

Wage Desert and the Success of Organisations

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People often apply the concept of desert when deciding how to respond to various circumstances and they believe it is appropriate and morally required that they do so. More specifically, desert has long been a prominent (if not the paramount) feature of discussions concerning just compensation. In this essay I argue that providing employees the compensation (remuneration) they deserve – that is, realising wage desert – is essential to demonstrating adequate respect for employees, which, in turn, greatly facilitates the ability of organisations to attract and retain qualified, competent employees and provides employees with a powerful motivation for performing to the best of their ability. In so doing, wage desert offers an effective means for helping to secure and maintain an organisation's capacity to function as desired and, by extension, be successful. Hence, both for moral and prudential reasons it seems preferable for all involved that the concept of desert be used when determining employee remuneration.

Introduction

Desert is typically understood as giving to people what they are 'due' – whether it be a reward or a punishment. Unsurprisingly, the concept of desert has long been a prominent feature of discussions concerning compensation: i.e., the 'payment' one receives for doing something. In what follows, I use the topic of employee remuneration – understood as the wage¹ received by an employee – as a vehicle for examining the concept of desert and elements of the debate related to its use, and consider the relationship between realising wage desert and the ability of organisations to function successfully.

I begin by identifying the fundamental features of the concept of desert and offering a number of reasons – moral and prudential – as to why it is important to apply it when determining employee remuneration; principal among those reasons is the claim that providing employees the remuneration they deserve is essential to demonstrating adequate respect for them, which, in turn, is critical to securing and maintaining an organisation's capacity to function effectively (i.e., as desired) and be successful. That

¹ I use the terms 'remuneration', 'wage', 'pay', and 'salary' interchangeably.

claim involves both moral and prudential reasons for using the concept of desert when determining employee remuneration. It might be suggested that combining the two types of reasons is undesirable insofar as it complicates any effort to assess the strength of the argument presented for consideration. However, as is detailed in the following pages, not only are both types of reasons essential for making the case as to why the realisation of *wage desert*² is critical to the success of organisations, but they are inextricably intertwined.

The Concept of Desert

As noted, the concept of *desert*³ concerns giving people their 'due',⁴ and it is understood by many as a fundamental component of everyday morality.⁵ People often explicitly or implicitly apply the idea of desert when deciding how to respond to various circumstances⁶ and they believe it is appropriate and *morally* required that they do so.⁷ Desert can have a *positive* or a *negative* value;⁸ which is to say, it is possible to be

² The term 'wage desert' represents a synthesis of the terms 'wage justice' (Jeffrey Moriarty, 'Deserving Jobs, Deserving Wages', in *Normative Theory and Business Ethics*, edited by Jeffery Smith (Lanham: Rowman and Littlefield, 2009), pp. 119-146, at p. 119) and 'theories of desert of wages' (Owen McLeod, 'Desert and Wages', *Utilitas* 8:2 (1996), pp. 205-221, at p. 205).

³ Henceforth, references to 'desert' should be understood as being concerned solely with *personal* desert – i.e., 'the deserts of persons'; see Jeffery Moriarty, 'Against the Asymmetry of Desert', *Nous* 37:3 (2003), pp. 518-536, at p. 519.

⁴ There are various possible understandings of precisely what is entailed in fulfilling that condition. In a significant sense, then, desert is an *essentially contested concept* – i.e., a concept the 'proper use of which inevitably involves endless disputes about ... [its] proper ... [use] on the part of ... [its] users' (Walter Gallie, 'Essentially Contested Concepts', *Proceedings of the Aristotelian Society* 56 (1956), pp. 167-198, at p. 169). Accordingly, there is no suggestion that the description promoted herein represents a universally accepted characterisation.

⁵ For example, see James Rachels, 'Punishment and Desert', in *Ethics in Practice: An Anthology*, 3rd edition, edited by Hugh LaFollette (Oxford: Blackwell, 2007), pp. 510-518, at p. 510; Moriarty, 'Deserving Jobs, Deserving Wages'; Jeffrey Moriarty, 'Justice in Compensation: A Defense', *Business Ethics: A European Review*, 21:1 (2012), pp. 64-76; Owen McLeod, 'Desert' (2014), in *The Stanford Encyclopedia of Philosophy*, edited by Edward Zalta, online at <http://plato.stanford.edu/entries/desert/> (accessed 2014-02-11); John Kleinig, 'The Concept of Desert', *American Philosophical Quarterly* 8:1 (1971), pp. 71-78; and Saul Smilansky, 'Responsibility and Desert: Defending the Connection', *Mind* 105:417 (1996), pp. 157-163.

⁶ Desert has often been identified as a matter of *distributive justice* – i.e., the justness of the distribution of benefits and burdens, and the resultant state of affairs (this characterisation represents a synthesis of the concerns both of political philosophers [i.e., the distribution of benefits and burdens] and of organisational theorists [i.e., states of affairs]; for example, see Moriarty, 'Deserving Jobs, Deserving Wages', p. 139, n.5). However, some – most famously, John Rawls – have argued that desert is not an appropriate component of a theory of distributive justice. See John Rawls, *A Theory of Justice* (Cambridge, MA: Harvard University Press, 1971). The resolution of that debate is not essential for the purposes of this paper.

⁷ See, for example, Louis Pojman, 'Justice as Desert', *Queensland University of Technology Law & Justice Journal* 1:1 (2001), pp. 88-109, at p. 88; and Ryan Jenkins, 'You've Earned It!: A Criticism of Sher's Account of Desert in Wages', *Social Philosophy Today* 27 (2011), pp. 75-86, at p. 75.

⁸ For example, see Moriarty, 'Deserving Jobs, Deserving Wages'; Rachels, p. 512; and Kleinig, p. 72.

deserving of praise *or* blame, reward *or* punishment.⁹ Determining desert – whether an individual is *deserving* of something – is an evaluative process that involves three aspects: a *subject*, a *basis*, and an *object*.¹⁰ When it is determined that an individual (i.e., the subject) possesses a quality or attribute or has acted in a manner that possesses value (i.e., the basis), they are properly considered to be deserving of a particular thing or treatment (i.e., the object). In order to serve as a legitimate *basis* for desert, the facts about the *subject* must satisfy two conditions: they must be *valuable* ('the value condition') and the subject must be able to claim *credit* for them ('the credit condition').¹¹

As implied by the preceding description, desert is *backward-looking*: people are properly considered to be deserving of something as a consequence of what they have previously done or qualities that they already possess.¹² Hence, X can be *deserving* of A only as a consequence of certain existing facts (i.e. *desert-bases*) about X. But, as already noted, not all facts can serve as legitimate desert-bases. For example, the mere fact that X *needs* A does not mean that X *deserves* A. Someone might need a wage of £7500 per month in order to afford the mortgage for a house they have purchased, but that does not mean that they *deserve* that money. Assuming the absence of any circumstances that demonstrate otherwise, it seems likely that most would conclude that in such a situation the individual's need is a result of financial foolishness or ineptitude, not desert. Even if we assume that someone possesses a 'legitimate' need (i.e., one for which they cannot be 'blamed'), that does not by itself generate desert, though it can be understood as a *reason* for assisting the individual¹³ – e.g., one's feelings of sympathy for the individual's plight might motivate the sympathiser to provide assistance.

Similarly, the fact that X might be considered *entitled* to A does not necessarily mean that X is *deserving* of A.¹⁴ For example, were it the case that the employment contract signed by a hospital orderly guaranteed them a wage equal to that of the head of

⁹ The categories of 'praise or blame' and 'reward or punishment' are meant to capture 'anything which is pleasant or unpleasant' (Kleinig, p. 72). Of course, other taxonomies are possible and, indeed, exist. For example, see Joel Feinberg, 'Justice and Personal Desert', in *Doing and Deserving* by Joel Feinberg (Princeton: Princeton University Press, 1970), pp. 55-94, at p. 62.

¹⁰ McLeod, 'Desert'; see also, for example, Moriarty, 'Deserving Jobs, Deserving Wages', p. 120.

¹¹ Moriarty, 'Deserving Jobs, Deserving Wages', p. 127. It should be noted that for the past 45 years it has been a point of significant debate as to whether individuals can legitimately claim credit for a given characteristic or action. I address this matter more substantively later in this paper.

¹² For example, see Kleinig, p. 73; Rachels, p. 511; and Moriarty, 'Deserving Jobs, Deserving Wages'. David Schmidtz has argued for a 'promissory' approach to understanding desert, which allows that agents can be deserving of something as a consequence of potential future actions or behaviour, as when someone suggests an individual is deserving of an opportunity to *prove* themselves worthy of a raise; for example see David Schmidtz, 'How to Deserve', *Political Theory* 30:6 (2002), pp. 774-799. However, it is not clear how such a conclusion can avoid relying upon a backward-looking assessment insofar as it seems implausible to suggest that the decision to provide (in this example) the opportunity is not itself based upon some *existing* reason(s) for deeming the individual deserving of the opportunity; as John Kleinig argued, 'It is logically absurd for X to deserve A for no reason in particular, or for no reason at all' (see Kleinig, p. 73). And even a justification that refers to a possible future outcome or state of affairs as the reason for providing the opportunity will need to rely upon an *existing* fact or situation as the reason for wanting to realise the possible future outcome or state of affairs used to justify providing the opportunity.

¹³ Moriarty, 'Deserving Jobs, Deserving Wages', p. 122.

¹⁴ For example, see Moriarty, 'Deserving Jobs, Deserving Wages'; Schmidtz; and Kleinig, p. 75.

neurosurgery at the hospital, the orderly could legitimately be said to be *entitled* to the wage (assuming they fulfil any conditions contained in the contract), but they are unlikely to be considered *deserving* of the wage, and the resulting state of affairs is unlikely to generally be considered 'good' or 'just' or, consequently, preferable to one in which the head of neurosurgery received a wage significantly greater than that of the orderly. The difference between desert and entitlement can be understood as follows: entitlement concerns a *right* to something, while desert concerns the worthiness of a resulting *state of affairs*.¹⁵ That does not mean that entitlement cannot be a legitimate consideration when determining desert, but by itself it does not satisfy the requirements of desert.

Desert has also been differentiated from *merit*.¹⁶ For some, such as Louis Pojman, desert is properly considered a species of merit¹⁷: according to Pojman, merit essentially concerns value, but desert necessitates both value *and* credit. For others, merit is a basis for desert.¹⁸ Alternatively, others argue that whereas merit relates to qualities, desert concerns actions.¹⁹ When applied to the topic of employee remuneration, it is typically argued that legitimate desert-bases must refer to an employee's *effort* or *contribution*²⁰ – personal characteristics cannot serve such a function.²¹

The preceding description generates the following understanding of wage desert: an employee deserves a particular wage in virtue of their having demonstrated certain valuable behaviour for which they can legitimately claim credit or be held responsible.

The Importance of Wage Desert

There are a variety of moral and prudential reasons that support using the concept of desert to determine employee remuneration (i.e., to realise *wage desert*). Primary among those reasons is that realising *wage desert* offers one of the most effective means for securing and maintaining an organisation's capacity to function as desired and, by extension, be successful, insofar as the realisation of wage desert greatly facilitates the ability of organisations to attract and retain qualified, competent employees, and provides those employees with a powerful motivation for performing to the best of their

¹⁵ Moriarty, 'Deserving Jobs, Deserving Wages', p. 121.

¹⁶ An excellent brief description of the potential relationship between desert and merit is provided in Moriarty, 'Deserving Jobs, Deserving Wages', pp. 136-137. See also Pojman, 'Justice as Desert', pp. 92-98.

¹⁷ Pojman, 'Justice as Desert', p. 92; Louis Pojman, 'Does Equality Trump Desert?', in *What Do We Deserve? A Reader on Justice and Desert*, edited by Louis Pojman and Owen McLeod (New York: Oxford University Press, 1999), pp. 283-297.

¹⁸ George Sher, *Desert* (Princeton: Princeton University Press, 1987).

¹⁹ For example, see J. R. Lucas, *Responsibility* (Oxford: Clarendon Press, 1993); and John Roemer, *Equality of Opportunity* (Cambridge, MA: Harvard University Press, 1998).

²⁰ See, for example, Moriarty, 'Deserving Jobs, Deserving Wages'; Jenkins; George Sher, 'Effort and Imagination', in *Desert and Justice*, edited by Serena Olsaretti (Oxford: Clarendon Press, 2003), pp. 205-217; and George Sher, 'Effort, Ability, and Personal Desert', *Philosophy & Public Affairs* 8:4 (1979), pp. 361-376.

²¹ However, it should be noted that personal characteristics are typically understood as legitimate desert-bases for other types of desert (e.g., whether an individual deserves to be hired for a specific job or position).

ability. How does it do that? Among other things, using the concept of desert to determine employee remuneration provides a noteworthy degree of *autonomy* to employees by allowing them to help determine the wage they will receive. Assuming that increases in salary (whether via promotions or other means) are premised upon the possession of certain qualifications, skills, knowledge or behaviour, employees can alter the wage they receive by acquiring certain characteristics or exhibiting certain behaviour. In turn, by providing autonomy to employees, the notion of desert also makes them *responsible* and, consequently, *accountable* for their behaviour. That fact is important for a couple of reasons.

First, it helps to promote 'good' behaviour (e.g., competent work) and discourage 'bad' behaviour (sloppy or negligent work).²² Treatment on the basis of desert entails the expectation that one will be treated in the same manner in which they treat others.²³ Accordingly, if an employee wishes to be treated well, then they will need to treat their employer well – each party will need to engage in behavioural reciprocity. Behaving well will include (among other things) completing one's assigned tasks to the best of one's ability and remaining loyal to one's employer, behaviours that will help to maintain the organisation's capacity to function effectively and its ability to be successful. Second, responsibility and accountability help to facilitate an egalitarian distribution of benefits and burdens.²⁴ Within the context of employee remuneration, one can think of benefits as taking the form of a higher wage, and burdens representing a stagnation of, or decrease in, one's wage. By making it possible to both assign responsibility to employees for their behaviour and, in turn, hold them accountable for that behaviour, desert makes it legitimate for employees who shoulder a relatively greater share of the burdens to receive proportionally more benefits than those who assume fewer burdens.²⁵ As James Rachels argues, despite superficial appearances that might be interpreted as suggesting otherwise, providing more benefits to those who shoulder a greater share of the burdens generates 'equality' by compensating those employees for the 'benefits' they forsook as a consequence of shouldering burdens.²⁶

²² For example, see Moriarty, 'Deserving Jobs, Deserving Wages', pp. 126-127.

²³ See, for example, Rachels, p. 513.

²⁴ *Ibid.*

²⁵ Such a position embodies a *comparative* approach to desert: an employee who, *compared* to other employees, shoulders a greater share of the burdens deserves to receive a correspondingly greater share of the benefits relative to those other employees. An alternative is a *non-comparative* approach to desert, which would be concerned with ensuring that each employee receive what they 'absolutely' deserve (Shelly Kagan, 'Comparative Desert', in *Desert and Justice*, edited by Serena Olsaretti (Oxford: Clarendon Press, 2003), pp. 93-122, at p. 97), a determination that is made with reference to only the individual employee under consideration – i.e., the share of burdens shouldered by other employees and the share of benefits they receive do not factor into said determination. The preceding is a very simplistic depiction of the distinction between comparative desert and non-comparative desert and focuses solely on wage desert. For a more detailed examination of the concepts of comparative desert and non-comparative desert see Kagan, 'Comparative Desert'.

²⁶ Rachels, p. 513. This argument reflects Aristotle's idea of 'proportional equality', which suggests that justice is achieved when equals are treated equally (Aristotle, *Nicomachean Ethics*, translated by W.D. Ross (Kitchener: Batoche Books, 1999 [350 B.C.E.]), Bk. V, Chs. 3-5, online at <https://socserv2.socsci.mcmaster.ca/econ/ugcm/3ll3/aristotle/Ethics.pdf> (accessed 2016-10-24)). Aristotle also labels such equality as equality 'according to merit' (*ibid.*, Ch. 3), an approach that

Hence, by providing autonomy to employees and making them responsible and accountable for their behaviour, wage desert both enables employees to be the architects of 'their own fates' with regard to their remuneration, and produces an egalitarian distribution of benefits and burdens.²⁷ In so doing, wage desert demonstrates *respect* for employees by ensuring that they are treated 'never simply as a means but always at the same time as an end'²⁸ – for example, the wages of employees will never be decreased *merely* to increase the profitability of the organisation. By treating employees respectfully, wage desert helps to engender 'good' behaviour and generate a state of affairs that recognises and adequately accommodates human dignity and, consequently, enables an organisation to maintain its capacity to function effectively and be successful.²⁹

You Don't Deserve That!

Despite the intuitive appeal of, and widespread support for, using the concept of desert as the basis for distributing praise and blame and 'rewards' and 'punishments',³⁰ the proposal to do so has not been immune to criticism.³¹

One of the most prominent and influential criticisms has been offered by John Rawls, who argues that it is unfair to use the notion of desert as the basis for distributing benefits and burdens, because any number of the 'facts' that will serve as desert-bases are (in some important sense) the result of characteristics and circumstances (e.g., athletic

treats 'all relevant persons in relation to their due' (Stefan Gosepath, 'Equality' (2007), in *The Stanford Encyclopedia of Philosophy*, edited by Edward Zalta, online at <http://plato.stanford.edu/entries/equality/#ProEqu> (accessed 2016-10-19)). In other words, with respect to employees 'who shoulder a greater share of the burdens', as long as all who do so 'receive proportionally more benefits than those who assume fewer burdens', then the resulting state of affairs is one that realises 'equality' (properly understood) and, by extension, justice. To adopt a different approach would be to treat unequals equally.

²⁷ For the record, Rachels' assertion was not restricted to the issue of employee remuneration.

²⁸ Kant's second formulation of the categorical imperative as quoted in Robin Dillon, 'Respect', in *The Stanford Encyclopedia of Philosophy*, edited by Edward Zalta, online at <http://plato.stanford.edu/entries/respect/> (accessed 2014-02-19).

²⁹ It should be noted that I am not suggesting that realising wage desert represents the *most* powerful possible motivation for employees to exert maximum effort. It might be argued that paying employees *more* than they deserve (assuming they recognised that to be the case) would provide a more powerful motivation than merely realising wage desert. However, it seems more plausible to argue that the problems produced by adopting such an approach to employee remuneration – e.g., a decrease in profits or an inability to effectively justify the wages provided – will be greater than the benefits. I thank one of the anonymous reviewers for identifying the need to address this matter.

³⁰ For example, see Norman Feather, *Values, Achievement, and Justice: Studies in the Psychology of Deservingness* (New York: Kluwer Academic, 1999); also see David Miller, *The Principles of Social Justice* (Cambridge, MA: Harvard University Press, 1999), esp. Ch. 4; Moriarty, 'Deserving Jobs, Deserving Wages', p. 128; Schmitz, p. 775; and John Stuart Mill, *Utilitarianism*, in *On Liberty and Other Essays*, edited and introduction by John Gray (Oxford: Oxford University Press, 1998 [1863]), pp. 131-201, at p. 179.

³¹ Generally speaking, the debate about the desirability of using the concept of desert as the basis for distributing praise or blame and rewards or punishments is a relatively recent development, emerging most notably after the 1971 publication of John Rawls' *A Theory of Justice*.

ability, intelligence, the social, political and economic circumstances into which one is born) that have been arbitrarily distributed via natural and social *lotteries*;³² in other words, the presence or absence of those characteristics or circumstances is a matter of luck and, consequently, beyond an individual's control.

The most extreme interpretation of Rawls' argument suggests that, if no one can legitimately claim *sole* credit for any of their characteristics, then no one can properly be considered *deserving* of anything related to possessing those characteristics – including the effort they exert in their job – thereby rendering the concept of wage desert nonsensical and illegitimate.³³ Such an argument seems problematic in at least one important sense: namely, taken to its logical extreme, it essentially suggests that individuals play no assignable or non-debatable role in the *development and use* of the characteristics they possess as a consequence of the natural and social lotteries. But surely whether and how people *choose* to develop and use their characteristics is both within their control to some noteworthy degree and often matters significantly with respect to the quality of the abilities or characteristics they possess. If that is true, then it seems incorrect to suggest they cannot in some genuine and significant sense claim credit for the products of those abilities or characteristics (e.g., the effort they exert in their job) and, by extension, be considered legitimately deserving as a consequence of possessing them.

Some have suggested that even *the ability to choose wisely* with regard to whether and how one develops and uses their characteristics or abilities is itself affected by factors that are not within their control and, consequently, not something for which they can legitimately claim credit.³⁴ However, it again seems dubious to contend that individuals' ability to choose wisely is something over which they have absolutely no noteworthy non-contingent control. Rather, a more plausible proposition is that individuals' decisions (and traits and actions) – wise or foolish – 'are *partly* the product of their own *free* choices and *partly* the product of natural factors outside of their control'.³⁵ It might still be argued that only something for which an individual can claim *sole* credit can constitute a legitimate desert-base. George Sher offers the following effective rebuttal to such a suggestion:

If deserving the benefits of our actions did require that we deserve everything that makes our actions possible, then all such desert would immediately be canceled by

³² Rawls, pp. 74-75.

³³ To be clear: that is not to suggest that Rawls would have accepted such a characterisation of his argument. However, numerous others have suggested that his argument does, indeed, generate such a conclusion. See, for example, Alan Zaitchik, 'On Deserving to Deserve', *Philosophy & Public Affairs* 6:4 (1977), pp. 370-388; John Hospers, 'What Means this Freedom?', in *Determinism and Freedom in the Age of Modern Science*, edited by Sidney Hook (New York, NY: Collier, 1961), pp. 126-142; Eric Tam, 'The Taming of Desert: Why Rawls' Deontological Liberalism is Unfriendly to Desert', paper presented at the Annual General Meeting of the Canadian Political Science Association, Dalhousie University, Halifax, Nova Scotia (2003); and Moriarty, 'Against the Asymmetry of Desert', p. 524.

³⁴ See, for example, Moriarty, 'Deserving Jobs, Deserving Wages', p. 129; and Stuart Hampshire, 'A New Philosophy of the Just Society', *New York Review of Books* 24 February (1972), pp. 34-39. I thank one of the anonymous reviewers for identifying the need to address this matter.

³⁵ Moriarty, 'Against the Asymmetry of Desert', p. 524, emphasis added.

the fact that no one has done anything to deserve to be alive or to live in a life-sustaining environment.³⁶

A more moderate interpretation of Rawls' argument suggests that *justly* determining desert will require identifying the precise extent to which an employee can legitimately be considered responsible for their characteristics (i.e., satisfying the credit condition) and, consequently, genuinely deserving of the wage provided in virtue of those characteristics. But arguably, such a requirement effectively renders desert *impracticable* because it is simply not possible to collect the information needed to make with certainty the type of accurate assessments demanded.

While it certainly seems unrealistic to suggest that it is possible to determine with pinpoint precision either the degree to which an employee can legitimately claim credit for their characteristics or the exact extent to which those characteristics contributed to a particular relevant outcome, it also seems extreme and unnecessary to conclude that such a situation offers no alternative other than completely abandoning the use of the concept of desert. It seems more reasonable to suggest that, when making determinations regarding employee remuneration, organisations develop and use assessment rubrics that consciously utilise characteristics that can with reasonable confidence be attributed *in a meaningful sense* to the employee, such as educational achievements, relevant experience, and job performance, for example. While it might be true that the employee's possession of such characteristics has been assisted by the natural and social lotteries, it might also be the case that the employee has acquired or operationalised those characteristics *despite* those lotteries. At minimum, as noted above, an employee's decisions (e.g., whether to pursue post-secondary education; whether to seek employment in a field in which their natural talents will be advantageous) will have played a meaningful role with regard to the development and use of the characteristics they possess and, by extension, their job performance, and thus it seems legitimate to use such characteristics as desert-bases. Indeed, many organisations collect such information and employ such rubrics.³⁷ Hence, it seems that the use of desert need only be considered impracticable if one demands the utmost precision in terms of identifying the characteristics for which an employee can legitimately claim credit.³⁸

Even if one accepts the preceding proposal, it might still be suggested that a more efficient alternative is to base employee remuneration on the *market value* (MV) of the employee's contribution to the organisation;³⁹ in other words, 'the wage one deserves for

³⁶ Sher, 'Effort, Ability, and Personal Desert', p. 364.

³⁷ Moriarty, 'Deserving Jobs, Deserving Wages', p. 132.

³⁸ That is not to say that translating desert calculations into wage levels will be an unproblematic process, especially when 'contribution' is used as a desert-base and the employee's organisation has a large number of employees. In such circumstances trying to determine each employee's individual contribution would be an extremely challenging task, to say the least; realistically, it is likely that the most that could reasonably be expected is that desert and related wage estimations be aggregated and averaged for specific types or categories of positions. While such an approach is less than ideal in terms of ensuring the realisation of *individualised* desert, it continues to use the concept of desert as the general basis for determining wages.

³⁹ For example, see McLeod, 'Desert and Wages', p. 208; and Moriarty, 'Deserving Jobs, Deserving Wages', p. 124.

providing a service is equal to the free market value of that service'.⁴⁰ Such an approach requires collecting and analysing a *relatively* limited amount of information, and it offers a seemingly 'objective' method for determining employees' wages. Moreover, the ability of organisations to remain competitive and successful recommends such an approach insofar as organisations that pay a wage that is either lower or higher than market value will either lose employees to their competitors or experience undesirable financial consequences (e.g., decreased profits, decreased re-investment capacity), and either scenario critically undermines the competitive advantage of the organisation.⁴¹

As noted by Owen McLeod, using an employee's MV to determine their wage does not involve abandoning the concept of desert.⁴² However, McLeod uses commodities traders to demonstrate that the MV approach generates a situation in which individuals whom most people would consider deserving of a wage would be deemed undeserving of a wage.⁴³ In an idealised competitive free market, consumers possess 'perfect information about price and wage movements'⁴⁴ and so, regardless of the amount of work they do and the amount of success they achieve in predicting price movements, commodities traders would not *deserve* any remuneration, because the market would place no value on their work, given the universal availability of perfect information about price movements. McLeod argues persuasively that a similar problem plagues MV even when it is applied to a less-than-ideal free market. The appropriate response to the problem, according to McLeod, is not to disavow MV as a legitimate desert-base, but to recognise that there are additional desert-bases that should be considered when determining employee remuneration.⁴⁵

McLeod notes that an employee's effort (among other things) should also be considered when determining the wage they deserve.⁴⁶ That proposal raises another interesting issue: namely, the use of wage-based incentives to stimulate effort and promote certain types of behaviour. Many organisations successfully use *pay-for-performance* bonuses and other types of wage-based incentives to achieve outcomes believed to contribute to the success of the organisation. However, *prima facie*, such incentives seem to be *forward-looking* in nature insofar as they concern *future* outcomes – they motivate people to behave in a certain way. If that is true, and if desert-bases *must* be backward-looking, then such incentives would seem to run afoul of the concept of desert, thereby defeating their status as a type of pay that can be *deserved*. However, a close analysis suggests that the use of such wage-based incentives is perfectly compatible with the concept of desert. In the case of *pay-for-performance* bonuses, for example, the employee receives the bonus only *after* they have demonstrated the relevant behaviour. Alternatively, it is difficult to imagine a situation in which an organisation provides any type of wage-based incentive that is not in some noteworthy sense connected to a *post facto* assessment of behaviour. And, as already observed with regard to Schmitz's proposed 'promissory' approach to desert, even a justification that refers to a possible

⁴⁰ McLeod, 'Desert and Wages', p. 209.

⁴¹ For example, see Jeffrey Moriarty, 'Justice in Compensation: A Defense', *Business Ethics: A European Review* 21:1 (2012), pp. 64-76, at p. 66.

⁴² McLeod, 'Desert and Wages', pp. 208-213.

⁴³ *Ibid.*, p. 211.

⁴⁴ *Ibid.*

⁴⁵ *Ibid.*, p. 213.

⁴⁶ *Ibid.*, p. 216.

future outcome or state of affairs as the reason for providing (in this case) the incentive will need to rely upon an *existing* fact or situation as the reason for wanting to realise the possible future outcome or state of affairs used to justify providing the incentive.

Conclusion

As Matt Bloom has observed, remuneration systems 'play an important role in shaping whether people feel they are treated with dignity, trust, and respect and whether they believe ... [an organisation is] worthy of their fullest commitment and highest efforts'.⁴⁷ A failure to provide employees a wage that they believe is deserved as a consequence of the requirements of their jobs, is thus likely to be perceived by those employees not only as a form of *disrespect* but also as a violation of the idea of distributive justice (though it might not be articulated in such a manner). Under such circumstances it seems likely that employee loyalty and performance will suffer, especially if the organisation happens to be quite successful and profitable, but that success and profitability does not translate into higher wages for all who believe they have contributed meaningfully to its realisation. The presence of such an attitude can only prove toxic to the effective functioning and, in turn, the success of an organisation. As there seems no compelling reason to conclude that the majority of individuals will cease to believe it appropriate to use the concept of desert when determining employee remuneration, it seems preferable for all involved that organisations do so.⁴⁸

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⁴⁷ Matt Bloom, 'The Ethics of Compensation Systems', *Journal of Business Ethics* 52:2 (2004), pp. 149-152, at p. 149.

⁴⁸ I want to thank the anonymous reviewers for this journal for their very helpful and thought-provoking comments. Any remaining errors or omissions are the sole responsibility of the author.

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