

DePaul University

From the Selected Works of Craig B. Mousin

Winter 2014

Labor: Cost of a Commodity or Commitment to a Covenant

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► Human RESOURCES

Labor: Cost of a Commodity or Commitment to a Covenant?

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Skeptics of applying Catholic Social Teaching (CST) to employment practices often debate whether CST's aspirations conflict with the purported high cost of labor, and therefore, cannot be implemented within the budget constraints of market competition. That debate was highlighted last fall in the October 20, 2014, *New York Times*. An article noted that Whole Foods, which was facing increased competition and the threat of reduced growth, had announced the implementation of an advertising campaign stressing its values that distinguished it from competitors. One ad proclaimed, "We want people and animals and the places our food comes from to be treated fairly. The time is right to champion the way food is grown and raised and caught. So it's good for us and for the greater good. . ."¹

On the previous page, another article discussed robots replacing Wall Street traders on the fixed income trading floors because computers can determine prices far faster than humans. Noting that automation previously had distinguished losers from winners among banks, the article explained that executives "at all the banks say that they will not let a sentimental attachment to existing employees prevent them from modernizing their business."²

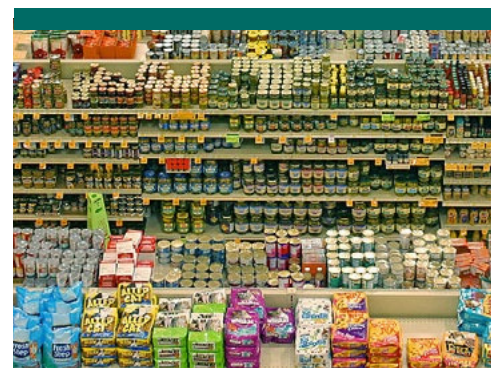
One industry threatened with low-cost competition returns to its values and emphasizes fairness to its employees. The other, fearful of loss, characterizes concern for employees as sentimental and not necessary for success. In last spring's *Update*, we inquired why CST does not play a more important role in the debate on the commodification and polarization of jobs.³ If raised at all, skeptics counter

that labor costs consume excessive portions of institutional budgets and institutional stewardship necessitates jettisoning employees to ensure bottom-line success.

Although not specifically addressing CST, Zeynep Ton counters those conclusions in *The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs & Boost Profits*.⁴ Ton, who teaches at the MIT Sloan School of Management, critiques the skeptics (who see jobs only as costs to be slashed) for perpetrating the "bad jobs problem."⁵ She explores the world of low-cost retail corporations. With labor costs a significant portion of the expense line, management seeks the lowest possible labor costs

by minimizing training, reducing the number of employees, and scheduling part-time employees with irregular work-weeks. This strategy links low employee costs to low prices, thus purportedly improving the bottom line. Hence, the bad jobs problem. In effect, employees become one more commodity to rearrange on the work floor, much as the goods they stock on the shelves. Her book provides Catholic employers who integrate CST into the workplace with new practices to avoid similar pitfalls and, instead, participate in the good jobs strategy.

Ton claims retailers that best serve their customers, their employees, their communities, and their shareholders distinguish themselves by following a good jobs strategy that "combines high investment in employees with a set of operational decisions that deliver values to employees, customers, and investors."⁶ Ton demonstrates that companies that have outpaced their competitors based on the good



1 Stuart Elliott, "Whole Foods Asks Shoppers to Consider a Value Proposition," *The New York Times*, October 20, 2014, B5.

2 Nathaniel Popper, "Shouts on Bond-Trading Floor Yield to Robot Beeps," *The New York Times*, October 20, 2014, B1, B4.

3 "Polarizing, Precarious and Perplexing" in *Update*, The ACCU Newsletter, Association of Catholic Colleges and Universities, Vol. XL, No. 1, Spring 2014.

4 Zeynep Ton, *The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs & Boost Profits* (Boston: New Harvest, 2014).

5 *Id.* at 3.

6 *Id.* at 7.

The Benefits of Well-Trained, Empowered Employees

jobs strategy achieve this success because “well-paid, well-trained employees create even more wealth than they cost.”⁷ The good jobs strategy entails four intentional operational choices that must all be met: offering less, standardizing and empowering, cross-training, and operating with slack. Such operational choices emphasize investing in employees who return the investment with initiative and loyalty. Good jobs strategists view their employees “as the key to the company’s success—not only in word but in deed.”⁸

Although higher education is not low-cost retail, dire forecasts intensify the need to manage costs appropriately at all institutions. Ton’s findings provide an alternative view of how to address those competitive forces. Significantly, many of her conclusions coincide with decisions made by those who have integrated CST within Catholic institutions of higher learning. In short, employers who act to recognize and foster employee dignity characterize Ton’s success stories. One finds within her descriptions elements of CST formulated over centuries and based on biblical and theoretical concepts that reveal kernels of CST’s grounding principles subsequently developed within Catholic mission and values.

The Divine-Human Covenant

In the Genesis stories of creation, human dignity provides the bedrock of CST. The Bible opens when God first dignified work through the works of creation. By creating women and men in God’s image, the tradition finds that dignity exists within the human—not as something that we can give, but only acknowledge and honor. As Thomas O’Brien suggests, “Each human carries the spark of the divine, which endows persons with dignity, purpose, and grace,” thus necessitating treatment as such.⁹

Management labor lawyers might cringe at biblical words such as covenant, but for Catholic institutions, the good jobs strategy stems from a commitment that respects the covenant of the divine-human relationship. Employees’ dignity will be respected in how they are paid, how they are scheduled to work, and how they are empowered, trained, and given opportunities to contribute to the greater good

of the institution. If the debate occurs solely through the market-driven vocabulary, labor is seen as a commodity whose cost must be constrained. When labor costs are seen as a commodity, with the pressure to cut in bad times, the covenant is challenged. This leads to Ton’s theory of the vicious cycle in which employees are poorly paid, poorly trained, and then let go, putting more stress on the remaining employees who then are unable to complete their work or respond to the institution’s needs. Well-trained and empowered employees who have the time to make the best decisions will provide more value to any employer than underpaid, underappreciated, and undertrained employees. Catholic universities and colleges with emphasis on dignity and lifelong learning have also benefitted from well-trained, empowered employees.

Many Catholic colleges and universities were innovative and disciplined when they actualized CST principles in founding their institutions. By adding organizational discipline to those efforts, they prefigured many of the elements Ton finds most necessary to a good jobs strategy. Whether it was expanding access to education, developing new theories of education, or expanding ways to serve the poor, organizational discipline in treating their employees and those they served with a full measure of dignity contributed to their success.

The economic climate challenges all institutions today. Educational costs threaten enrollment. Issues regarding training, part-time employment, and how best to empower employees in the 21st century impact all universities and colleges. CST does not mean that universities and colleges are immune from the economic context. Difficult decisions face leaders. But the history of innovation in responding to historical challenges in the context of CST suggests Catholic colleges and universities can provide new insight that will ensure a good jobs strategy. The innovation that sparked the founding of many of our institutions serves as a strong foundation to offer new responses to the contemporary challenges.

Values for the Long Term

We have long argued in these columns that mission influences Catholic colleges and universities’ employment policies to distinguish our workplaces. Ton asserts that mission acts as a constraint on bad behavior. Convenience store chain QuikTrip appears to have avoided the paralysis other institutions have experienced when defining the

Continued on page 14

7 *Id.* at 15.

8 *Id.* at 16.

9 Thomas O’Brien, “Human Dignity in a Technological Age,” in Thomas O’Brien, Elizabeth W. Collier, Patrick Flanagan, *Good Business, Catholic Social Teaching at Work in the Marketplace* (Winona, MN: Anselm Academic, 2014), 36.

Basing Decisions on Long-Term Values

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proper parameters of an anti-bullying policy. QuikTrip unequivocally states that it will not tolerate abusive bosses or colleagues who trample the dignity of employees. Its values establish the grounds for collaboration among all employees.¹⁰

Although recognizing that difficult economic times entice companies to demean dignity or treat labor as a commodity in order to address short-term needs, Ton sees that “the secret lies in values-based constraints. To reduce the temptation to make such trade-offs, these companies have clear values that guide all decisions. . . . These guiding values come from the founders and become so ingrained in the culture that they stay in the company even after the founders leave.”¹¹ If a company violates its values for short-term relief, employees know that the sacrifice will always be made “for the good of the company.”¹² Finally, Ton encourages values-based higher educational institutions to manage employees and teach students to nourish the good jobs strategy to avoid the vicious cycle resulting from the commodification of jobs.

Although Ton writes in a secular market-based vocabulary, her findings, in part, support what CST has long held about work: that employees should flourish in the workplace. Employers should encourage their people to exercise their skills in order to contribute to the greater good precisely because they are empowered and trained within a mission-oriented institution. Many Catholic colleges and universities have been engaged in this work for years. The good jobs strategy provides support to continue to demonstrate that it works not just for low-cost retail, but in every workplace. ✧

We invite you to respond to this column through the [Human Resources and Mission](#) blog. We also invite you to post links to your mission statements, as well as HR and compensation philosophy documents if you would like to share them with our readers. This will permit a fuller discussion of how mission and CST influence the employment process.

The opinions expressed in this column are the author's alone and do not represent those of DePaul University or the Association of Catholic Colleges and Universities.

10 *Good Jobs* at 116-17.

11 Ton at 194.

12 *Id.* at 197.

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