, indeed, from the concept of utility itself.

individually but *commonly* held by the interacting agents. Common goods are not simply a combination of private goods; goods that individuals just somehow happen to have in common are not the same as goods which individuals have individually only *because* they have them in common. It is not just a matter of convergence of wants and needs, it is also that common goods are rooted in social practices, in actions and interactions, as opposed to being the – subjective – property of single individuals. Common goods are not just shared in the sense that they are known to be shared; they are part of the common reference world insofar as they entail a common aspiration of the interacting individuals (they are recognised as beneficial to all).

The notion of common goods highlights two basic aspects of human action. Firstly, and in contrast with the standard individualist perspective in which individuals are solely guided by private wants, the notion of common goods is meant to emphasise the fact that the individuals may share common ends and needs. It epitomises a departure from the conception of the individual as a very “private” person, unconcerned about the rest of the world (Sen, 1985). Individuals do not act only for self nor do they act mostly for others; but they may act with and among others which means going beyond the usual dichotomy between the private and the communal. Secondly, the notion of common goods is also meant to highlight the importance of action itself, the value of which goes beyond its instrumental contribution to the achievement of given goals. The common goods endorsed here therefore emphasise the social constitution of individuals and their interest in the quality of human interactions.

Delineating relational goods

Our argument is that the quest for relational goods is the first type of common goods that motivates both work supply and effort at work. We follow Gui’s (2000, 2005) account of “interpersonal interactions” to explain *what* relational goods are and Sugden’s (2005) elaboration of “fellow-feeling” to address the question of *how* they emerge.

Rather than consisting of “a set of transfers ... of entities which pre-exist the interaction itself and are possessed by either party”, interpersonal relations consist of “a process that combines individual contributions into the creation of peculiar outputs of a communicative/affective nature: relational goods” (Gui, 2005:152). Relational goods⁸ are then the affective components of interpersonal relations that are valued by the participants and confer well-being. They emerge from human interactions in which the identity of the participants as *particular* human beings has affective and/or cognitive significance (Gui and Sugden, 2005:2). Illustrations of such goods are friendship, esteem, mutual respect, recognition, care and

⁸ We use the term “goods” to generically refer to all entities generated by personal relations though some of these entities may actually be negatively evaluated, that is, they may be relational “bads”.

solidarity. Relational satisfaction is thus an intangible good of a communicative or affective nature that is jointly created by the relation between oneself and particular others.

Drawing on Smith's *Theory of Moral Sentiments*, Sugden (2005) identifies two basic mechanisms in the production of relational satisfaction. The first is the human capacity for *fellow-feeling*: "one person B's fellow-feeling for another person A is to be understood as B's lively consciousness of some affective state of A's, such that B's consciousness has similar affective qualities to A's state" (56). This mechanism requires both cognitive and affective elements. It involves the capacity of *perspective taking*, that is, the ability to put oneself in somebody else's heart and mind. The second mechanism is the human capacity for taking pleasure in the *correspondence of sentiments*: "whenever one person A is conscious of a correspondence between his own affective response to some state of affairs and the response of another person B, that consciousness in itself has positive affective quality for A. Conversely, if A is conscious of dissonance between his response and B's, that consciousness has a negative affective quality for A" (58). Sugden then explains relational satisfaction as arising from the two mechanisms.

What Gui and Sugden do not point out is that relational satisfaction is not only an (inter)individual but also a *common* good. This is so because of two main features. Firstly, the valuation of personal relations depends on whether or not the people with whom one is interacting are also valuing them. The requirement of reciprocity is a constitutive component of relational goods. Secondly, as seen above, relational satisfaction is commonly produced and enjoyed. Thus, and in contrast to the autonomy and independence involved in the consumption of private goods which may be enjoyed alone, relational goods cannot be experienced by isolated individuals but instead emerge from the interaction itself. If the wage which compensates work may be seen as a private and *solitary good*, i.e. a good whose value does not depend on whether other people also value it (Sunstein and Ullman-Margalit 2001), relational satisfaction is a *common* good, a good that requires interactions with others and that can only be enjoyed in common. The "utility" derived by relational goods stems precisely from the shared component of action: relational satisfaction is a good *because* it is commonly experienced.

Hence, a crucial property of relational goods is their commonality. Whereas a "preference for altruism" may lead an isolated individual to behave altruistically, independently of the other's action, the pleasures of fellow-feeling and correspondence of sentiments must be *experienced* jointly. While the notion of utility may encompass other-regarding preferences, decision and game theory cannot be enlarged so as to cover the joint and shared experience of relational satisfaction. Relational goods are not a choice issue, likely to be decided upon *ex ante*; instead, they are a property of the (inter)action itself whose outcomes are highly undetermined.

These two properties – commonality and immanence-in-action – rule out the possibility of their being captured in a utility maximizing framework.

Relational versus moral goods

The psychological dispositions of fellow-feeling and correspondence of sentiments are linked to those of (dis)approval. The capacity to take the perspective of the other and to share their feelings is the basis for judgements of approval and disapproval of own and others' behaviour. These judgements are in turn critical to the enforcement of norms of conduct: "Our continual observations upon the conduct of others insensibly lead us to form to ourselves certain general rules concerning what is fit and proper either to be done or to be avoided" (Smith, 1976/1759)⁹.

Hence, and notwithstanding the potential disutility involved in the provision of effort, workers may provide effort driven by the pleasure of the correspondence of sentiments and the sharing of moral norms. The sharing of judgements regarding what is appropriate behaviour becomes a guide and a motive for action. Moral goods are the second type of goods that we argue motivate workers' behaviour at work.

Commonality is also a crucial property of moral goods. Indeed, the normative appeal of moral norms derives precisely from the individual consciousness that a given norm is shared with others (as is patent in Smith's account of morality). Like relational goods, the value of moral norms depends on their being *commonly* shared and valued. But in contrast to relational goods, moral norms and values involve *impersonal* valuation. Their normative force does not depend on the particular individuals with whom one interacts. One acts in an honest or fair way not just because or when those with whom one transacts is held in particular regard. Moral goods provide reasons for acting that go beyond the specific circumstance and the particular persons involved. They can be regarded as universal in the sense that they entail our actions toward all others (the "distant" others), rather than only toward particular individuals (the "near" others). Their normative character stems from their constitutionally entailing an ideal perspective of impartiality (the *impartial spectator* in Smith's terms) which extends to their enactment. While relational goods are characterised as goods *individually* and *commonly* held by the members of a given community, moral goods actually exist beyond the interacting individuals. Unlike relational goods which solely exist within the interactions themselves, moral norms and values have an existence of their own¹⁰. They "are independent of us *as single individuals*, or more precisely, they transcend our "subjective motivational set" – that is why

⁹ There are other accounts in the literature of the source of morality: evolutionary biology, cognitive and moral development, social conditioning, transcendental endowment, etc. We do not intend to settle this widely discussed issue here; it suffices our purpose to evoke the ability and need for sympathy.

¹⁰ Hence moral norms and values can and most often are viewed as "institutions" while relational goods cannot have this theoretical status.

they can serve us as a critical standpoint for our self-evaluation” (Schmid, 2005). Moral goods are mutually-held intangible entities constitutive of the “common world”, a world shared by the members of a community that is publicly rather than privately appropriated.

Equally important is the fact that moral norms and values prescribe actions that may lead a person to act contrary to his/her own interest. Abiding by moral norms such as justice principles may entail self-sacrifice and personal costs. This is the idea conveyed in Sen (2002)’s distinction between sympathy and commitment: sympathy obtains when the concern for others directly affects one’s own welfare while commitment identifies with acting on principle or virtue, which may imply acting contrary to one’s “self-goal”¹¹. Where sympathy can be seen as enlarging a person’s self-interest, commitment definitely transcends it. As Sen put it: “one way of defining commitment is in terms of a person choosing an act that he believes will yield a lower level of personal welfare to him than an alternative that is also available to him”. Thus, “the action is really chosen out of the sense of duty rather than just to avoid the illfare resulting from remorse that would occur if one were to act otherwise” (1977: 32). This is the second main difference between relational and moral goods.

To sum up, moral and relational goods are intrinsically related: no relational goods will ever be sustained without morally driven behaviour. Normativity has both a binding and bonding effect. However, as argued, relational and moral goods are of a profoundly different nature. Relational goods are common in the sense that they are not only subjectively but essentially intersubjectively experienced¹². They are shared and present in the minds and hearts of at least two persons; however, they are necessarily enclosed within the narrow boundaries of a personal relationship. In contrast, moral goods are not just in the minds of particular agents but also out there; they are common in the sense of being in the common reference world. Moral goods are the common property of the community, they are constitutive of the social matrix in which individuals find themselves and act. And that is why they must be correctly termed “institutions”. Relational goods are shared in the sense that each interacting person has them in their individual worlds while moral goods are shared and part of the common world.

Empirical evidence on (dis)satisfaction at work

The idea of relational and moral goods being powerful drivers of behaviour at work is supported by a large body of empirical research. The decisions on both whether to work and how hard to

¹¹ In his many writings, Sen proposed slightly different definitions of sympathy and commitment but his aim remains the same: to convince economists of the need to distinguish between the various human motives for action: 1) the pursuit of one’s *welfare*, 2) the pursuit of one’s *self-goal*, and 3) the compliance with commitments.

¹² This paragraph relies on Taylor (1971)’s distinction between intersubjective and common meanings.

work are likely to be heavily dependent upon the worker's (expected) satisfaction with her/his job¹³.

Quality of life studies all show that many individuals find – and most individuals seek for – a sense of achievement and fulfilment at work. Data collected by the ILO in various parts of the world display a two-way relationship between job satisfaction and life satisfaction (Ritter and Anker, 2002). Contrary to standard economics assumptions, the road to happiness seems to go through the work domain every bit as much as the consumer domain (Lane, 1992). Obviously, the content of work together with the physical and psychological conditions of work¹⁴ may yield enormously different levels of satisfaction. Indeed, satisfaction at work, while being high on average, is positively correlated to social status, wage and instruction level (Baudelot and Gollac, 2003).

Contrary to what many economists assume, for workers wage differentials do not compensate for the disutility of work (Baudelot and Gollac, 2003) nor is pay the most important determinant of job satisfaction (Ritter and Anker, 2002; OECD, 1998). A robust finding of the economics of happiness literature is that the absolute level of wages is weakly correlated with job satisfaction; the relative position in the income distribution together with the workers' norms and expectations about work strongly influence the "utility" derived from work (Brown et al, 2007). However, all studies report that an overwhelming majority of workers are very or moderately satisfied with their job.

Overall, these findings suggest that something other than pay is sought in work. Relationships with others (colleagues, clients, supervisors, etc.) are the most referred source of job satisfaction. The OECD (1998:14) reports that "the largest impact on overall job satisfaction comes from having good relations at work", and this, across all age groups and gender. For instance, when interpersonal relations are poor, job satisfaction is low, regardless of the wage level (Borzaga and Depedri, 2005). This strongly suggests that relational goods are a key aspect of working life. The relational motive has also been put forward as the main motive for volunteer work (Prouteau and Wolff, 2008). Volunteering is seen as a way of meeting other people and building friendly relationships and everything indicates that these motivations are very probably also present in paid work. Even workers who have to undertake tasks that are repetitive and not intrinsically satisfactory report that this is made less burdensome by being done alongside others.

¹³ Job satisfaction is a subjective indicator. It depends on the job characteristics as experienced and reported by workers and must be distinguished from objective measures of job quality.

¹⁴ The working conditions have changed in the developed countries in the last decades but, contrary to what one might have expected, they have not bettered. Nowadays, just as in the past, there are numerous potential sources of disutility at/with work. One may mention, among others, the increase of stress and other health problems related to the perceived intensification of effort, the worsening of work-life balance and the increasing number of working poor (Greene, 2006).

Moral goods are also shown to constitute a motive for work – rather than constraining actions, as economic models presume – , most often in the form of duty. In the extensive US survey reported by Minkler (2004), workers were asked why they would be likely to work hard. Moral concerns¹⁵ appear as the most important motivation. A vast amount of evidence also testifies that workers mind about procedural justice. They care not only about the outcomes (pay, hours of work, etc), but also about the conditions and processes leading to such outcomes. Workers value having a high level of autonomy and control over work, discussing performance, being consulted on work-related matters and participating in decision-making (European Foundation, 2005).

There is obviously no denying that people work because of the monetary rewards received as counterpart or that wages remain the dominant motive for work – working for a wage is basically vital for most people. The evidence simply shows that the satisfaction of an agent as a *consumer* is not a substitute for her satisfaction as a *producer* and that one cannot give account of the reasons for work and behaviour at work if the interpersonal relations are discarded from the analysis. Workers provide effort and cooperate rather than free ride because they seek relational and moral goods at work. Marshall was right when he claimed that

“Everyone who is worth anything carries his higher nature with him into business; and, there as elsewhere, he is influenced by his personal affections, by his conceptions of duty and his reverence for high ideals. (Marshall, 1966:22).

5. NORMATIVE IMPLICATIONS

Normative implications always follow from theoretical claims. If one theoretically assumes that workers generically dislike effort or that workers generically resist their employer’s decisions, nothing but incentives and control-and-command devices can be recommended to motivate effort. Conversely, if one assumes that workers look for a plurality of goods at work, as it is claimed in this paper, a key role must be accorded to the content of work and the quality of working life. Conceiving persons as social beings, i.e. assuming that a person’s identity and integrity is constitutively dependent on his/her relationships with others, implies that having the opportunity to develop relational and moral goods should be considered as a kind of social right which must be provided for in workplaces.

¹⁵ The exact phrasing of the response item in the survey was: “It is the morally right thing to do”, which can be interpreted as the moral sense of duty. The intrinsic pleasure provided by the work activities appear as the second reason to work hard, followed by peer pressure and solidarity with co-workers; pecuniary compensation are found in the fourth position.

Labour economists have devoted much attention to wages and the number of hours of work but other aspects of work have been subject to far less examination. Overall, economists' recommendations on how workers' motives and satisfaction might be improved are very sparse.

Rob and Zemsky (2002)'s attempt to elucidate the formation of endogenous work preferences – cooperative preferences, in the case in hand - is laudable. Their model shows how firms may induce workers to cooperate rather than allocate all their time to individual tasks (which are the only ones rewarded)¹⁶. However, the model focuses exclusively on the extent and intensity of incentive devices. While workers are endowed with cooperative preferences that are driven by reciprocity - the utility from helping others increases with the amount of help one has received in the past - the conditions required for sustaining and nurturing the “preferences for helping” are neither acknowledged nor attended to anywhere.

Akerlof and Kranton (2005) also attempt to go beyond the standard economic model by integrating the “missing motivations” related to identity. The authors argue that work organisations may induce workers to take on an organisational identity, which may make them endorse the norm of providing great effort. But Akerlof and Kranton's recommendations are rather vague: organisations should “make investments that cause workers to identify with the organisation, with their job within it or with their workgroups” (ib: 29).

The approach in terms of relational and moral goods suggested here may lead to more precise and also somewhat contrary recommendations. In putting the relational components of work at the forefront, it leads to strongly advocating governance models that explicitly aim at creating the conditions for the development of relational satisfaction and the activation of moral norms. Instead of recommending that organisations influence workers' identity, our approach calls for greater scope to be given to workers' autonomy and participation. Akerlof and Kranton (2005) are right in emphasising the relevance of taking the identity issue into consideration, but trying to strategically manipulate the workers' identity can only endanger the development of relational and moral goods. One must bear in mind that freedom, self-determination and individual dignity are required for the building of a positive individual and social identity (Davis, 2008).

Relational goods, which rely heavily on the extent and quality of communication, cannot flourish in an oppressive environment¹⁷. Contrary to the assumption still reigning in economics, communication among real-world agents is not “cheap talk” and its relevance has been unduly overlooked. Both empirical evidence and theoretical models show that firms should

¹⁶ Cooperation and voluntary effort are hard to observe and hence hard to reward. Both features make them improbable phenomena in a conventional economic world.

¹⁷ This is not totally correct: relational goods may indeed flourish in a repressive environment, but it would surely be at the organisation's expense. Workers might gather, develop strong personal ties and group identity and struggle against the organisation's command.

give employees opportunities to socialise with each other¹⁸ and participate in organisational decisions. Experimental economics has long shown that communication is the most effective device to sustain cooperation (Sally, 1995). Moreover, both the content of communication and the identity of the person one is interacting with are found to have a significant impact on generosity in dictator games (Mohlén and Johannesson, 2008). Communication lies at the very heart of relational and moral goods and particular attention should be given to the communication flows within organisations. Conceiving work as communicative along with strategic action could bring about a marked improvement in the understanding of behaviour at work as well as support the claim for the democratisation of work organisations (Lopes et al, 2009).

Relational and moral goods have an economic instrumental value insofar as they have a prevailing role in (re)producing behavioural norms such as trust and reciprocity. These norms are consensually acknowledged as essential to achieve organisational efficiency: trust reduces transaction costs, helps enforce incomplete contracts, lessens the hold-up problem related to asset specificity, and so forth. But the nurturing of these behavioural norms requires greater autonomy. Evidence of the perverse effects of sanctions and monitoring on work motivation has been collected by generations of work psychologists and sociologists (Reeson and Tisdell, 2008). Imposed external rules and incentives may, on one hand, hurt the employees' self-esteem and self-determination while, on the other hand, convey the signal that other individuals are not trustworthy - because if people were trustworthy, incentives and monitoring would be unnecessary. Relying predominantly on such governance devices may therefore undermine the nurturing of relational and moral goods.

Two criteria have proven crucial in influencing workers' satisfaction and organisational involvement: whether the organisation gives the employee "voice" (that is, the opportunity for all affected parties to express their views) and whether the organisation or the supervisor explains and justifies their acts and decisions (Rotemberg, 2006; Cohen-Charash and Spector, 2001). The extent, nature and quality of communication within organisations, both vertically and horizontally, seem therefore to be the crucial factors for the enhancement of relational and moral goods.

However, it must be acknowledged that systems of "employee voicing" and high degrees of normative control are implemented in many cases to avoid unionisation and to create illusory "commitments" that bind employees' hearts and minds to the corporate interest (Bamberger and Meshoulam, 2002). Strong corporate cultures aimed at building shared values and organisational identification may result in some form of organisational tyranny. In the same

¹⁸ (Rotemberg, 2006) formally shows that the time devoted to socialising on the job and consequently taken away from production may at the end result in the increase rather than decrease in profits.

vein, the flip side of increased commitment and empowerment is greater personal accountability, time pressure and intensified systems of appraisal. Self-surveillance and enhanced work ethic are often a substitute for more conventional disciplinary control¹⁹, which may perpetuate oppression in the name of overcoming it. In addition, increased competition at the global level and advances in information technology tend to augment worker and firm mobility and boost employment precariousness. This tends in turn to prevent the nurturing of personal relations and mutual commitments, i.e., the development of relational and moral goods, as well as hinder workers' participation in decision-making and representative instances.

Finally, one must bear in mind that interpersonal relations may also generate relational "bads", which can be violently destructive for the organisational relational climate and cooperation (through, for instance, spite or a desire for revenge). Only by creating the conditions for moral justification and the activation of moral norms, that is, by progressively democratising workplaces, can one secure the normative regulative power necessary to keep this kind of problem in check.

Overall, the still preliminary recommendations sketched so far converge in advocating a reversal of the present trend towards the individualisation of work and promoting the development of the collective dimension of work.

¹⁹ From this perspective, worker participation programmes can induce work groups to move from interest solidarity to self- and hetero-surveillance. As is unavoidably the case, the practices suggested here can also have counterproductive effects and be subject to perverse use.

6. CONCLUSION

We started with a brief survey of the evolution of the disutility-generating work assumption. We then noted that this assumption was intimately tied to three theoretical processes in the evolution of economic thought: i) the discarding of the analysis of social interactions; ii) a focus on the “naked fact of choice”; and iii) the shift of emphasis from production to consumption. Overall, this theoretical evolution has led to the removal of work and interpersonal relations as objects of study in economics despite the salience of the relational components of working life.

In order to overcome the oversimplified standard conception of work motives, some recent models have incorporated social motives, conceived as a peculiar type of preference, in the conventional utility functions. Conversely, we argue that a plain account of such motives calls for a rupture with the choice-theoretic framework. Our argument is constructed on the premise that individuals are social beings who, along with pecuniary payoffs, search for and nurture relational goods at work. The latter are intangible entities of a communicative and affective nature that emerge from personalised interactions through the psychological mechanisms of sympathy. Relational goods are closely linked to and sustained by the activation of moral norms of conduct. In contrast with preferences, which are individually held and may be solitarily enjoyed, the main feature of relational and moral goods is their commonality; they are goods *because* they are intersubjectively shared and part of the common world. This together with the fact that they are a property of the (inter)action itself epitomises a break with the strict privateness and instrumentality of the standard framework.

This paper aimed to contribute to a long-standing goal of institutional economists: that of giving account of the commonalities and collective elements that drive real agents' behaviour. Our elaboration of the common goods tried to avoid the circularity accusation which is often directed at some of the current accounts of shared agency and collective intentionality.

However, the claims made here call for additional analytical investigation. In particular the identity-generating character of the common goods has not been addressed though there are obvious relations between interpersonal relations, commitment and identity. This warrants the exploration of the cross-fertilisation of the common goods and identity approaches. The normative implications of the approach outlined here should also be further elaborated. The reports on the recent evolution of the conditions of work and employment, which point to an increase of psychological illnesses and insecurity perceptions, are particularly pessimistic about the possibility of properly developing relational and moral goods at work. Workers legitimately expect workplaces to provide the conditions for the formation of the relational goods that ground a person's identity and integrity. The time has come for labour economists to overcome the neoclassical relegation of the work process to a black box and to responsibly examine the quality of working life.

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