**Causes of Income Disparity and How to Transform Labor Market Dynamics**

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Throughout history, corporations have driven economic growth and innovation and played a pivotal role in shaping societal changes. Their significant positive and negative influence has led to profound shifts in American society, impacting sociopolitical and economic institutions. Today, these institutions guide interested groups to negotiate their differences with satisfactory political and economic outcomes.

Ironically, in the urgent effort to address income inequality that affects the majority of the American population, the working class, policymakers have pushed unions to be the force of power between employers and employees, negotiating their disputes. However, the power of unions has been collectively weakened over time. Despite this, there is a compelling need for Labor Market Reform, a potential solution experts recommend. This Reform promises to strengthen labor laws, increase the minimum wage, promote corporate responsibility, and protect worker rights, offering a ray of hope in the fight against income inequality. If implemented effectively, this comprehensive approach could significantly reduce income inequality.

***Unfortunately, none of the recommended approaches have made any headway toward a more equitable income distribution. This is mainly because current sociopolitical and economic institutions are not structured to address income inequality, a concerning reality that needs to be addressed.***

Remember that corporate capitalism represents a hierarchical chain of power structured by corporations with limited liability. Their publicly traded stocks give them access to capital to grow the corporation's value. For that to happen, shareholders appoint senior managers to be in charge of the company via a hierarchical chain of decision-making power, and ***they are compensated based on lowering operational costs, mainly inflation-adjusted labor costs, and maximizing profit.***

***In short, corporate executives must aim to increase profits by increasing revenue and decreasing costs in the short term, which in the long run trigger employee and customer dissatisfaction (e.g., low wages and low-quality products).***

Consequently, business scholars introduced stakeholder theory, a significant paradigm shift that proposes a more holistic approach for corporations to achieve their goals and safeguard the long-term prosperity of all stakeholders (customers, communities, and employees). This theory, championed by Harvard Business School professor Michael C. Jensen, offers a promising path towards a more equitable economic system. ***Value maximization means managers should make all decisions to increase the firm's long-term market value. Total value is the sum of all financial claims on the firm—including equity, debt, preferred stock, and warrants.*** However, if value creation is the overarching corporate goal, it involves much more than simply holding up value maximization as the organizational objective. ***Remember, as long as the sole objective of maximizing profit for investors is to deny workers a fair share of the value they create, income inequality will be exacerbated.***

Balancing profit motives with societal well-being has always been an unresolvable challenge, especially in the digital economy. ***It has significantly reshaped employers' expectations, demanding high levels of expertise from their employees.*** This shift in demand has made it urgent for us to prioritize investment in higher education. Consequently, strengthening the intellectual potential of the workforce through higher education is not just a national priority but a necessity for a more competitive and innovative economy. ***The underpinning of its implementation processes requires a working environment that supports collaborative teaching and learning and actively fosters it, ensuring innovative development***.

Ironically, the traditional power dynamics within employers' hierarchical corporate structures, supported by American sociopolitical and economic institutions, often restrain collaboration by promoting rigid top-down communication and limiting workforce autonomy. **This situation needs to change**. **We must foster a more collaborative working environment that encourages innovation and creativity rather than restraining it.** This is the key to a more competitive and innovative economy.

Considering these new circumstances and the need for young, educated Americans to be given unfair remuneration, it's equally crucial for them to be financially savvy. **Financial literacy is not just a skill. It's a powerful tool that can empower the workforce to make informed decisions, shaping their future and the future of our economy. This is a crucial aspect that cannot be overlooked, and it's a responsibility we all share.**

Despite advice from economic experts, political leaders’ attempts to transform the hierarchical corporate structure into a more collaborative working environment have been unsuccessful. Ironically, this has led to a sense of urgency among some who believe that only a democratic counterrevolution, such as socialism, can provide a solution.

Fortunately, my retirement time influenced me to decide that the need for change was urgent. It was time to consider alternative solutions, which led me to introduce the “Dual Entity Collaborative Enterprise System©” concept. This system, as delineated in my book “Edified Capitalists Unravel Flaws of Capitalism,” which will be available soon, is a tangible possibility for all educated and skilled workforce members to explore together. The 'Dual Entity Collaborative Enterprise System©' promotes collaboration and shared decision-making within business enterprises, aiming to create a more equitable and innovative workplace environment, strengthen American democracy, and save the spirit of capitalism.