How organizations value and how value organizes

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Introduction: the value theory of labour

'There is no alternative!', declared British prime minister Margaret Thatcher three decades ago. The bald statement, repeated *ad nauseam*, became neoliberal mantra. It seeks to universalise and naturalise an ethical framework that privileges market value to the exclusion of other values. This ethical framework — or value system — determines the way in which organizations value human actions and, hence, the way that (market) value organizes human relations — or labour.

Value is the form that labour takes within the capitalist mode of production. So claimed Diane Elson in an essay published in the year of Thatcher's election. 'The value theory of labour' (Elson 1979) was an intervention into a lively Marxist debate on the 'labour theory of value' and the 'law of value'. Elson was criticizing on the one hand those who suggested that Marx's theory of value was a proof of exploitation and, on the other, so-called Sraffians or neo-Ricardian Marxists, who sought to explain exchange-value or price magnitudes according some quantity of (abstract) labour 'embodied' — or 'congealed' — within it. Marx's value theory was not a theory of price, she argued. It was not really a labour theory of value at all. Rather, we should understand it as a theory of labour, a value theory of labour, a way to help us understand the way that work in capitalist societies tends to be organized and imposed through the (Marxist) category of value.

> [T]he object of Marx's theory of value is not price at all. … My argument is that the *object* of Marx's theory of value was labour. ... It is not a matter of seeking an explanation of why prices are what they are and finding it in labour. But rather of seeking an understanding of why labour takes the form it does, and what the political consequences are. (Elson 1979: 123)

An important part of Marx's critique of political economy is that,

> It [political economy] has never once asked the question why this content [i.e. work or human activity] has assumed that particular form, that is to say, *why labour is expressed in value*, and why the measurement of labour by its duration is expressed in the magnitude of the value of the product' (Marx 1976: 174; our emphasis).

The first part of this question is sharp enough to go straight to the heart of the matter, to highlight the perverted nature of capital the social relation: why does our creative activity as human beings — work — take the social form of value, of abstract labour? Elson suggests that 'the fundamental question about human labour in all societies is, how is it determined?' (1979: 129). In the capitalist mode of production, labour is 'determined' by means of the category *value*, the form that labour takes under capitalism. Another way of understanding this 'non-deterministic determination' would be as *organization*. In other words: value organizes labour.

Wealth, values, value

But what do we mean by value? Our (Marxist) understanding of the term is quite specific, but it is not so dissimilar from that implied by capitalist managers when they talk of 'creating value', for example.

First of all, value is not the same as wealth. It is important that we stress this, for the two terms are frequently treated synonymously. For Marx, value is that which is created by human labour and, in particular, *by human labour in the abstract* — and whose measure is money. Wealth is a much broader category. It might include clean water and clean air. It might include 'cultural' products, such as music, stories and other forms of 'art', and the free time in which to enjoy these. We can perhaps define wealth as the sum of all produced and non-produced use-values, but this sum cannot actually be calculated — for how could the aggregate utility of such incommensurable 'goods' as fresh air and a gripping yarn ever be added up?

In capitalist societies, much wealth does indeed take the form of value. As Marx writes in *Capital*'s opening sentence, 'The wealth of societies in which the capitalist mode of production prevails appears as an "immense collection of commodities"', where the commodity is, of course, the repository of value (Marx 1976: 125). After three decades of neoliberal policies, more and more wealth is taking the form of value and of commodities. Despite this, however, wealth continues to be produced — both by human beings and by 'nature' — outside of the capitalist mode of production, without taking the form of value.

Just as not all wealth takes the form of value, not all value is wealth. Obvious examples of commodities that we might consider non-wealth are the firearms, tanks, missiles, cluster munitions and 'enhanced interrogation' equipment hawked at arms fairs such as Defence Systems and Equipment International. We could argue that mega dams, so productive of value in the form of the hydroelectricity they generate, are destructive of wealth — natural eco-systems, along with the livelihoods and cultures of the people they displace. Likewise with projects that clear-cut forests to 'realise' the value of the tropical hardwood and to make way for cattle ranching.

But who are we to judge? Who are we to decide what is 'good' and what is 'bad'? The British government, for example, justifies the arms trade on the basis that countries have a right to self-defence and that arms exports help peace and security. The government also stresses the economic benefits of arms exports. As such, these commodities increase global wealth. Who are we to say that the planet's remaining peasants, commoners, *campesinos* and indigenous should not enjoy the benefits of 'development' — electricity, jobs and the like? Here we have moved into the realm of *value judgements*. Value judgements are grounded in a particular ethical framework, a particular *set of values*; our consideration of the difference between value and wealth thus highlights another important distinction, namely that between value (singular) and val*ues* (plural).

When we talk about values (plural) — as in 'family values', 'Christian values', 'values of solidarity and mutual aid' or 'aesthetic values' — we are talking about practices, actions or relationships, the process of valu*ing*. The idea of values refers to that which people hold dear, esteem or cherish; a *value system* refers to ethical framework constructed around a set of values. (See De Angelis 2007: 24–28, and the literature cited therein, viz. Graeber 2001 and McMurtry 1998.) Even when the cherished object is just that, an object, we are still talking about a mode of human behaviour, an action, the action of cherishing. More commonly when we think about values or value systems we are referring to relationships amongst humans. We are referring to modes of relating to one-another, treating fellow human beings with (or without) compassion, with (or without) respect or with (or without) dignity, for example. In this sense value, as anthropologist David Graeber suggests, is a way of 'evaluat[ing] … not things, but actions' (Graeber 2005: 18). Or in the words of philosopher John McMurtry, '[a] value system connects together goods that are affirmed and bads that are repudiated as an integral way of thinking and acting in the world' (McMurtry 1998: 7; quoted by De Angelis 2007: 26 f/n 7).

It is also clear that such values or value systems are heterogeneous. Take dignity, for example, a concept that has been reinvigorated and radicalized by the Zapatistas' rebellion. (See Holloway 1998.) We can certainly debate the meaning of dignity. We can discuss how it relates to Kant's ‘categorical imperative’, J.S. Mill’s ‘harm principle’ or Luke’s ‘do unto others as you would have them do to you’ and we can argue whether it is compatible with ‘family values’, ‘American values’ or whatever. Such matters have been the stuff of philosophy, theology and political discourse for centuries. We can perhaps in this way measure dignity discursively. What we cannot do is measure dignity in any quantitative way, nor can we reduce it to any other concept. In this sense, values are not only heterogeneous but also incommensurable.

One particular value system — a set of values or ethical system — is that of the global market, or economy. It is notable that while philosophers and theologians and even political economists have discussed values and value systems, this question is largely absent from economics and political discourse. McMurtry charges ‘economists [with] explicitly deny[ing] that any value judgement is at work in their analyses, even though they presuppose a value system in every step of the analysis they make’ (McMurtry 1998: 13; quoted by De Angelis 2007: 25). Practically, this ethical absolutism is summarized in Margaret Thatcher’s (in)famous statement with which we opened or, a decade and a half later, by her successor Tony Blair:

> These forces of change driving the future don’t stop at national boundaries. Don’t respect tradition. They wait for no one and no nation. They are universal. (Cited by McMurtry 2002: 13)

What is valued within the value system of the global market is market (or economic) value and market value alone. Such value may be represented by a number of alternative, yet complementary, measures — GDP, market capitalization, etc. — but the standard of measurement is always the same — money, what Marx described as the *universal equivalent*. But how does this value organize?

Value and the organization of immaterial labour

As we have mentioned above, the substance of value is abstract labour — ‘human labour-power expended without regard to the form of its expenditure’. Like the commodities it produces, ‘[a]ll its sensuous characteristics are extinguished.’ (Marx 1976: 128). We cannot examine here the precise relationship between abstract labour, the substance of value, on the one hand, and its mode of expression in exchange value or money, on the other. Suffice to say that this relationship has given rise to an enormous literature on the so-called transformation problem and that Elson’s intervention was to suggest that the ‘problem’ had been mis-specified. What we can do is sketch a schematic picture of the nature of the feedback loops between human labour and value as expressed in price.

We focus on so-called immaterial labour for two reasons. First, although there are exceptions, when it comes to immaterial production, labour's importance as principal source of value is more obvious than it is with the production of material stuff. Second, at least within the Marxist tradition, the relationship between immaterial labour and value has received little attention. The task of 'trac[ing] the development of the expression of value' (Marx 1976: 139) may not be easy, particularly not in 'post-Fordist' capitalism, but capitalist organizations, aided by the heirs of Frederick Winslow Taylor are doing just that:

> As services become an ever-larger part of the global economy, managers are rightly looking for ways to improve productivity and efficiency. Services may be more difficult to measure and standardize than the manufacture of products, but executives should not abandon hope. (Harmon, Hensel and Lukes 2006: 6)

Feedback arises because the measures thus constructed (and imposed) are not passive. Within the organization, they are wielded as management tools to (re)organize — or *determine* — labour, i.e. 'to improve productivity and efficiency'. Outside the organization, they are reflected in price levels, which, mediated by the competitive process and the market, influence — or determine — the organization of labour elsewhere in the economy. As the McKinsey slogan puts it: '*everything can be measured and what gets measured gets managed.*'

There are many alternative techniques and 'methodologies' for measurement in the cause of management. All seem to share the same four core features. First, all are concerned with identifying and isolating particular aspects of an organization's activities; then measuring and specifying targets or 'norms' for these activities. Second, the way in which the organization carries out these identified and isolated activities — its 'performance' in them — is largely determined by the activity of living labour — which we have suggested is the source of value — and, in particular, the activity of its employees. Third, there is a clear and established connection between the organization's 'performance' in each identified and isolated activity and its financial performance — shareholder or market value, the external measure of value. (Thus, the value-producing labours are made commensurable in the final instance by the market.) Fourth, the measure, along with its associated 'norm', is not passive. The organization's managers do not use the measure simply as an interpretative tool. Rather the measure is used to 'drive change', to 'improve performance, that is, to organize and to 'determine' labour.

A now well-known technique, pioneered in the 1970s by Xerox Corporation, is *benchmarking*. More recently, the *balanced scorecard* approach is fast gaining adherents (Kaplan and Norton 1992; 1993;

1996a; 1996b). The rationale here is to provide managers with a tool to interpret various complementary measures and metrics — which may include benchmarks — in a ‘balanced’ way and, of course, to ‘set strategy’ and ‘drive performance’. The tool is explicitly designed for the organization of ‘immaterial’ labourers, as its creators explain:

> As companies around the world transform themselves for competition that is based on information, their ability to exploit intangible assets has become far more decisive than their ability to invest in and manage physical assets. … The balanced scorecard [enables] companies to track financial performance while simultaneously monitoring progress in building the capabilities and acquiring the intangible assets they would need for future growth. (Kaplan and Norton 1996a: 75)

The four basic features, identified above, are present. (1.) Particular aspects of an organization’s activities are identified and measured: e.g. ‘companies should articulate goals for time, quality, and performance and service and then translate these goals into specific measures’ (1992: 73). (2.) The activity of living labour is recognized as being central: e.g. ‘Implementing a strategy begins with educating those who have to execute it’ (1996a: 80). (3.) Performance on the scorecard measures determines financial performance: e.g. ‘Building a scorecard thus enables a company to link its financial budgets with its strategic goals … [b]y helping to define the key drivers of revenue growth and by committing to targets for each of them’ (1996: 82–83).

Finally, (4.), the balanced scorecard is used to organize and ‘determine’ labour, for it ‘has its greatest impact when it is used to drive organizational change. … [Its] ‘real power … occurs when it is transformed from a measurement to a management system’ (1996b: 13 & 19), that is, when its measures are used by managers ‘as the basis for allocating resources and setting priorities’ (1996a: 76−77). Kaplan and Norton are explicit about the implications for workers. Their tool is ‘both motivating and obligating’ (1996a: 80) and it may also help determine or organize which workers labour and which are ‘set free’: ‘Some of the people who perform [eliminated tasks] are no longer needed. … Layoffs are a poor reward for past improvement … [b]ut companies will not realize all the financial benefits of their improvements until their employees and facilities are working to capacity — or the companies confront the pain of downsizing to eliminate the expenses of the newly created excess capacity.’ (1992: 78–79)

Of course, this process is boundless. It is not sufficient to *meet* the norm, one must *beat* it, for one must always ‘be the best’. But as soon as the norm has been beaten, a new ‘higher’ one is established. The benchmark has been raised, compelling all of one’s competitors to raise *their* performance, so launching a new round of the competitive cycle. '[T]he targets for success keep changing. Intense global competition requires that companies make continual improvements' (1992: 75–76).

Conclusion: value, organization and reorganization

What we are claiming here is that value — market value — must be understood as emerging from relationships amongst people. This is usually concealed, for however obviously 'artificial' are organizations' own measures, metrics, internal or 'quasimarkets', they are posited in a value system which purports to be natural and universal. Moreover, value, having emerged from human relationships — appearing, say, as a set of entries on Kaplan and Norton's 'scorecard' — then turns around to dominate these relationships, to organize human activity or, in Diane Elson's words, to 'determine labour'. We are claiming that within the capitalist mode of production what we value is 'change', 'continual improvement', a perpetual drive to be 'better than the best' (and the rest). What we value within this mode of production is not wealth understood as things or resources material or immaterial, natural or human-made — but this continual competitive process. And this is how value organizes: by imposing a regime of constant *re*organization.

But value is also contested. We have also suggested that this mode of organizing human activity — the capitalist mode of production —is not the only mode. Although the value system that is capitalism's *sine qua non* values only market or economic value, it is not the only value system. Human beings, *qua* humans, may value many other actions: passing time with one's children and friends, lolling around in bed, praying to one god or another or celebrating a saint, treating fellow humans with respect and dignity, and so on and so on. The value practices of the market economy and of political economy clash with those of what McMurtry (2002) calls the 'life economy' and what E.P. Thompson (1971) called the 'moral economy'. Whenever capitalism's value system comes up against other values, then value is contested. It is not too glib to suggest that the Zapatistas rebelled because they value their dignity more than they value the 'performance' of the Mexican economy.

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