DOCUMENT RESUME

ED 260 222 CE 042 057

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TITLE Exploitation: One View of Industry and Business. Training and Development Research Center: Project Number Ten.
INSTITUTION Minnesota Univ., St. Paul. Dept. of Vocational and Technical Education.
PUB DATE May 85
NOTE 22p.; For related documents, see CE 042 050-056.
PUB TYPE Reports - Descriptive (141)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Business; Career Education; *Employee Attitudes; *Employer Attitudes; *Employer Employee Relationship; *Industrialization; Industry; *Labor Conditions; Labor Demands; Labor Economics; Models; Unions
IDENTIFIERS *Exploitation; Industrial Revolution

ABSTRACT

A reasonable definition of exploitation is an unjust or improper use of another person for one's own profit or advantage. Exploitation predates the age of industry; it is not the sole province of industry and business. Worker responses to exploitation in the evolving industrial democracy have taken the form of labor unions, political clubs, credit unions, and recreational clubs. Business and industry have not eradicated exploitation but have come a long way in neutralizing its effects through concern with quality of product, service, and work life. The complexity of modern industry and business and the multiplicity of interrelationships require a new model to explain the concept of exploitation as its relates to the workplace. It must delineate relationships where the possibility of exploitation exists and describe what constitutes the absence or neutralization of exploitation. In a two-axis matrix, the environment of industry and business is broken down into groups of interested parties: owners, employees, and society at large. All of the groups exist in a state of tension because each seeks its own advantage. A line of equilibrium indicates the points at which the gains of both parties in the relationships are equivalent. (YLB)

# TRAINING AND DEVELOPMENT RESEARCH CENTER

PROJECT NUMBER TEN

## EXPLOITATION: ONE VIEW OF INDUSTRY AND BUSINESS



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May 1985

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Language is one of the basic communication mediums of humanity and words constitute the major element of language. But, words in themselves do not have meanings, people give meanings to their words. Some words probably carry as many meanings as there are people who use them while, other words have more universal agreement. For example, the word book may mean one thing to a librarian, another to a teenager, another to a travel agent, and still another to a gambler. The word book has a variety of meanings. In this instance the fundamental meaning of the word book shifts from definition to definition. Word definitions also vary when the fundamental meaning remains constant, but the contextual meaning shifts from person to person or from usage to reality.

This investigation of meaning started from what appeared to be a discrepancy between the universal usage of the word exploitation and the contextual realities of exploitation. The word exploitation almost universally evokes images of the boss exploiting the worker or the adult exploiting the child. The following lyrics from a songbook of the early 1900 labor movement tell the story:

The Boss

(Tune: Praise God From Whom All Blessings Flow)
Praise boss when morning work-bells chime.
Praise him for bits of overtime.
Praise him whose wars we love to fight
Praise him, fat leech and parasite.

(Industrial Workers of the World, 1917)

The universal meaning of the word exploitation appears to be

directly linked to perceptions of industry and business, with management and technology being the "bad guys." But, isn't it possible that workers exploit their bosses and children exploit their parents? Certainly it is, and these are not uncommon occurrences. What then is the full meaning of exploitation and does our present contextual definition of exploitation contradict or support the reality of exploitation?

In order to answer these questions we will compare dictionary definitions of exploitation to determine meaning and key concepts. Second, we will explore the historical view of exploitation to better understand the universal meaning. Third, we will present a comprehensive model of exploitation--one that is grounded in today's literature and today's meaning.

## Definition of Exploitation

When searching for word meanings we turn to dictionaries to establish generally accepted definitions. The definitions of exploit and exploitation as recorded in a variety of dictionaries during several decades offer food for thought.

The follcwing five pairs of definitions provide a useful comparison:

| | |
|---|---|
| Exploit: | To make use of meanly or unjustly for one's own advantage (Webster, 1983). |
| Exploitation: | An unjust or improper use of another person for one's own profit or advantage (Webster, 1983). |
| Exploit: | To make use of meanly or unjustly for one's own |

advantage or profit; take undue advantage of; to utilize the labor power of (a person) without giving a just or equivalent return (Webster, 1971).

Exploitation: An unjust or improper use of another person for one's own profit or advantage; utilization of the labor power of another person without giving a just or equivalent return (Webster, 1971).

Exploit: To utilize for one's own ends, treat selfishly as mere workable material persons (Oxford, 1971).

Exploitation: The action of exploiting or turning to account, productive working or profitable management; the action of turning to account for selfish purposes, using for one's own profit (Oxford, 1971).

Exploit: To make use of, turn to account. To make unethical use of for one's own advantage or profit (Webster, 1959).

Exploitation: An exploiting or being exploited; especially unethical utilization for selfish purposes (Webster, 1959).

Exploit: To derive profit from without regard to rights; to use for one's own benefit (Webster, 1953).

Exploitation: The act of utilizing or turning to one's own use (Webster, 1953).

Exploit: To make fully available; to work up; to get value from. To derive profit from without regard to rights (Webster, 1938).

Exploitation: The act of exploiting; the act of utilizing or turning to one's own use (Webster, 1938).

A number of key concepts seem to dominate these definitions. These concepts provide further insight into the meaning of exploitation.

The first key concept is that of being just. Being just suggests conforming to a standard of correctness, being morally upright and/or legally correct. Closely related is the concept of being proper. The meaning of exploitation through the notion of being proper suggests rightness or appropriateness and being suited to the circumstances. Being proper implies that we adhere to a situational interpretation of exploitation while a higher order value structure would be conveyed through the concept of exploitation being just.

Unequivalence is another concept that emerges from these definitions, with a focus on unequal force or value and might or authority. From these dictionary definitions exploitation is always one-sided and unequal.

Profit and advantage are the two remaining themes that thread through these definitions of exploitation. They expand on the concept of unequivalence. Profit is compensation for entrepreneurial business risks. The advantage in this setting is in maintaining a position or condition of superiority over another.

The authors had anticipated that dictionary definitions would expand over time to embrace contextual realities of exploitation in society. Furthermore, we had anticipated that the change in

definition would move from the idea of powerful people being unjust and selfish to others to the idea of mutual exploitation. Furthermore we had anticipated tat definitions of exploitation would begin to include organizations and groups. It appears, however, that the popular uses of the word exploitation and its dictionary definitions have been congruent and stable, and so it is reasonably portrayed in the 1983 Webster's New Collegiate Dictionary:

Exploitation: An unjust or improper use of another person for one's own profit or advantage.

## History of Exploitation

Exploitation is not the sole province of industry and business. It is not a condition common only to only industrial nations, nor does it appear as a specter to an occasional generation. Exploitation is as pervasive in the history of humankind as war, or economic development, or educational and scientific endeavor. Exploitation predates the age of industry, and thus, is not a by-product of mechanization or technology. The agrarian societies practiced exploitation. History records many examples of slavery driven economies. Undoubtedly, a more tolerable concept of exploitation existed among nations in earlier times.

Industry and business are contemporary arenas in which we witness the phenomenon of society, whether that society be agrarian or industrial. Drucker (1950), calls to our attention the two most powerful agents of social change: The desire for a higher standard of living and the need for defense and security. Any potential for

excesses of exploitation might easily be related to the drives represented by the most basic elements in Maslow's hierarchy of needs.

Let us look to the effects that industry and technology have upon society. We can study history by analyzing the impacts people and their organizations have had upon one another through developing and using various technologies. When we review history with a focus on industry and business we inevitably are drawn to a study of the Industrial Revolution. One of the best resources for our study is Paul Mantoux (1928/1961). Mantoux wrote of the Industrial Revolution shortly after entering the twentieth century. His work was translated into English in 1928. The Industrial Revolution, in probably the purest sense, is documented in the history of England from the mid 18th to the mid 19th century. In looking for the essense of the Industrial Revolution in the United States, we are more apt to study the period from 1830 to 1900 or later. A case could be made that 20th century people experienced a technologial revolution which continues to exert pressures of adjustment on everyone. The pressures have accelerated since the stifling of smokestacks by silicon chips.

Because we are of being an intelligent race we have some faith that a study of history will help us in coping with present conditions and planning for some effective control of our futures. Burke (1966) describes three points of view that will serve as historical frameworks by which to analyze effects of technology on human values.

The first view is that the application of science is essentially beneficial to mankind. Science raises mankind from the depths, frustration, and despair of ignorance and superstition. Any ill

effects of technology are relatively temporary. The second view is that science is a curse. Those who embrace technological and scientific developments tread in areas not meant for mankind. Such people rejected religious values and sold themselves to the devil. A third view accepts the advances of science and technology, but only with adequate controls and plans to preserve human values.

Events that shake the economic or political stability of a nation--be they depression, recession, war, uncontrolled inflation, or sudden demographic shifts--have a way of triggering society's reaction to technology. One historial has observed that at any point in history, it can be shown that "a period of unemployment gives rise to lamentations about machines replacing workers . . ."(Culbertson, 1966 (p. 165). For example, in a recent period when our nation was worried about communism, the second highest concern was technological unemployment. The new bogey words were "automation" and "cybernation" (Peterson, 1966). Even so, many who report our economic history refute the idea that technology exploits people and wipes out jobs. On the contrary, these historians contend that technology creates labor and allows expansion.

If exploitation is a force exerted by people upon people, what are the counter forces? For every action, there is an opposite and equal reaction. This axiom is as true in human relations as it is in scientific equations. What are the adjusting forces that impede or neutralize exploitation? Industrial workers have been incorporated into our evolving industrial democracy in two patterns or strategies that can be recognized in some form today: paternalism and

fraternalism (Peterson, 1973).

Paternalism was practiced by the industrialist who saw himself as a father to his workers. It was probably best exemplified by the "company town." The manufacturer or mine operator set up business in the countryside and provided homes, schools, stores, churches, law enforcement, utilities, and other services. This pattern was typical of the machine-tending technologies such as the textile industries (Peterson, 1983). Paternalism was fertile territory for exploitation. Increasing profits through the rents and the sale of goods and services was possible in a non-competitive market.

Fraternalism was evidenced by a much different relationship between management and labor. The worker had social independence and exchanged only labor for wages. With fraternalism we begin to see a counter-balancing effect on exploitation. The industrialist had no responsibility or claim on workers outside of the in-plant hours. A wide range of responses to exploitation, either real or perceived, evolved over several generations. These responses took the forms of labor unions, political clubs, credit unions, and recreational clubs. This pattern of social integration in response to the impact of technology was more predominant in the craft and trade aspects of contruction and manufacturing than it was in the machine-tending vocations.

Working classes in American society slowly organized to cope with the pressures of an economy based on manufacture for profit. Their reactions took on a collective twist that carried its own potential of exploitation. Management on one hand recognized that to speed up the

worker you increase the speed of the conveyor and labor responded with collective slow-downs.

In one sense, it might be said that the worker became a servant of the machine. Brody (1980), in describing the difference between the craft worker, farmer, and the factory worker, recognized the endlessly repetitive tasks that make the factory worker inseparable from the machine. The quality of work life in the factories of three generations ago was little better than that in the very early factories. True, the hours were shorter, the children laborers had left, the women were fewer in number, but for the new 20th century factory workers, the power to exploit had been effectively passed to their supervisors, who controlled the rate of production.

Two world wars saw the migration of southern workers to northern industry. This movemet reflected the existence of opportunities in a free economy. People now had a say in how they would choose to adapt to society. Centralized management, with few modern day exceptions, now placed a premium on increasing production and decreasing costs. In generations past, there was little managerial concern about supervisory methods. Recently, however, we have seen a shift in managerial attention to quality of product, quality of service and quality of work life. Emerging values that balance with competitive and profitable business practices have resulted.

Business and industry have not eradicated the concept of exploitation, but they, and we, have come a long way in neutralizing its effects in our society. The destruction of machinery by the Luddites at the dawn of the 19th century and the violence of unionized

workers in generations past are becoming rare if not relics. Mumford (1934) cautioned in his classic work Technics and Civilization that "our capacity to go beyond the machine rests upon our power to assimilate the machine. Until we have absorbed the lessons of objectivity, impersonality, neutrality, the lessons of the mechanical realm, we cannot go further in our development toward the more richly organic, the more profoundly human" (p. 363). Slowly, the quality of work life and the dignity of all people have given us a much better perspective on how to live with industry, business, and technology rather than to deplore them or blame them. In September 1981 Pope John Paul, II, issued an encyclical called "Laborem Exercens" which focused on the dignity of humanity and the relationship to work and technology. Pope John Paul, I,I views technology as a set of instruments which man uses as an ally to facilitate, perfect, accelerate, and augment work. However, he cautions that the proper perspective of work continues to be the dignity of man. Machinery is the fruit of the work of the human intellect and is confirmation of man's dominion over nature. Technology remains the slave, a role never again to be given to the people.

The Industrial Revolution served as a prelude to technological advances throughout the world (Tierney, 1968). Its effects on society fits along a continuum from undesirable to beneficial. The foregoing account of the Industrial Revolution has served to illustrate the complexity of the concept of exploitation.

## Comprehensive Model of Exploitation

The concept of exploitation is firmly entrenched in our thinking about industry and business. And, as we said at the outset, the picture that the word conjures up in most of our minds is the sweatshop: harsh working conditions, long hours, low pay and few benefits. This picture, even in a historical perspective, is an over simplification. Yet it lingers, with some justification, in contemporary literature. Recently the charge of exploitation surfaced in connection with the cottage industry fostered by microcomputers which have facilitated working in the home and away from easy regulation.

> "Blue Cross/Blue Shield of South Carolina is a classic electronic sweatshop employer whose tactics exemplify the kind of horror story that scares labor most. According to several pulished reports, the company pays clerical home workers piece rates, offers no paid vacations or benefits and charged $2,400 a year in equipment rental charges. Their 'cottage keyers,' as the workers are called, process more than 200 medical claims a day but net only about $100 a week."
>
> ( In These Times, 1984)

The inadequacy of our traditional understanding of exploitation can be demonstrated through a brief analysis of the case cited above. In this instance, which appears to be a clear cut example of of exploitation, we can uncover dimensions not addressed by the traditional view. For example, while some may hold that the employer is exploiting the cottage worker, others may feel that the cottage worker is exploiting other employees by filling jobs formerly done on site for a pay and benefits package. It may also be true that some cottage workers do not find their employment exploitative at all, in

that they are using their flexible working conditions as a means of holding down a second job. Another example is that of a paraplegic who is able to work at home and earn $1100/month, rather than not working and collecting inadequate welfare. For him the relationship with his employer is one of mutuality: both he and the employer gain advantages. Equal advantage may accrue to a parent with young children in the home. The situation in these cases is not one of exploitation, but opportunity.

The complexity of the issues surrounding the cottage industry that has been spawned by microcomputers is summarized in an article by Sally Jacobs, "Working at Home Electronically" (1984). Jacobs states that there are advantages both to the employer and the employee: for the former, lower cost and greater productivity; for the latter, more flexibility and opportunity. There are also problems. Other employees suffer displacement and dissatisfaction with the limitations of their own employment. Moreover, unions, the representatives of labor, fear exploitation by employers, and employers fear loss of control over workers, i.e., exploitation on the part of employees. Thus, in this one work scenario we could find several possible exploitative relationships: employer/employee, employee/employee, employee/employer. We may also find the absence of exploitation where both employer and employee receive equal advantages.

Clearly the traditional view of exploitation, the greedy employer taking advantage of the defenseless employee, is of limited value for understanding the complexities prevalent in the modern business and industry environment. We know that employees can exploit employers.

According to an article in The Wall Street Journal, January 2, 1985, the average office worker abuses or wastes 4 1/2 hours of paid time every week. The Journal also published a survey reporting that 74% of business executives and 40% of the general public admitted that they took home office supplies. Fourteen percent of business executives and 31% of the public reported that they called in sick when they were not and 78% of business executives and 15% of the general public admitted to using the company phone for personal long distance calls (1983, p. 12).

Employees can also exploit consumers, for example, by producing shoddy goods. Likewise, poor quality workmanship on the part of workers exploits business owners by diminishing profits and dividends to shareholders, especially in industries that have to pay for warranteed repairs.

Management can also exploit ownership. In the cover story, "The Raiders," Business Week, March 4, 1985, the point was raised that managers may limit earnings of stockholders by managing to assure their own security and by resisting takeovers which would increase profitability. It was suggested that some "raiders" in effect work as champions of the small shareholder. This theme is echoed by a recent news item titled "Anti-takeover Law Favors Managers Over Shareholders" (Jacobs, 1985). Executives of publicly held companies appear to say "after the sale, shareholders should not be heard from again; that corporate management has an absolute right of self perpetuation, and the corporate management is not answerable to its shareholders." Clearly, this is exploitation. Furthermore, government often gets

involved. For example, Minnesota's legislature has before it a bill to limit takeovers. Government, if the bill is passed, would then be a party to exploitation.

Of course, the reverse may also be true: shareholders in their short-sighted demand for earnings can exploit managment and workers.

Moreover, exploitative relationships are not limited to those of owner/manager/worker. General Dynamics, defense contractor, (Business Week, 1985), appears to have exploited the government and the taxpayer through illegitimate and excessive charges on defense contracts. Amitai Etzioni (1984), "Do Defense Contractors Map Our Military Strategy?," suggests that procurement drives defense policy. Thus, defense policy can be manipulated to the benefit of interested business and industry parties. In fairness, Etzioni also points to the reverse side of the relationship, in which politicians, to benefit themselves and their constituents, push appropriations through Congress for superfluous military hardware.

Consumers can exercise exploitative pressures upon industry and business. We might point to the deregulation of the airlines and the dismemberment of AT&T in this regard. Everyday returns of used or owner-damaged goods is another example.

Exploitative relationships abound. In spite of the persistence of the sweatshop view of exploitation, we contend that the concept of exploitation, "the unjust or improper use of another person for one's own profit or advantage," can and should be expanded to better describe the dynamics of the workplace. Exploitation is not solely a management/worker issue, nor is it one-dimensional. All parties in

working relationships can attempt to exploit others. The lack of exploitation may, in fact, be a state of tension, an uneasy equilibrium between various inputs that could push or pull the balance one way or the other.

The complexity of modern industry and business and the multiplicity of interrelationships, requires a new model to describe and explain the concept of exploitation as it relates to the workplace. Our model must delineate relationships where the possibility of exploitation exists and must describe what constitutes the absence or neutralization of exploitation. The following two-axis matrix meets these requirements (Figure 1).

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Figure 1 About Here.

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In this matrix the environment of industry and business is broken down into groups of interested parties: owners, employees, and society at large. In the broadest terms, owners provide capital and entrepreneurship for industry and business and seek gain in the form of profit. Employees provide labor, knowledge and skill in exchange for compensation and benefits. Persons in the larger society interact with industry and business in a variety of ways for their advantage or loss--as taxpayers or consumer who speak for them, or through agents such as labor unions and other interest groups, elected representatives who formulate policy, or regulatory agencies who interpret and carry out policy.

All of these groups exist in a state of tension because each

seeks its own advantage. To maximize their earnings owners may seek higher prices for goods or services, which affects consumers; or higher productivity and/or lower wages, which affects employees. Employees may seek higher wages and benefits at the expense of owners and consumers, who must then pay higher prices. Other groups within society may, regulation or policy, adversely affect profits, wages or prices.

No group or organization, however, is monolithic and tension exists within the group. The owners may be shareholders, or they may be proprietary owners, relating to one another and to other internal and external groups differently. A similar condition holds for employees. Executives, managers, salaried and hourly workers may each be seeking advantage at the expense of others. In our complicated society the same people play many roles. As a taxpayer one may find a government-subsidized loan to Chrysler Corporation to be exploitative. As a consumer, one may bring pressure to bear on government to exercise regulatory power over Chrysler Corporation to insure that its products are safe. Again, as a consumer, one may push for the lowest possible price for an automobile. Or, as a member of the United Auto Workers, one may be willing to drive up the price of automobiles in hopes of the personal gain of increased wages.

Our matrix of possible exploitative relationships illustrates many possible ways individuals or groups can seek advantage at the expense of the others. On the matrix we have drawn the line of equilibrium, the points at which the gains of both parties in relationships are equivalent. Thus, the matrix is useful for

expanding our view of exploitation to include relationships other than those of employer/employee and to include the concept of neutralized exploitation that results in an equalibrium. Such a matrix is, therefore, a more accurate discriptor of the reality of exploitation in industry and business environment than are the definitions we find in our dictionaries.

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Figure 1. Exploitive Relationships in Industry and Business