A greater level of work effort will increase the profits earned by an employer. But what determines the level of work effort that an employee provides on the job? How do employers get workers to work hard?

Employers can use a variety of different methods for eliciting high levels of work effort from employees. Some of these are based on coercion: threats, punishments, and perhaps bribes. Other methods of eliciting work effort are based on consent: workers voluntarily provide a high level of work effort to their employers. Often work effort is elicited from employees by a combination of coercion and consent.

**COERCION AND CONSENT**

Coercion and consent exist within capitalist on two levels. First, as discussed in an earlier chapter, coercion and consent are both involved in the maintenance of capitalism as an economic system. The surplus receivers in capitalism maintain their positions through a combination of coercion and consent that leads employees to accept the economic system of capitalism. In particular, coercion and consent lead employees to led employers gain control of the surplus generated within the capitalist economy. This coercion and consent exists at the broad social level.

Coercion and consent also play a role within particular firms. Within the firm, employers use a combination of coercion and consent to elicit work effort from their employees.
COERCION AND CONSENT SUPPORTING CAPITALISM

All economic systems gain support for themselves by the use of some combination of coercion and consent. This is true for kinship production, slavery, feudalism, and capitalism.

In modern capitalist economies, particularly ones with a democratic state, employees often grant their consent to capitalism. As noted in an earlier chapter, custom and tradition, the existence of many institutions that teach consent (schools and the mass media), and the increase in the material wealth offered by the economic systems all contribute to the generation of consent for the economic systems by most of the employees within the economy.

Consent does sometime break down. In this case, coercion provided by the legal system or by military force is used to keep people in line within a capitalist economy.

COERCION AND CONSENT WITHIN THE FIRM

Coercion and consent also play an important role within individual capitalist enterprises. Firm-specific combinations of coercion and consent determine the level of work effort provided by employees. During the workday, the aim of firms is not to generate support for capitalism at a board social level but to get workers to work hard and well.

Employers want a high level of work effort not because of a belief that hard and careful work benefits their employees in some moral or ethical way. Rather, employers want a high level of hard and skilled work effort because this contributes to employers’ profit. More work effort leads to more output or permits the firm to produce the same amount at lower cost. Either leads to increased profitability.

Employers use both coercion and the generation of consent to get their workers to work as hard as the employer desires. Often the mechanisms used to elicit work effort from employees use a combination of coercion and consent.

COERCION WITHIN THE FIRM

Coercion involves the use of threats. For instance, an employer uses coercion when it communicates to employees, “do what I want or I’ll cut your pay, give you a bad shift, or demote you. I might even fire you.” An employer also uses coercion when it threatens to withhold a reward an employee might otherwise expect: “do what I want or I’ll deny you a raise or deny you a promotion.”

Of course, an employer might not say such things outright. Employees, however, might come to believe that the employer will use such coercive tactics
based on the employer’s past or the behavior of other employers they have had in the past. In any case, employees are aware of the fact that their ability to get and keep their job—and to receive raises and promotions—depends on the decisions of their employers.

Employers often use coercion to get their employees to work hard and well. That is, coercion is often used to extract work effort from employees.

Yet some employers use coercion not only to extract work effort but also to force employees to treat the employer in the way the employer demands. For instance, employers might use coercion to reward loyalty to the employer and to reward those who are properly subservient to the employer. This might be true regardless of the link between loyalty and subservience to the level of work effort provided by individual employees. One of the perks of managing, after all, is that you can use power and feel powerful.

**EFFECTIVENESS OF THREATS**

An employer can use threats—coercion—to elicit work effort from employees. The effectiveness of such employer threats depends on two things:

- the likelihood that the employer catches an employee providing less work effort than desired by the employer, and
- the cost to the employee of the threat if it is carried out (after an employee is caught working “too little”).

For the sake of conciseness I will label workers who work at a pace or skill level below that demanded by the employer as “shirkers.”

Employers are not omniscient: they cannot always tell with 100% certainty who is working hard and who is not working hard. They can’t be sure to catch all shirkers. Employees know this. If an employee thinks that the employer is unlikely to catch him working too slowly or working with inadequate care, the employee might be inclined to provide a small amount of work effort to the employer. This is simply because threats to fire a worker who provides too little work effort are not very effective if a worker believes the employer is unlikely to catch him if he works poorly.

If the employee thinks that he is likely to be caught if he provides too little work effort, the employee is more likely to work hard and well. This is simply because workers who work “too little” when employers are able to detect them working poorly are more likely to be caught and punished.

The cost to the employee of the punishment given to “shirkers” is obviously important. If an employee caught shirking is punished by a loss of $100 in his
annual salary he would be likely to provide less work effort than if the punishment was a loss of $10,000 per week.

For the sake of conciseness I will introduce two variables:

PROBABILITY CAUGHT = the likelihood that shirkers are caught, and

COST OF PUNISHMENT = the cost to the employee of the punishment given to shirkers who are caught.

PROBABILITY CAUGHT is measured by the probability that a shirking worker is caught. For instance, in one firm PROBABILITY CAUGHT might be 90%: a shirking worker can be fairly certain that he will be caught (and then punished). In another firm PROBABILITY CAUGHT might be 20%; a shirking worker can have some faith that he might be able to get away with shirking.

COST OF PUNISHMENT can be measured by the dollar cost of the punishment given to a worker identified as shirking. This cost might be $100 a year, $10,000 a year, or some other amount.

I will also define the “work extraction function”:

\[ e = e(\text{PROBABILITY CAUGHT}, \text{COST OF PUNISHMENT}) \]

where \( e \) is, as before, work effort per hour. Work effort, \( e \), will increase when PROBABILITY CAUGHT increases or when COST OF PUNISHMENT increases.

MONITORING AND SUPERVISION

The level of work effort most employees voluntarily provide is below the level of work effort more employers demand. Employers attempt to induce employees to provide more work effort by using various sorts of monitoring and supervision.

This monitoring and supervision is necessary because—absent it—employers lack information about who is providing a high level of work effort and who is not. Monitoring and supervision involves, in large part, the gathering of information about who is working hard and who is not.

PROBABILITY CAUGHT—the likelihood that shirkers are discovered—is determined by the extent and effectiveness of monitoring and supervision. An increase in monitoring and supervision will increase PROBABILITY CAUGHT.

The simplest form of monitoring is a manager or foreman walking around looking at how hard people are working. A chance always exists that some worker will be caught shirking by a supervisor who unexpectedly (to the worker) shows up behind the worker. As a result, workers pay attention to where supervisors are in order not to be caught and worker somewhat harder
then they might otherwise work because a worker knows he sometimes fail to see the supervisor before the supervisor sees him.

The effectiveness of personal supervision is seen by how the pace of work picks up whenever a supervisor gets near. The impact of a nearby supervisor on work effort is simple to, but opposite in effect, the impact of a highway patrol car on a freeway. When drivers see a highway patrol car they slow down; when a worker sees a supervisor they might speed up the pace of work effort.

Monitoring might also involve the use of a computer to measure how hard and well employees are working. It can also be as simple as a bin that the worker fills up as he assembles a new part. The speed with which the bin fills up is a measure of how fast a worker is working.

Monitoring, however, is not free. The employer must spend resources if he is to monitor his employees. To monitor employees, employers hire supervisors, buy special, nonproduction machinery for monitoring employees (perhaps video cameras), and redesign the work process within the firm. The benefit of monitoring is a greater level of work effort; the cost is an increased use of costly resources in such an endeavor.

The employer will generally be forced by competitive pressure to economize on monitoring and supervision. As a result, the employer does not always have perfectly accurate information about who is working hard and who is not. PROBABILITY CAUGHT is rarely 100% and might actually fall to low levels. If monitoring and supervision is completely ineffective, then PROBABILITY CAUGHT might conceivably fall to 0%. In this last case, coercion would be completely ineffective in eliciting work effort from employees.

COST OF PUNISHMENT

The information about who is working hard and who is not does not permit the employer to elicit work effort from employees. But when the employer uses this information to determine who is rewarded and who is punished, the employer has a powerful tool for eliciting work effort from his employees.

In most cases, an employer has great freedom in determining who gets raises, promotions, better work hours, or a corner office. They also have the power to mete out punishments as they see fit. They can cut the wage of a worker, demote a worker, shift the worker to a lousy shift, move a worker’s office to the basement, and even fire the worker outright. (Union contracts and employee handbooks often provide some limitations on how employees can be punished).
Each of these various punishments has a cost to employees. Some punishments are mild and hurt the employee little; others are more severe and are very costly. The greater the cost to employees of the punishments faced by those identified as shirkers, the greater the level of work effort provided by employees. A worker who loses a prime office because he displeased his employer experiences less of a loss than a worker who is fired.

Threats by the employer would have little impact on employees if employees could quickly find alternative employment that provided the same income. For instance, if an employer threatened to fire someone for behavior the employer did not like (a low level of work effort by the employee, say) this threat would have little impact on the employee if the employee know that he could get an equally good job the following day if the employee was indeed fired.

But such threats have an impact on workers because, as discussed in a previous chapter, unemployment always exists within capitalism. A worker who gets fired can anticipate that many weeks or months might pass before she finds a new job. During this time the unemployed worker most likely suffers a significant decline in consumption possibilities. Even if a disciplined employee is not fired (but is punished by a cut in pay, say), the employee will have a difficult time finding an alternative job (due to unemployment) if he wants to switch jobs in protest of the pay cut. As a result, the worker might have little recourse but to suffer from the cut in pay.

The effectiveness of threats issued by the employer depends, then, in the existence of unemployment in the labor market. If zero unemployment existed—and as a result a worker could find a new job the first day she looked for one—then employers might find that their coercive power over employees dwindles to nothing.

CONSENT WITHIN THE FIRM

Consent within the workplace involves the development of a system of beliefs that leads the employee to voluntarily provide work effort at a level deemed appropriate by the employer. The employee might provide this level of work effort because she believes it is “appropriate” or “fair” to provide this work effort and/or that the employer has a “right” to expect a certain level of work effort. For instance, workers might believe that they should provide “a fair day’s work for a fair day’s pay.”

Such consent might be generated in many different ways. For instance, employees might be taught from an early age—both at home and at school—
that they should work hard within the workplace. Further, general societal beliefs might also develop that support the point of view that employees owe hard work to employers and, perhaps, that hard work is its own reward as might be the case if a strong “work ethic” develops within a culture.

Employers themselves and help generate consent in the minds of their employees. They can do so by their own actions and/or by constructing a set of institutions within the firm that promote voluntary work effort on the part of employees.

For instance, employers might through the force of their own personalities make employees look up to them and provide a high level of work effort because of this respect and because they wanted to please the employer. Similarly, the employer might be able to construct within the workplace a set of personal relationships—perhaps friendships—with his employees that lead these employees to voluntarily provide a high level of work effort to the employer.

Alternatively, the employer might strive to appear to be fair and just to his employees. The employer might promise that employees will not be arbitrarily rewarded or punished; rather, the employer promises to have his actions constrained by a set of explicit rules that are designed to force the employer to treat employees fairly and justly. Employers might also go out of their way to treat employees with respect. Employees in such a firm might provide a high level of work effort as they might believe that the employer deserves such a level of work effort.

Further, consent might develop in other ways. For instance, employees might come to believe that it is in their own self-interest to provide a high level of work effort to their employers. Employees might come to believe that due to the competitive environment their employer is always in danger of failing. If the employee fails to provide enough work effort to make the employer profitable in this competitive environment the employer might fail and the employee will lose his job. In such a setting employees might grant their consent to the employers but because they believe that it is in their own self-interest to do this.

For some employees in some workplaces, consent is generated because these employees believe that the work they perform is meaningful. This is often the case when employees believe that their work helps others such as teachers, medical personnel, social workers, childcare workers, and so on.

Consent often pays an important part of the exaction of work effort in capitalism, as in many other economic systems. Yet behind consent in any workplace is the ever-present threat of coercion if the worker involved fails to
respond to attempts to gain their consent. Although this is true, some workplaces are more reliant on consent than they are on coercion. Other workplaces rely more on simple coercion. Each employer uses his or her own blend of coercion and consent.

**WORKER BEHAVIOR AND THE GOAL OF MANAGERS AND SUPERVISORS**

Even in the most extreme competitive environment some managers use their power—their ability to give out punishments and rewards—for aims unrelated to the eliciting of work effort. In the eyes of many managers, one benefit of a management position is the ability to force those below them to treat the manager with deference. Some managers use their power to reward those who are overly deferential and punish those who fail to show a level of deference desired by the manager. This might be the case even if such differential behavior is unrelated to the level of work effort provided by the employee. A manager's vanity—or insecurity—might lead him to reward deference over hard work.

But competition, and the desire to earn profit, forces managers to aim to get enough work effort to allow the firm to survive. It is useful, then, to look at jobs and relationships within the firm in terms of how they effect work effort and to highlight how employers use coercion and consent to elicit work effort from employees.