

LABOR, KNOWLEDGE, AND VALUE IN THE WORKPLACE: IMPLICATIONS FOR THE PAY OF LOW-WAGE EMPLOYEES

STEPHEN JAROS

Southern University, Baton Rouge, Louisiana

ABSTRACT

The issue of worker pay, particularly the pay of low-wage workers, is one that often surfaces in Western political and academic discourse. This article contributes to the discussion in a number of ways. Theoretically, I address the issue by leveraging insights from critical and “mainstream” research on determinants of worker pay, specifically the work of Marx (1867/1976) and Coff. First, similarities between Coff’s (1999) resource-based strategic management model of rent generation/appropriation and Marxian conceptualizations of subsistence wages are outlined, with an eye toward forging some common ground between “mainstream” and “critical” formulations of how value is created and appropriated in organizations. Having established this, I explore some key endogenous and exogenous factors that influence worker pay, and I discuss the ways in which workers and academicians can leverage them to improve the pay of low-wage workers. Ultimately, the goal of this article is to help critical scholars develop practical ideas about strategies for raising the pay of low-wage employees.

Critical scholars should be concerned about the pay that workers receive, since pay is a fundamental component of quality of life. There is evidence suggesting that worker pay, particularly in advanced countries, has shown little growth. Rousseau and Batt (2007) argue that while productivity has risen in recent years, pay has tended to lag behind. They note that according to the Organization for

Economic Cooperation and Development, despite productivity gains in all three countries, workers' share of gross domestic product fell by 3.1% in Germany in the past five years, by 3% in Japan, and by 2.5% in the United States (Porter, 2006). Furthermore, the divergence of chief executive officer (CEO) pay from the average worker's pay has increased from 24 times in 1965 for U.S. CEOs in major firms to 300 times at the end of the year 2000 recovery, falling to 185 in 2003 (Mishel, Bernstein, & Allegretto, 2005). Thus, workers, particularly the lowest-paid workers, appear to be falling behind other stakeholders, particularly top management, in terms of organizational wealth appropriation. In the United States, data of this kind have prompted renewed calls for an increase in the minimum wage. On July 24, 2007, the minimum wage was increased to \$5.85 an hour.

The fight to raise compensation for society's poorest takes place at several levels. At the national and subnational levels, "living wage" laws and minimum wage increases have had a positive effect. According to the Economic Policy Institute (2002), a "living wage" is the wage needed to support a family above a city, state, or federal poverty level. It thus varies by locale, depending on the particular area's cost and standard of living.

For example, on October 1, 2007, Maryland became the first U.S. state to implement a living wage law, which mandates that contractors doing business with the state pay their workers \$11.30 an hour in urban areas and at least \$8.50 an hour in rural areas (Office of the Maryland State Labor Secretary, 2007). While the economic impact of these initiatives is controversial, most research has found that job losses from the implementation of these initiatives is more than outweighed by the benefits to low-wage workers (Pollin & Lucie, 1998; Luce, 2004; Neumark, 2002). Groups such as the ACORN (Association of Community Organizations for Reform Now) Living Wage Resource Center have led the fight in the United States to raise the pay of low-wage workers, organizing multiple successful campaigns across the country to raise local minimum wages to a "living" level. These efforts have borne fruit and are worthy of support. But beyond participation in these kinds of political campaigns, what can be done?

The struggle for higher pay also takes place within each workplace, which is where this article aims to make its contribution. Given a pool of organizational money that changes in the long run but is finite at any given moment, anything that goes to the lowest-paid employees must be taken away from some other potential recipient of the funds, such as shareholders or high-paid employees. Some critical researchers have addressed the question by focusing on increasing the skills of lower-wage workers. For example, in their analysis of skill formation and economic competitiveness in the United Kingdom, Lloyd and Payne (2004) call for the development of a "political economy of skill" that would integrate workplace dynamics with institutional changes in British government policy toward skills training and vocational education, a political economy that could make a contribution toward the creation of a more "just and egalitarian"

society. Lloyd and Payne argue in favor of governmental policies that will compel businesses to change their strategies away from what Lloyd and Payne call the current focus on short-term profits and quarterly stock market price increases and toward a long-run focus on producing high-quality products that demand the use of high-skill labor, as well as the adoption of organizational structures that provide workers with more autonomy and freedom on the job; the point of all this is to improve the skill level of jobs, and thus the pay, of workers who are currently stuck in low-skill, low-wage jobs.

While I sympathize with Lloyd and Payne's desired outcome, I do not think the path of government compulsion is, by itself, likely to bear much fruit. Rather than being a simple function of a management vs. labor de-skilling dynamic (see Sturdy, Knights, & Willmott, 1992), wealth appropriation is a complex process involving multiple stakeholders and resource bearers. Beyond that, in Western capitalist countries, government does not have the inclination, and probably does not have the ability, to force other stakeholders to set aside their interests and share additional rent with workers by compelling them to provide training or enriched jobs. Workers, like everyone else, are likely to get what they can bargain for, and what they can bargain for is largely influenced by the power that they can command. To appropriate additional wealth, workers must make themselves more valuable to other organizational stakeholders, who would rather pay them as little as possible.

Thus, this article addresses the question of improving the wages of low-wage workers from a within-firm perspective. One place to start such an analysis is the work of Marx, since Marx provides both an account of both political economy and an analysis of what happens "at the point of production" to influence worker pay. Additionally, in an influential "mainstream" strategic management article, Coff (1999) addresses the issue of revenue allocation among organizational stakeholders. Part of his discussion involves an analysis of how workers, even low-wage workers, can appropriate revenue that otherwise might go to other stakeholders. However, one problem with Coff's analysis is that he neglects the insights of the Marxian tradition and thus does not embed workplace revenue sharing within a broader political-economic framework. On the other hand, Marxian analyses often hinge on an all-or-nothing approach, in which revolution, the overthrow of capital by labor, is the only outcome likely to improve the pay of low-wage workers (see Braverman, 1958 Adler's (2004) discussion of the "neo-Marxian" perspective that makes this argument; and Sakolovsky, 1992). Coff's analysis suggests that there are practical ways to improve the pay of low-wage workers short of a revolution that might be a long time, if ever, coming.

Thus, my approach is to explore some possible points of intersection between Coff's (1999) resource-based strategic management model of rent generation/appropriation and Marxian conceptualizations of surplus value generation/appropriation, with an eye toward forging some common ground between "mainstream" and "critical" formulations of how value is created and appropriated

in organizations. The ultimate goal is to help critical scholars develop ideas about strategies for raising the pay of low-wage employees, with a focus on the Western context. Additionally, I hope to sensitize “mainstream” researchers to the value of Marxian concepts in helping us make progress in the area of wage equity.

SUBSISTENCE, QUITTING COSTS, AND CLASS WEALTH GENERATION/REALIZATION

Marxian Theory

In what sense are workers, as a class, compelled to generate wealth for capital, and how does this lead to very low, subsistence, wages? Marxian theory argues that workers are constrained by structural pressures: the capitalist system renders a worker unable to sell “anything but his skin,” which thus renders him or her powerless to avoid a “tanning” at the hands of the employer. This tanning takes the form of a “subsistence” wage, which Braverman (1958) defined as a wage necessary to produce the physical presence of the worker at work each day, and to propagate the working class as a whole. Thus, the Marxian concept of subsistence assumes a number of points. First, workers earn a subsistence wage because that is the minimum they *can* earn. By definition, this wage is at a level such that the worker would not be able to buy enough goods and services to physically and “morally” survive. While at the firm level this is not necessarily a problem for the capitalist, at a class level it is a problem: if all workers are unable to “survive,” then there will be no one left to continue to generate surplus value for the capitalist. Thus, as a class, capitalists are compelled to pay workers enough to subsist on. Second, the worker must earn enough to raise a family, thereby perpetuating the existence of a working class and therefore the ability of capitalists to profit from surplus-value extraction. Third, the workers earn this minimum subsistence wage because of the decisive power advantages that the liberal economic order gives the capitalist: in contrast to capitalists, workers lack a store of wealth to survive on in the event that they are unemployed, and they are thus compelled by necessity to be employed *now* under whatever terms are being offered. Furthermore, workers tend to lack other survival alternatives, in the broad sense of alternatives to being workers, and are thus “stuck” in their class.

It bears noting that by “subsistence,” Marx does not necessarily mean that all workers will earn a poverty-level wage. Unlike some variations of the Ricardian and Malthusian “Iron Law of Wages,” which proposes that wages should fluctuate around a bare “physical” minimum (i.e., enough to merely provide for the physical existence of the worker), in Marxian theory “subsistence” is to an extent a socially constructed concept, not a purely physiological one, and therefore the actual wage received will vary depending on contingencies associated with circumstance. I say “variations” because in the original formulation, Ricardo’s and Malthus’s ideas imply that subsistence income for a society is just the income at

which birth and death rates are equal, and this can be at a level considerably above that needed for bare physical survival (Clark, 2007).

As Mandel (1990) notes, the Marxian concept of subsistence has a “historical-moral” component that reflects the path of capitalist development, including political struggle between capital and labor, within a particular society. Social norms about what “subsistence” means, as reflected in political policies such as minimum wage laws, welfare benefits, unemployment insurance, and so forth, are all components of this historical-moral aspect of subsistence, which is analogous to the notion of “socially necessary labor” in the Marxian labor theory of value (Jaros, 2005). Thus, what qualifies as “subsistence level” in a country in the early stages of capitalist development, such as Vietnam, may be quite different from what qualifies as “subsistence” in an advanced capitalist country such as the United States.

One final point that bears noting is that Marx’s analysis is pitched at the “social,” not organizational, level. Its intent is to describe power dynamics and wage consequences for classes of employees. It is not intended to account for vagaries in wage differences among firms within a particular industry. Specific workers and firms are interesting only to the extent that they act as bearers of class relations. But, since real workers are not paid by the “capitalist class” in general but by particular firms, this is a theoretical blind spot that seemingly begs for illumination. On this point, Coff’s (1999) analysis of value (rent) generation and appropriation, which is pitched at the organizational level, is therefore worth considering.

Coff’s Theory of Value Creation and Distribution

Coff’s within-firm view of value creation and distribution focuses on two key concepts, quitting costs and rent. *Quitting costs* are essentially the same as opportunity cost: the employee will tend to earn that amount needed to keep him/her from seeking another job or wealth-generating opportunity. Coff’s analysis of quitting costs focuses on factors that are internal to the firm. For example, the primary limitation on alternatives is the firm-specific skills an employee might have accumulated. These skills limit the employee’s options because they are not valuable to competing firms, thus tending to “trap” the employee in the organization.

Rent may exist at the nexus (firm) or stakeholder or individual employee level. Nexus rent is a composite: it refers to the sum of all rent within the firm. At the individual level, rent is a “surplus wage,” a wage above that which is necessary to keep the employee from quitting. Thus, an employee’s total pay is composed of his or her quitting cost equivalent and rent. In Coff (1999), it is proposed that the rent one receives is a result of bargaining among stakeholders, all of whom seek to maximize the residuals that come their way. “Residuals” means profit, that is, what accrues to the ownership after other stakeholders have received their pay.

Marxian and Coffean Analyses: Can They Be Integrated?

There are both similarities and differences between Marx's and Coff's ideas about what determines an employee's wage rate. The key similarity between them is that both posit that a firm faces the problem of "producing and reproducing" the worker who contributes to the profits of the firm. The firm must pay the worker enough money to enable the worker to appear at work and to make him or her want to do so. In other words, both theories acknowledge that sustainable competitive advantage requires the leveraging of a reasonably constant flow of human resources. Also, neither subsistence pay nor quitting costs are fixed, but can fluctuate depending on changing circumstances. And both theories also draw our attention to the key role of bargaining (in Marxian terms, "class struggle") in determining the wage rate.

However, there are differences between these concepts as well. In Marxian theory, any locally contingent factors that can cause bargaining to produce different outcomes for different workers both within a firm and across firms are significantly constrained by a firm-exogenous factor: the systemic features of capitalism that, at least in the short run, constrain "the worker" to membership in the working class, the defining characteristic of which is the inability to earn a living other than by selling one's labor power as a commodity in a market in which the worker is at a power, and therefore bargaining, disadvantage vis-à-vis the firm. In contrast, Coff's theory does not emphasize factors that are exogenous to the firm. In Coff's view, bargaining power over rent is a function of factors that are largely endogenous to the firm.

Despite these differences, the Marxian and Coffean perspectives on worker wages are not incommensurable. One reason for this is that to an extent, Marx and Coff operate at different levels of analysis. Coff is concerned with explaining the behavior of firms and of subunits (work teams, stakeholders, individual employees) within the firm. Marxian theory is interested in the behavior of social classes, capitalists and workers, and therefore takes note of the behavior of individual firms and/or employees only to the extent that they are "bearers of class relations." Thus, because the two theories largely cover different terrain, there is not much ground for conflict. But then how can they be integrated in a way that helps students of organizational analysis understand work behavior?

In my view, the two approaches to wage valuation are complementary. Coff's theory provides a comprehensive analysis of the bargaining dynamics that characterize stakeholder interactions and the within-firm factors that provide power and leverage to the competing interests. But it lacks the systemic perspective that explains why, despite local contingencies, wage rate bargaining is consistently characterized by income inequality between workers, managers, and owners. On the other hand, while Marxian theory identifies the systemic factors that tilt the "game" in favor of some classes at the expense of others, its theoretical blind spot

lies in a failure to appreciate what happens inside the firm, despite Marx's claim to take us "inside the hidden abode," the point of production, where stakeholders struggle over rent appropriation. Thus, by leveraging Coff's theory with Marxian analysis, we can gain a more complete picture of the intra- and interinstitutional forces that shape bargaining power within the firm.

EXOGENOUS AND ENDOGENOUS FACTORS THAT CAN ENHANCE WORKERS' RENT APPROPRIATION

I conceive of a critical organizational theorist as one who tries to derive ways of empowering those who are at a power disadvantage within organizations. Thus, the issue to be engaged is "what can be done to build the wealth-appropriation abilities of workers in today's organizations"? From a purely Marxian point of view, that question is answered by modification of the exogenous, structural characteristics of capitalism that make the worker power disadvantaged in the first place—the sale of labor power as a commodity, and so forth. But Coff's analysis allows us to consider ways in which worker power can be enhanced in the short run, via the leveraging of factors that are both exogenous to and endogenous to the organization and thus under the worker's personal control or over which the worker can have immediate influence.

Specifically, from the low-wage worker's perspective, some critical factors that determine bargaining power are, formulated in question form, as follows. First, is the worker capable of *acting in a unified manner* with other similarly situated stakeholders who share his or her interests (e.g., as in a union)? Second, does the worker have *access to key information* that others within the nexus depend on? Additionally, does the worker have access to *information about the overall rent that is generated by the firm* and that stakeholders are currently receiving? The final question pertains to "ease of movement": Does the worker have a *high replacement cost* to the firm and does the worker face *low costs if she or he moves to another firm* or otherwise seeks outside employment opportunities?

The Ability to Act Collectively

This implies issues of (a) unionization and (b) efforts by labor unions, religious organizations, and community groups that seek to partner with low-wage workers to pressure government at all levels to pass living-wage laws in an effort to provide the low-wage workers with a wage commensurate with a "reasonably comfortable standard of living," which will vary depending upon the target standard of living and the local cost of living. In the United States, labor unions have, overall, provided their members with higher wages than "market forces" alone would provide (see Lafer, 2004). This is probably why conservative forces have waged a decades-long campaign to weaken the labor movement in the United States, a campaign that has largely succeeded, as evidenced by

declining union membership rates. Low-wage workers, such as those employed by largely nonunion companies such as Wal-Mart, would benefit from unionization. For *that* to happen, political changes, such as the election of a progressive Congress and president, who would enact labor-friendly federal legislation, would have to occur.

In contrast to setbacks on the unionization front, the living wage movement has achieved notable recent successes. As of 2007, more than 120 cities and counties have passed living wage laws that have boosted the pay of low-wage workers (Wayne State University Labor Studies Center, 2007), and as previously mentioned, Maryland recently became the first state to do so. Living wage advocates have also succeeded in raising public awareness of the relationship between pay rates and globalization processes, by linking the sweatshop-level pay of workers in third-world nations to outsourcing efforts by U.S. companies that not only cost jobs but also set U.S. workers in wage competition with exploited workers in these developing nations. Since outsourcing has recently become a threat not only to low- and unskilled labor but also to professional and hence “middle-class” work such as computer software and hardware design (Friedman, 2005), it may be possible for living wage advocates and the left-leaning critical scholars engaged in such efforts to merge, or align, the interests of low-wage U.S. workers with those of at least some of their white-collar counterparts in the quest for enhanced employment security and the struggle against the erosion of pay rates.

Knowledge of Information Flows and Technology

Coff, Coff, and Eastvold (2006) note that firms face a knowledge paradox: on one hand, in many employment settings they need workers to master an explicit skill, information technology, because mastery of information technology not only allows the employee to utilize it directly to increase productivity but also equips workers to develop tacit knowledge that can make them even more efficient and productive. And, to achieve scale and thereby meet demand or otherwise realize these efficiencies on a firm-wide scale, firms desire that this tacit knowledge be codified and routinized.

But codifying and routinizing means the knowledge is no longer tacit, and is therefore imitable by competitors, which removes its competitive advantage. Historically, since the days of Frederick Taylor, who argued that management must codify and routinize the craft (tacit) knowledge that workers generate, this paradox has been resolved in favor of codification. But Coff, Coff, and Eastvold argue that in a dynamic, highly competitive globalized economy, this resolution must yield in favor of maintaining the tacit nature of the knowledge: Firms should view information technology as an “enabler and amplifier” of tacit knowledge and therefore competitive advantage but not, by itself, as a source

of competitive advantage. This means that to maximize profits, firms will train their employees, even low-wage workers, to understand and use information technology to improve their tacit knowledge generation ability, and thus their personal productivity and efficiency, *without* attempting to codify or “capture” this knowledge formally.

The interesting area from my point of view is the within-firm political implications of this prescription. If firms behave as Coff, Coff, and Eastvold (2006) believe they should, the net result will likely be an expansion in the nexus bargaining power of low-wage workers, since the locus of value becomes the mind of the individual worker, not the information technology “system” or the rules/procedures that normally flow from it. The individual worker would benefit from possession of a “bilateral monopoly,” that is, a monopoly of the possession of useful tacit knowledge, as against other nexus stakeholders. Of course there would be constraints on the worker’s ability to bargain with this knowledge. Like all tacit knowledge, it would be to a certain degree firm-specific, thus reducing its value to other firms that might otherwise bid for the services of the worker. But only partially, since a key aspect of this knowledge is the tacit understanding of how to leverage information technology to create tacit knowledge, a skill that would be portable to other employment opportunities. Thus, the proliferation of information technology and its dissemination beyond the realm of experts to all employees could, if combined with Coff, Coff, and Eastvold’s prescription, be a case of the capitalist providing workers a rope with which they may not “hang” the capitalist but at least may wring more rent from him.

Thus, knowledge of information technology (an explicit, not tacit, skill), is a critical bargaining-power factor because (a) information technology is a major value-producing resource, such that all those who master its use can make themselves more valuable to the firm-nexus; and (b) doing so not only makes one more valuable to the firm as a value-producer but is also likely to increase the “expert” and “referent” power of the person who masters the use of information technology and make him or her a nexus node within the information-communication web within the firm, all of which improve his or her bargaining power vis-à-vis other stakeholders.

As Coff (1999) explains, in some cases, if a worker occupies a strategic location within the firm nexus, he or she might be able to increase his or her personal bargaining power. However, for most low-wage workers, this is likely to be most effective if they act collectively rather than individually. If workers are dissatisfied with their share of rent, they can implement what amounts to a “work to rule” strategy until their rent demands are met.

Although not he does not directly address the matter, Lafer (2002, 2004) would likely take issue with this discussion of tacit skills development and information technology mastery on the grounds that it falls within the same field of play as governmental attempts to enhance the “supply side” of the skilled

workers—high-paying jobs equation but that it neglects the “demand side,” that is, the creation of high-paying jobs. In his analysis of the U.S. job market for low-wage workers, Lafer (2004) argues that attempts to make low-wage workers more valuable to firms via traditional skills training (e.g., “skills-based pay” schemes) and by improving their work-related “attitudes” have largely proven to be failures. Partly this is because such programs have focused on the perceived psychological problems of low-wage workers (i.e., in motivational seminars to increase their “low self-esteem” and disciplinary instruction that is ostensibly aimed at improving “work habits,” such as how to get up for work on time) but the programs actually have a right-wing ideological element in that they also teach the worker how to be compliant and obedient to the bosses’ demands (see Hampton, 2004).

But partly it is because in Lafer’s view, there is a “shortage” of high-wage jobs, in the sense that there are more low-wage workers than there are good jobs being created by employers. Lafer argues that the solution to this shortage problem does not potentially lie in the psychology or even skill-set of the individual worker (see Lafer, 2002) but (a) in governmental intervention that creates a more level playing field between capital and labor, and (b) in worker collective action. Like me, Lafer rejects the first alternative on the grounds that at least for the time being, with Bush in power, there is little hope for movement in that direction, and that even if the Democrats take over they are unlikely to take meaningful action either, since they too are beholden to corporate interests. (As I write this, the newly elected Democrat-controlled U.S. Senate just voted against a major labor union-sponsored bill that would have made it easier for unions to win recognition votes in U.S. workplaces.)

So Lafer argues that the key to creating high-wage jobs lies in the second alternative, trade union activity, because by combining their strength, workers can force companies to create high-wage jobs. Efforts to create such jobs on the supply side (i.e., increasing the supply of highly skilled workers by improving the skill-set or mind-set of workers) are useless because companies simply will not create high-paying jobs unless they are compelled to, either by the government (which is unwilling) or by the collective force of mobilized workers. Thus, Lafer argues that the focus of the critical scholar should be on the demand side of the equation: encouraging workers to develop the “solidarity” needed for collective mobilization.

Viewing the situation through the lens of Coff’s analysis, Lafer’s point about unionization is well taken. Unions are composed of people who may be individually quite powerless (unable to muster much bargaining power within the resource nexus) but who collectively are able to press for a larger share of the pie. Historically, unionization is indeed positively correlated with wage gains for workers. However, in my view, Lafer errs in emphasizing unionization to the exclusion of all supply-side stratagems. For one thing, in the United States, unionization rates have steadily declined over the past 40 years, and that trend

shows no signs of abating. For another, a demand-side focus on unionization is not incompatible with a supply-side focus that aims to improve the bargaining power of individual workers, apart from collective mobilization. The two stratagems can work hand in hand.

Knowledge of Rent Distribution

At the social level, what kinds of advances in intellectual-capital formation could undermine the social structures that give capitalists a prohibitive advantage over workers in determining the conditions under which value is created and who appropriates it? Here, Marx's analysis of social structure is insightful, but in some sense also problematic, since contrary to his predictions the revolutionary overthrow of capitalism by the working class is not on the horizon. But acknowledging this, what viable structural changes can improve the rent-appropriating ability of workers?

There is something to the notion that workers are typically at a structural disadvantage vis-à-vis management/ownership in understanding the logic of the firm's technical and administrative processes, and that this structural disadvantage, which reflects information asymmetry about how the firm is managed, makes it difficult for workers to make value/rent claims when bargaining with other stakeholders. Workers, who do not typically occupy nodal positions, would seem to be cut out of the rent-appropriating loop. As Coff (1999) notes, low-wage workers are often at a disadvantage in that they lack knowledge of the "residuals" that ownership earns from the firm, or of how firm rent is specifically distributed to other stakeholders. That is, they lack information about how much money the firm is making out of their labor. It is difficult to bargain for a larger share of the pie if you lack information about how large the pie is. Critical management scholars can fill a need in this area by volunteering to teach management and corporate finance courses for low-wage workers.

Closing the information asymmetry gap means providing workers with management skills so as to arm them with the knowledge necessary to critically evaluate the rent claims of management. Since it is unlikely that many low-wage workers can afford to enroll in college and attend their classes, my recommendation is that critical management scholars should offer to do "pro bono" work for unions and other workers' organizations—donating our services to workers. Also, information technology can be leveraged to create online resources—primers on management topics and online course resources—to provide access to low-wage employees who may not have the time to attend classes or weekend seminars but who have Internet access. In the long run, this could mean establishing something akin to the National Labor College at the George Meany Center for Labor Studies in Silver Spring, MD, except that in addition to teaching union-organizing skills, the emphasis would be on teaching

basic management skills, and the focus would be on helping low-wage workers, whether they are union members or not. Critical management scholars could volunteer their time to teach and/or provide course materials to enhance the intellectual capital, and therefore the bargaining position, of these employees.

Ease of Movement

Two factors that influence the wages of low-wage workers are their replacement costs to the firm and the cost they must bear to leave. As Marxian analysis informs us, global political economy is not isolated from the concerns of low-wage Western workers and the determination of their wage rates within specific firms, since exploitation abroad facilitates exploitation at “home”: If, for example, Vietnamese or Mexican workers are being paid 40 cents an hour, this constitutes a global “reserve army” of labor that can be tapped by U.S. companies if their low-wage workers demand higher pay, thus reducing their bargaining power by making them easy to replace should they threaten to withhold their labor. It also means that their low pay will make moving to alternative careers difficult, since they lack the wealth cushion to cover the transition costs. Traditionally, the mainstream media have presented the interests of developing-world and low-wage U.S. workers as adversarial, disguising the degree to which global capital exploits both.

This implies the need for critical management scholars to educate workers in business management and administrative skills, so that they can critically evaluate management’s rent claims and the claims of the mainstream corporate media. Ironically, as information becomes cheaper and is transmitted faster, the entire value-chain becomes more transparent than it was in Marx’s day, perhaps diminishing the information-distorting effects of market and mainstream global corporate media structures. Evidence for this comes in the form of new social movements resisting WTO-sponsored global trade initiatives, environmental depredations, and child/sweatshop labor in third-world countries; and in the form of alternative Web-based media that can provide analysis that Fox News and CNN have no interest in providing. However, most of these initiatives have come not from “working-class” leaders in the West but from academic and social elites. What is needed is scholarly and practical work linking the interests of the Western working class (e.g., sweatshop labor in China costs jobs in the United States) with the activities of these social elites. Critical management scholars can educate low-wage U.S. workers about the way in which their behavior as consumers reduces their bargaining power as employees, and such scholars can partner with critical colleagues in areas such as communication and media studies, to provide alternate media sources to disseminate analyses of how global capital pits low-wage workers in different countries against each other.

CONCLUSION

This article has attempted to meld some of the insights of traditional Marxian analyses of value production and appropriation and the inter- and intrafirm factors that perpetuate capital/labor inequality and depress the pay of low-wage employees with insights from recent theorizing (Coff, 1999) within the “mainstream” strategic management and information-as-value literature on similar topics. In my view, these theories are not only commensurable but compatible, because each addresses issues given relatively short shrift by the other: Marxian theory does not take seriously enough what happens at the firm level and to individual workers, while the new strategy literature on value/rent appropriation is somewhat neglectful of the import of broader systemic aspects of society that profoundly shape the bargaining power of “agents” and “resource groups” within the firm. Each can thus shed some light on how we, as critical scholars, can develop ideas to improve the value added and value appropriated by low-wage workers. Coff’s (1999) article has been influential in the mainstream strategic management literature; it has been cited by scholars attempting to help transnational corporations improve their global information technology strategy (Aguila, Bruque, & Padilla, 2003), in investigations of sources of global competitive advantage (Branzei & Thornhill, 2006), and in studies of the strategic importance of knowledge management (Foss, 2007). It is ironic that an article that pointedly ignores any discussion of “class conflict” might be useful in helping low-wage workers capture more residuals from management and ownership.

REFERENCES

- Adler, P. 2004. Skill trends under capitalism and the socialization of production. In C. Warhurst, I. Grugulis, & E. Keep, (Eds.), *The skills that matter*. London: Palgrave.
- Aguilla, A., Bruque, S., & Padilla, A. 2003. *Lines of advance in global information technology management: American/West European approaches*. Hershey, PA: IGI Publishing.
- Branzei, O., & Thornhill, S. 2006. From ordinary resources to extraordinary performance: Environmental moderators of competitive advantage. *Strategic Organization*, 4: 11–41.
- Braverman, H. 1958. May. Marx in the modern world. *American Socialist*.
- Burawoy, M. 1979. *Manufacturing Consent*. Chicago: University of Chicago Press.
- Clark, G. 2007. *A farewell to alms*. Princeton, NJ: Princeton University Press.
- Coff, R. 1999. When competitive advantage doesn’t lead to performance: The resource-based view and stakeholder bargaining power. *Organization Science*, 10: 119–133.
- Coff, R., Coff, D., & Eastvold, R. 2006. The knowledge-leveraging paradox: How to achieve scale without making knowledge imitable. *Academy of Management Review*, 31: 452–465.
- Economic Policy Institute. 2002. Living wage laws at a glance. Retrieved from http://www.epinet.org/content.cfm/issueguides_livingwage_livingwagefacts, December 2007.
- Farrell, D., Laboissiere, M., & Rosenfeld, J. 2006. Sizing the emerging global labor market: Rational behavior from both companies and countries can help it work more efficiently. *Academy of Management Perspectives*, 20: 23–34.

- Foss, N. 2007. The emerging knowledge governance approach: Challenges and characteristics. *Organization*, 14: 29–52.
- Hampton, I. 2004. Training reform in a weakened state: Australia 1987–2000. In C. Warhurst, I. Grugulis, & E. Keep (Eds.), *The skills that matter*. London: Palgrave.
- Jaros, S. 2005. Marxian criticisms of Thompson’s (1990) core Labour Process Theory: An evaluation and extension. *Ephemera: Theory and Politics in Organization*, 5(1). Retrieved from <http://www.ephemeraweb.org>, October 2007.
- Lafer, G. 2002. *The job-training charade*. Ithaca, NY: Cornell University Press.
- Lafer, G. 2004. What is “skill”? In C. Warhurst, I. Grugulis, & E. Keep (Eds.), *The skills that matter*. London: Palgrave.
- Lloyd, C., & Payne, J. 2004. The political economy of skill. In C. Warhurst, I. Grugulis, & E. Keep (Eds.), *The skills that matter*. London: Palgrave.
- Luce, S. 2004. *Fighting for a Living Wage*. New York: ILR Press.
- Mandel, E. 1990. Karl Marx. In J. Eatwell, M. Milgate, & P. Newman (Eds.), *Marxian Economics*. London: ISG.
- Marx, K. 1867/1976. *Kapital*, vol. 1. New York: Vintage.
- Mishel, L., Bernstein, J., & Allegretto, S. 2005. *The state of working America 2004/2005*. Ithaca, NY: ILR Press.
- Neumark, D. 2002. *How living wage laws affect low-wage workers and low-income families*. Berkeley: Public Policy Institute of California.
- Office of the Maryland Labor Secretary. 2007. Governor O’Malley and Secretary Perez announce plans for living wage implementation. Retrieved from <http://www.gov.state.md.us/pressreleases/070831.html>, December, 2007.
- Pollin, R. & Lucie, S. 1998. *Living wage: Building a fair economy*. New York: New Press.
- Porter, E. 2006. After years of growth, what about workers’ share? *New York Times*, October 15.
- Rousseau, D., & Batt, R. 2007. Global competition’s perfect storm: Why business and labor cannot solve their problems alone. *Academy of Management Perspectives*, 21: 16–23.
- Sakolovsky, R. 1992. Disciplinary power and the labour process. In A. Sturdy, D. Knights, and H. Willmott (Eds.), *Skill and consent: Contemporary studies in the labour process*. London: Routledge.
- Sturdy, A., Knights, D., & Willmott, H. 1992. Skill and consent in the labour process. In A. Sturdy, D. Knights, & H. Willmott (Eds.), *Skill and consent: Contemporary studies in the labour process*. London: Routledge.
- Wayne State University Labor Studies Center. 2007. Living wage campaigns. Retrieved from <http://www.laborstudies.wayne.edu/research/LivingWage.html>, October 2007.

Direct reprint requests to:

Stephan Jaros
 Southern University
 College of Business
 Department of Management
 Baton Rouge, LA 70813
 e-mail: sjaros3@cox.net