

# *Industrial relations and business ethics*

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## **ABSTRACT**

Industrial relations study has generally revolved around institutions of workplace governance, and their effect on the interests of different parties, supplemented on occasion by concern for employee voice. Business ethics has focused on individuals' actions and on policies or rules that ought to apply to them, but has neglected workplace institutions. Between the two areas there is a gap, where studies about institutions of workplace governance fail to deal with issues of ethics at work and where studies of business ethics neglect institutional arrangements. Attempts to bridge the gap do not seem to have considered the effects which institutions have on individuals as ethical decision-makers, and the way that arrangements like incentive structures or efficiency requirements can place individuals in ethical dilemmas or encourage them to ignore ethics entirely. In the design of workplace institutions, consideration needs to be given not only to the benefits which accrue to individuals, but also to effects which the institutions have on them as responsible agents in a moral community.

## ***Introduction***

This paper considers the relationship between industrial relations and business ethics. The first section notes that industrial relations has tended to focus on institutions of workplace governance, while the second section suggests that business ethics' examination of ethical issues of individual action or business policy has neglected the institutions which industrial relations has been concerned with. The result has been something of an ethics gap. It is true that industrial relations theorists have examined effects of institutions on people's interests, and some work in HRM has started to consider ethical issues that emerge from an imbalance of power in the workplace. Other recent work has addressed ethical issues about employee voice and workplace rights. However, the fourth section of this paper argues that these initiatives still leave open part of the ethics gap: in particular, they do not address the fact that workplace institutions can discourage ethical action, make it more difficult, or even place individuals in ethical dilemmas.

## ***Industrial relations, institutions and systems***

What, then, is industrial relations? There is no one well-accepted definition. There is at least some agreement that industrial relations revolves around employment. Sometimes, that seems to be the one defining feature. For example, Kochan and Katz say that: 'Industrial relations is a broad, interdisciplinary field of study and practice that encompasses all aspects of the employment relationship. The field includes the study of individual workers, groups of workers and their unions and associations, employer and union organisations, and the environment in which these parties interact.' (1988: 1). So far, the implication is very broad indeed, but they narrow it a little with the suggestion that 'Within this broad field industrial relations professionals have historically given special attention to relations between labor and management.' That idea, that industrial relations as a discipline concentrates on labour-management relations, is reflected also in other definitions: 'It is possible to say ... that in its broadest sense industrial relations is about the behaviours and interaction of people at work. It is concerned with how individuals, groups, organisations and institutions make decisions that shape the employment relationship between management and labour.' (Deery and Plowman 1991: 3).

There is thus some focus on labour-management relations. But the ideas of 'labour' and 'management' are not perfectly straightforward ideas. There is at least some suggestion of a set of social arrangements which divides contributors to production into those categories, and that implies a set of reasonably clear institutional arrangements. As a result, definitions of industrial relations are also likely to allude to institutional structures.

At the very least, such institutional structures will embrace notions of ‘employment’, which go beyond notions of work to sorts of property arrangements which give a basis for contracts of employment. Beaumont says that ‘Industrial relations as a separate and specialist field of study ... through time has come to be centrally concerned with the institutional determination and regulation of the terms and conditions of employment’ (Beaumont 1991: 1).

Given that conceptual basis, it is not unnatural that Dunlop’s well-known theory revolved around the notion of an industrial relations ‘system’: ‘An industrial relations system is to be viewed as an analytical subsystem of an industrial society on the same logical plane as an economic system, regarded as another analytical subsystem’ (Dunlop 1993: 45; cf. Flanders 1965). The systems approach to industrial relations essentially addresses industrial relations phenomena as parts of a system, composed of entities of certain sorts and relations amongst them, so that the properties of the entities and of the relations determine a certain set of results—or ‘outputs’—when the entities and their relations are arranged or stimulated in a certain way. While on Dunlop’s systems view the entities involved in the industrial relations system include human agents—notably managers and workers—who can therefore make decisions about what is to happen in the system, nevertheless the systems approach is derivative from an approach which focuses on causal relationships amongst system elements rather than on people’s choices.

That aspect of Dunlop’s systems approach has explicitly been challenged by Kochan, Katz and McKersie in *The Transformation of American Industrial Relations* (1986). One way of conceiving the changed approach that those authors put forward is to say that they envisage human agents as able to stand outside the system and make strategic decisions which impact on the arrangements within the system: for example, by building greenfields plants where relationships between the participants are for a number of reasons different than they have been in the traditional system. *The Transformation of Industrial Relations* highlights an issue which is important in several contexts: the extent to which industrial relations study ought to focus on individuals as active decision-makers rather than as objects of action who experience outcomes initiated elsewhere. Neither perspective can be complete in itself, but how to balance the different emphases can be important, and it will be argued below that from an ethical point of view it is important to consider individuals as responsible decision-makers.

Dunlop’s systems theory and the *Transformation* thesis both accept the importance of institutions in industrial relations, despite some degree of different emphasis on the role of human choice in affecting outcomes. Considering that the most likely scenario for the future would be a continuation of present trends, oriented around strategic choice, Kochan, Katz and McKersie still envisage that in the process ‘a new set of legal and private institutions will emerge to govern employment relationships’ (1986: 252). Often, it is envisaged that such institutions have as their prime duty to balance different interests: for example, Kochan notes that ‘the New Deal policies reflected an effort to institutionalise and regulate conflicting interests at the workplace’ (1994: 652), and goes on to say that this continues to be part of ‘an important first principle for employment policy’ (p. 653).

The emphasis on institutions as a cornerstone of industrial relations research has sometimes been the basis for criticism. Kelly cites the view of such research put forward by Bain and Clegg thirty years ago: ‘there was a strong bias towards the description (sometimes the analysis) of the *institutions* of trade unions and collective bargaining arrangements at the expense of social processes such as influence and mobilisation’ (Kelly 1998: 15; citing Bain and Clegg 1974, emphasis in Kelly). Kelly believes that at the time he was writing the criticism was still valid, saying for example that ‘We know a great deal about the *structure and scope* of bargaining across different industries and about changes over time. We also know a lot about the correlates of bargaining structure... By contrast our knowledge of the bargaining process is astonishingly slight’ (1998: 17, emphasis in Kelly).

Certainly, there have been major studies of labour negotiation, ranging from Walton and McKersie’s classic *Behavioural Theory of Labor Negotiations* (Walton and McKersie 1991), to Friedman’s *Frontstage, Backstage* (Friedman 1994), and a number of others large and small in various countries. Arguably, however, Kelly’s point is a reasonable comment on the proportion of industrial relations scholarship which deals with institutional factors compared with social and interpersonal factors that may be theoretically important. There may be a number of areas

where there has been a focus on structure and scope to the exclusion of process, as Kelly suggests there has been in regard to bargaining. The present paper addresses just one element of process that may be neglected in focusing on institutions, the ethical dimension of individuals' actions, considered especially from their point of view as agents, rather than the point of view they have as objects of actions or recipients of outcomes.

### ***Business ethics, systems and institutions***

If industrial relations has over-emphasised institutions, it may be that business ethics can be accused of exactly the reverse error. There is some tendency to focus in business ethics on the actions of individuals, or at most on rules that govern and guide such actions. Thus, a prominent focus is often factors about individual honesty of one form or another, whether in regard to financial probity, considering bribery, misuse of funds, and the like, in regard to people management, considering nepotism, mistreatment, and various other areas of concern, in regard to dealing with clients, by way of product misrepresentation or unfair contracts, and so on. This kind of focus in business ethics is unsurprising, because it is something of a tendency in ethics more generally, to be found in modern and classical sources. White says that 'the simplest way to explain what ethics does is to say that it evaluates human actions' (White 1988: 7, White's emphasis), while in Sidgwick we read that 'a "Method of Ethics" is explained to mean any rational procedure by which we determine what individual human beings "ought"—or what it is "right" for them—to do, or to seek to realise by voluntary action' (1907: 1).

Admittedly, business ethics does sometimes go beyond evaluation of individuals' action, to consider general practices and policies. Jackson says: 'By "business ethics" let us understand: the study of practices and policies in business, to determine which are ethically defensible and which are not' (1996: 1). Similarly, Boatright says that the focus of his book *Ethics and the Conduct of Business* 'is primarily on ethical issues that corporate decision makers face in developing policies about employees, customers and the general public' (Boatright 2003: ix). However, there is a gap between practices and policies, on the one hand, and the sorts of institutions which tend to be the focus of industrial relations theory, on the other hand. The term 'institution' has a sense beyond what is suggested by the terms 'practice' and 'policy' used by Jackson and Boatright. 'Institutions' embody relationships and connections of greater complexity than 'practices' and 'policies'. They establish roles that determine associated duties and rights, with rules and norms that are defined partly by reference to such roles. Such institutions are endowed with a sense of legitimate authority and are typically linked with official legal prescriptions.

The tendency in business ethics to focus on the actions of individuals, or at most on rules that govern and guide such actions, can result in a failure to address important contextual issues about ethical decision making. Wedderburn identifies the sort of problem in his review of one business ethics text. Despite the book's merits, he says,

it omits serious attention to the interests concerned. At a domestic level, consideration of the unitary model of employment relationships does not, for example, lead the author to probe the meanings of ethical discussion within the company on the interests of shareholders, creditors, directors, managers, and employees. We are even left short of guidance on the way to apply the 'Golden Rule' to the subordinated status of the employee and, more important, about how to approach the ethics of limited liability itself. (Wedderburn 1991: 70)

I shall contend shortly that industrial relations can be limited by too exclusive attention to 'interests', and that focus is evident in the way that Wedderburn puts his point. However, the essence of his point at present is that business ethics can fail to examine employment arrangements as a system, within their institutional context. Thus, for example, it fails to consider the extent to which the arrangements of limited liability may affect the relative well-being of parties, if employees' personal assets are tied up in the outcome of bargaining, while those of employers are separated by the limited liability arrangement.

Of course, the general subject of ethics is complemented by the areas of social and political philosophy, which do pay attention to institutions, and so perhaps it is not unexpected that although there is a tendency for business ethics to concentrate on actions of individuals and the rules that best govern them, nevertheless a number of authors pay some attention to institutional surroundings and structures. Velasquez says:

Business ethics is a study of moral standards and how these apply to the systems and organisations through which modern societies produce and distribute goods and services, and to the people who work in these organisations...

As this description of business ethics suggests, the issues that business ethics covers encompasses a wide variety of topics. To introduce some order into this variety, it helps if we distinguish three different kinds of issues that business ethics investigates: systemic, corporate, and individual. (Velasquez 2002: 15)

Amongst the 'systemic' issues he includes ethical questions about 'the economic, political, legal, and other social systems within which businesses operate.' This acceptance by Velasquez that business ethics includes institutional and systemic factors is reflected by at least some other writers. Solomon says that: 'Ethics, like economics, can be conveniently (but cautiously) divided into (1) the small, concrete questions about individual and personal transactions and (2) the larger questions about our society as a whole' (1994: 4), and that 'in fact, *business ethics is just the broad understanding and appreciation of business life*' (p. 1; Solomon's italics).

Nevertheless, despite that broad approach to their subject matter that is adopted by a number of writers in the area of business ethics, Leahy's survey of the area suggested that 'labor/management issues are still woefully under-developed in the literature' (2001: 34). Referring to some prominent textbooks, he comments that 'it seems odd that one could turn to these texts on managerial ethics for information on labor/management and be left with the impression that unions did not exist, that managers did not have to negotiate with them' (pp. 34–5). He examined leading textbooks, journals and conferences in the business ethics area, but found little work on the areas that are prominent in industrial relations literature: 'Though the topic of mutual duties of employers and employees appeared in almost every text-book, for example, there is virtually no treatment of unions or organising and collective bargaining as distinct topics' (p. 35). It seems plausible to suggest that although business ethics may address issues about institutions that bear on business, it has still tended to neglect those institutions that figure most prominently in industrial relations literature.

### ***The ethics gap***

Overall, then, it is arguable that industrial relations scholarship has tended to focus on institutions of workplace governance and how those institutions may reconcile different interests, but to neglect detailed study of other issues, while on the other hand business ethics has tended to neglect institutions of workplace governance. This has resulted in a failure to fully address some issues and questions about the ethical impact of institutions of workplace governance.

This is not to suggest that ethical issues about institutional arrangements have been neglected entirely. For example, some ethical issues have started to be discussed in the context of human resource management. Indeed, on one view, there has been an increase in attention to ethical issues of HRM just because of the decline in effectiveness of some of the institutions of workplace governance, in particular those to do with collective bargaining, and the associated phenomena of work intensification and job insecurity: 'One might argue that the focus on ethics is a way of restoring, at least on paper or in the realm of ideas, the balance of power in the employment relationship which has been shaken by these developments' (Cornelius and Gagnon 1999: 226).

Some discussion about ethical issues of HRM has identified concerns that emerge from an imbalance of power and lack of employee voice in a context of individualised employment relations (see e.g. Legge 1998; Greenwood 2002). These concerns reflect some general acceptance of the importance of justice in social arrangements. To some extent, this has to do with fair allocation of benefits, but it also has to do with fair processes, at work as elsewhere. 'Procedural justice' is regularly set beside 'distributive justice' as a separate consideration that ought to be given weight in evaluating processes of management and conflict resolution (see e.g. Schaubroeck *et al.*, 1994, and references therein). The point is often accepted as a psychological point, but consideration has also been given to it as an ethical requirement (e.g. Velasquez 2002: 478–80). Nevertheless, even where acceptance is given to the importance of procedural justice, there is still some tendency for us to concentrate on its significance for consequential reasons, in promoting people's other interests. Studies of procedural justice tend to focus on the extent

to which respondents express satisfaction with a process or prefer one process to another, or on the extent to which processes lead to preferred outcomes (see e.g. Van Yperen and Van de Vliert 2001: 576). The fact that voice and fair process can be important regardless of outcomes tends to be obscured by too exclusive a concentration on ‘interests’. Even when we accept that neoclassical economics and *laissez-faire* economic rationalism are too fatally flawed to provide a general basis for policy-making, and even when we accept that the utilitarian philosophy on which they are based has major shortcomings, we are still liable to be drawn into positions where we look to efficiency and preference satisfaction as justification for workplace arrangements, considering primarily whether interests are fairly dealt with.

There is another sort of reason for considering that such things as voice and fair process are important: the fact that they are a required part of treating people as responsible moral agents. An ethics-oriented approach may attach importance not only to outcomes of workplace processes and governance arrangements but to the extent to which individuals are able to participate in them as responsible agents. There is some developing attention to this point. Thus, for example, employee ‘voice’ is noted by Budd as an ethical consideration separate either from efficiency or equity, that ought to be built into any set of industrial relations arrangements (Budd 2004). Recognising the importance of voice can be associated with acceptance of employee ‘rights’ at the workplace (Budd 2004: 42; see also e.g. Kochan 1994: 653; Velasquez 2002: 465–84).

However, there is still a further ethical dimension to work processes that does not emerge clearly in these approaches. It is still about treating people at work as responsible moral agents, but focuses more fully on them as agents rather than objects of action. Without doubt, there are many workers for whom issues of basic material justice are the most pressing and important: for them, we may need to concentrate on what they ought to receive either by way of material well-being or workplace rights. Nevertheless, there are others for whom a salient issue is the extent to which they are encouraged and enabled to act as responsible ethical agents. For these individuals, there are substantial questions about the extent to which institutions of workplace governance facilitate or inhibit ethical action at work. This is a specific area where the disciplines of industrial relations and business ethics potentially have important complementary roles.

For example, consider Dobie Hatley’s case, where she was instructed by her boss to contravene regulations about keeping records of construction details at nuclear facilities:

My boss called me in and told me that we had to get the books to match. If we did it right, it probably would have taken a year. So what were we going to do? We had to pass the audit and the only way to do that was to rewrite the documentation. We destroyed the records and wrote new ones to match what we needed. That’s falsification of documentation. (Glazer and Glazer 1989: 128)

While the exercise she was led to engage in was successful for the time being, her attitudes towards the corporation’s activities ultimately changed and she became a whistleblower. For the purposes of our discussion, the example points to the fact that there is something problematic about what was required of Hatley from her employer that is independent of her preferences, and even independent of her interests, unless we give ‘interests’ such a broad and tautologous definition that anything that impacts on an individual in any way will be said to affect their interests. If Hatley’s attitudes had not changed, and if she had continued to be well regarded and remunerated by her employer, it is hard to see how her interests were adversely affected by what she was required to do. It would be problematic nonetheless in that it was unethical, and to that extent a bad thing to do and a bad thing to be enticed or instructed to do.

Hatley’s case is just one example where the relationship between business ethics and industrial relations may be close and intimate, because the workplace conditions that are allowed or even facilitated by institutional arrangements result in pressures on members of organisations which are not just adverse to the interests of those individuals but which discourage or inhibit them from acting in an ethical way.

### ***Ethics, work and industrial relations***

It is easy enough to envisage many other cases of the same general type as Hatley's. Other examples can be found in the whistleblowing literature, where an individual's superiors instruct or require the individual to do something morally questionable. Accountants have to fudge figures, salespeople have to misrepresent product qualities, journalists have to beat up stories, and so on. But cases like these, where superiors directly impose unethical requirements on individuals, are not the only sorts of cases in question. There are cases which are further from direct instructions or requirements imposed by superiors. The same sorts of effect can occur through indirect pressure, by requiring unrealistically high sales figures, or cost containment that can only be achieved by compromising safety, or audience attention that can only be maintained through misleading emphasis. In these cases, ethical concerns arise out of the systems in which work is embedded. Addressing them adequately requires consideration of more than the actions of individuals and the rules or practices which govern them: it requires consideration of the systems of incentives and relations that are put in place by workplace arrangements.

Further still from direct instructions or requirements, morally questionable incentives can be imposed by arrangements or organisational structures which inhibit supportive and cooperative arrangements amongst organisational members, or which encourage unnecessarily antagonistic relationships with members of other organisations. Where pay or bonuses are linked to competitive outcomes, and one individual's success is artificially linked to another's failure, there is at least some ethical question over the arrangements, not because they are contrary to individuals' interests (which is also possible), but because they foster attitudes of competition and antagonism that seem to run contrary to attitudes of respect and mutual regard. To that extent, there can even be a question over arrangements for setting pay and conditions which revolve around enterprise competition, rather than around the quality of individuals' work and the effort they apply to it. In so far as enterprise outcomes are often not clearly or directly related to the quality of work performed by many of the individuals who work in the enterprise, and depend more on the strategic decisions taken by senior managers or on the social, political and economic surroundings, there is some ethical question about structures and processes which make rewards and benefits dependent on them.

If this analysis is correct, there is a significant area which has not been satisfactorily addressed either by the discipline of business ethics or by the discipline of industrial relations. It has not been effectively addressed by business ethics because it revolves around the nature of the institutions which govern employment arrangements in much of the modern western world. It has not been addressed effectively by industrial relations because it revolves around issues of ethical action rather than around the satisfaction of interests.

A natural question is just how institutions of workplace governance can actually affect the extent to which ethical action is open to us. The answer could be articulated using the old idea of a 'double bind', where one way or another the individual is caught in a situation where whatever one does is wrong, in some sense or other: 'the "victim" is caught in a tangle of paradoxical injunctions, or of attributions having the force of injunctions, in which he cannot do the right thing' (Laing 1969: 144). In employment situations, a simple example of such conflicting injunctions can arise where an employee is subject to requirements to follow organisational rules but at the same time to perform tasks as efficiently as possible.

Another way to identify such situations is by referring to 'the dirty hands problem'. Originally, this was conceived as a problem of politics, the idea that 'the vocation of politics somehow rightly requires its practitioners to violate important moral standards which prevail outside politics' (Coady 1991: 373). The suggestion was that politicians have to violate requirements of honesty or loyalty or justice if they are to succeed, not necessarily to succeed in achieving just self-interested goals, but in achieving any worthwhile goals, because that is the nature of the political environment: naïveté or innocence will simply fail in the face of others' chicanery and cunning. However, the problem can be conceived as a more general one: as any situation which leads us into 'a violation and a betrayal of a person, value, or principle', where this is a sacrifice made for some moral or ethical demand that has a more pressing call on us (Stocker 1990: 18).

Thus conceived, the dirty hands problem is one that managers sometimes seem to face. In his *Moral Mazes*, Robert Jackall recounts a number of cases where such problems seem to arise.

One is that of 'Joe Wilson', an engineer who was eventually fired after his increasingly forceful opposition to the ways his organisation was going about cleanup after the 1979 Three Mile Island nuclear accident (see Jackall 1988: 112–19; the case is discussed also in Glazer and Glazer 1989). Wilson's dilemma was at least partly how to act in a way that he could accept as ethical where there were conflicts between organisational decisions and what he took to be wider values, as well as conflicts between obligations he had to his own staff and obligations to other managers in the organisation. Jackall notes the view of Joe Wilson's ex-colleagues that 'Sunday school ethics – the public espousal of lofty principles – do not help managers cut the sometimes unpleasant deals necessary to make the world work' (1988: 118).

So far, that seems as though it may just be a sort of problem that managers have to deal with, and nothing particularly to do with employees or with industrial relations. However, it occurs more and more in a highly competitive environment that non-managerial employees confront such problems, and that industrial relations arrangements can fail to deal with them. Take two examples from recent literature.

One example is the case where employees in care work incur some obligations from personal relationships they have with clients, but these can be at odds with organisational demands and resource constraints. Some studies have turned up cases where workers perceive themselves to have responsibilities to clients which they cannot fulfil because of organisational policies or constraints: where these policies or constraints ran counter to what individual employees perceived as the right thing to do (see e.g. van den Broek 2003; for other examples and some discussion see Provis and Stack 2004). We can easily imagine cases where management directions or organisational policies impede teachers from carrying out responsibilities they take themselves to have to students, nurses from carrying out responsibilities they take themselves to have to patients, police officers take themselves to have to members of the public, and so on.

What those cases have most clearly in common is that in many cases the institutional arrangements of industrial relations do not provide a clear mechanism for dealing with the problems that confront employees when they find themselves in a double bind, having to renounce either their obligations to their employer or their obligations to clients. There are mechanisms for dealing with cases where employees are expected to do something illegal, or even things that are not illegal but are officially noted as immoral, such as prostitution. There may also be mechanisms for dealing with cases where the double bind imposes discernible stress on the employee. But that mechanism usually functions only to the extent that an employee's interests are seen to be at risk. If an employee is unaffected by the need to renounce obligations to clients in favour of employer requirements, an approach that revolves around employee interests finds it hard to identify a problem.

Another example is the performance of 'emotional labour'. The phrase was coined by Arlie Hochschild in *The Managed Heart* (1983) where she reported a study of flight attendants, mainly in Delta Airlines (and also of debt collectors, some for the airline and some others). In Hochschild's terms, emotional labour consists of managing one's emotional display, often so as to present an appearance which is appealing or acceptable to a customer: in Hochschild's phrase, being 'nicer than natural' (or, in the case of the debt collectors, being 'nastier than natural'). Hochschild and various subsequent writers have raised concerns about the extent to which emotional labour may elicit behaviour from employees which is in some sense or other 'inauthentic' (in the quasi-existentialist sense where authenticity is being true to oneself: cf. Laing 1969, chap. 9). Industrial relations concerns have been raised both about the extent to which emotional labour may impose stress on employees, and about the extent to which it is fairly remunerated (see e.g. Erickson and Wharton 1997; and Himmelweit 1999). However, it is at least arguable that there is another concern which can be distinguished from all these: a simple concern about the extent to which emotional labour may sometimes require employees to engage in behaviour which is deceptive and is used to influence customers by that deception (Provis 2001). Once again, there is room in established industrial relations arrangements to deal with extreme cases, where employees are expected to engage in behaviour which is fraudulent, for example, but not where the concerns are about basic ethics of interpersonal behaviour.

The general point is that arguably there are cases where employment arrangements and the industrial relations institutions which establish them discourage attention to the ethical responsibilities that employees may confront in their work. Instead, attention is focused at best on the interests of employees, and whether these are being treated fairly in comparison with those of other stakeholders. But that approach then neglects the extent to which employees ought to be treated as responsible agents, who have ethical responsibilities that ought to be taken seriously, and which ought to figure in evaluating employment arrangements. In neglecting that dimension of employment, it concedes too much to approaches based on forms of economic analysis which concentrate on utilitarian calculation of interests.

### Conclusion

Because industrial relations has eschewed ethical concerns that go beyond considerations of distributive and procedural justice, and because business ethics has avoided analysis of institutional relationships between management and labour, neither has confronted the fact that some institutional arrangements elicit unethical behaviour from managers and employees, or at least impose substantial ethical dilemmas on them. These ethical issues can go beyond matters of interests, and even beyond employee 'voice' or rights. In some cases at least, our focus needs to move from individuals as entitled to consideration or benefits, to the effects which institutions have on them as responsible agents and ethical decision-makers. Many workers certainly still suffer from oppression and hardship. For them, justice and rights may be the most important things to focus on. For others, however, what is at stake in workplace institutions is not their material well-being or even their chance to be heard, so much as their place as active subjects in a moral community. One factor to be taken account of in designing and evaluating institutions of workplace governance is the extent to which they encourage individuals to act in an ethical way. There will still be room for debate about what constitutes ethical action, but there is at least an arguable case that it includes cooperation and respect for workmates and clients that may be at odds with efficiency and utilitarian calculation of interests.

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