

A Managerial Response to the Marxist Critique of Capitalism

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Abstract

Some would say the ability of the United States to compete in the global environment has diminished. Others propose that if US commerce can generate \$11 Trillion in worldwide sales and invest \$330 Billion in research and development, as in 2008, then it can still compete. However, others have looked at US corporations as whiners shrilling that international rules of commerce are not fair. An excellent example of this alleged grievance involves the Boeing Company who complained for years that EADS (Airbus) had received unfair government subsidies. This equity discussion does not occur just at the microeconomic level, it also occurs at the macro level. This polemic involves allowances for free enterprise, with an accompaniment of currency value infirmity. Recently the US government has focused its currency complaints on China.

In response to U.S. criticism the People's Bank of China announced the allowance for greater flexibility of its exchange rate. Theoretically, if China allowed the yuan to appreciate against the US dollar, US goods would be able to compete with goods from China in a more equitable manner. However, the assumption of a significant change did not occur, subsequently the economist Paul Krugman of Princeton, "advocated for the US to impose a temporary 25 percent tariff on imports from China until the country meaningfully raises the value of the yuan" (Coy, 2010, p. 4). The threat of tariffs is antipodal of where the U.S. should be focusing. In an era of Bunyanesque bail outs, companies being too big to fail, and an inordinate focus on humanistic entitlement it could be argued that the US will to compete has retreated. After World War II the United States commerce was unilaterally providing goods and services throughout the world. With the destruction of European and Japanese economic structures, and the inability of centralized economies to compete internationally the U.S. corporations were able to grow exponentially.

There are several current issues that will help direct our discussion. On the one hand the current decipherment of the market appears to be performing as it is supposed to as evidenced with the revolving corporate nomenclature of the Fortune 500. This is in line with classical economics as this philosophy proposes that a government should not bailout failing organizations. On the other hand, Managers feel corporations should never rely upon governmental handouts to continue operations. But here we are: bailouts and handouts are a business reality.

Integrated economies are perdurable. The world has flattened, Pandora's Box cannot be closed, and society cannot go back. Globalization is a factuality. China, and other countries for that matter, are initiating "indigenous innovation" activities, and the US cannot look at the past and ruminate on what was. The U.S. must get its house in order and cogitate on what is. Peter Coy asserts that if the US "consumed less and produced more, its trade deficit with China - and the rest of the world- would shrink" (Coy, 2010, p. 5). This is a much larger issue than this paper is designed to discuss, but it does allude to a cultural issue of process versus outcome. How U.S. corporations run their operations is a necessary discussion (process), and for the purposes of this paper the specific discussion will be within the realms of labor/management relationships. This one discordance has an immense impact on the U.S. ability to compete. It is truly a national wound.

In the context of global economic struggle the United States of America is a wounded warrior, and it must heal itself to better compete. The wound occurred over a period of years where management recreated an environment of distrust. The mimetic forces resulting from a changing environment resulting in outsourcing, offsetting, and rightsizing has forged an environment of distrust and alienation between management and worker. This is counter productive and incongruent with the human need to find fulfillment within the work one does. The existence of this phenomenon within modern commerce demands an appraisal using Marxist critique of capitalism (Marx, 2007) as a framework of evaluation.

DesJardin (2009) summarizes Marx's critique by stating "In general terms, alienation is the result of work that prevents the full development of human potential. In such situations, humans are separated, or alienated, from their true selves" (p. 105). Obviously Marx was writing to a different era, and recent history recognizes the failure of Communism as a political movement. But the humanistic argument of Marx is relevant and needs to be discussed. Especially in this era of distrust.

However, it would be naive to think that better interpersonal relationships will solve all of the US commerce problems. Better labor relations is just one piece of the puzzle, which could result in more operational efficiency. More efficiency results in greater profitability. Greater profitability produces a stronger ability to compete.

Therefore, using the Marxist critique of capitalism as a framework for interpretation of current events, this paper will craft a managerial response to the critique that will allow a better working relationship between management and worker, resulting in an enhanced ability of U.S. business to compete internationally.

Introduction

In Aviation Week and Space Technology, William B. Scott (1999) argues that there are systemic problems within large aerospace companies in the U.S. and Europe that "are unseen cancers that could spread quickly, triggering a loss of profitability and a decrease in the quality of air transports, rockets, satellites and myriad defense systems.." (p. 1). He goes on to further identify these problems as a lack of vision, survival management, and ten years of downsizing. Actually these activities are part of a two-pronged attempt to create value and maintain double-digit profit margins in highly competitive market. Through an application of lean manufacturing that does not take into consideration differences in culture, human creativity is being replaced by highly defined process steps. One result of this activity is new talent, younger workers, are either going into different fields, smaller companies where their skills can be more broadly developed, or work from the beach (Stein, 2010).

These smaller companies are actually entrepreneurial endeavors that are much more agile than the huge aerospace companies of the past. "Their model will be one of involvement and collaboration. They'll treat people as equals, and will [adopt] more of a collegial model with a flatter hierarchy, fewer levels of management, and more humanity – all things that [aerospace] companies are not" (Scott, 1999, p. 4).

Aerospace companies are going through an immense amount of change. This can be illustrated several ways. The diminution of competitors from a plethora to a handful describes the voracious desire for economies of scale. The technological changes resulting in more efficient machinery and a reduction of dependence on physical labor allows the market to use fewer suppliers which are located internationally. While aerospace labor demands are reduced the requirement for human capital has increased. This paradoxical event exemplifies commercial requirements for innovative processes, well executed plans, and a critical ability to complete these plans on time and under budget.

As William B. Scott (1999) asserts the decades of change is beginning to take its toll on employees. Stories abound regarding employees who are counting the days until they reach the age of 55 and can retire early. Managers and employees alike appear to have lost any sense of fulfillment from their work. The constant demands of production due to smaller workforces, continual process changes with an emphasis upon improvement, and mechanistic management actions have created an environment that is antithetical to an atmosphere of psychological success. This reemphasize a guiding principle that business leaders have recognized since the days of Fredrick Taylor: how leadership treats its people effects profitability.

Possibly a double-loop discussion exists in the juxtaposition of the Marxist critique of capitalism and the events of current business practices. It appears that the Marxist critique, at least in the aerospace industry, is still relevant. If so, then what would a managerial response be to the said critique? As stated above, the current business environment is chaotic and constantly changing. As such competitive advantage is much more difficult to maintain. The seminal writers of business theory, such as Pfeffer (1994) and McGregor (1985) discuss the importance of strategy, execution, and the importance of people as a competitive advantage. Various companies do these activities quite well: Obvious examples include 3M, Verizon, and Apple. However, a related question associated with the Marxist critique involves the importance of people? Do these corporations really believe that people are important to their plans?

To answer this question a review of Argyris, Putnam, and Smith (1985) seems to be in order. They proposed that there are different avenues for understanding action. The phrase they used to evaluate individual and corporate conduct is theories of action.

“There are two kinds of theories of action. Espoused theories are those that an individual claims to follow. Theories-in-use are those that can be inferred from action” (pp. 81 – 82). It appears that corporations see the value of strategic planning and the execution of said plan, but what about employee value? What can be ascertained about corporate theories-in-use regarding people?

The Boeing Company at its leadership training center will make the declaration that it wants to be an employer of choice, but does its theories-in-use reflect that belief? And what of other corporations? Using Marx as our framework of evaluation we will discuss current business philosophy. After this evaluation, a managerial response to the Marxian critique will be proposed.

A Marxist View of Society

The generation born from 1946 through 1964, baby-boomers, are well aware of the history associated with the cold war. They had constantly heard the terms Marxism, Socialism, and Communism, and even today these terms conjugate emotions to one extent or another. With the dismantling of the Soviet Union, historians and philosophers are looking at the “fall of the wall” to learn from a system where “some were more equal than others” (Orwell, 2005). These beginning comments may appear political in nature, but from a managerial perspective it is prudent to review Marx’s concept of exploitation and alienation.

“Marx was born in Trier on 5 May 1818” (McClelland, 1973, p. 1). Historians state Marx was born in a middle class home which afforded him many opportunities. However, poverty was the crucible used to hone his philosophy where he would eventually write, “A specter is haunting Europe - the specter of Communism” (Marx and Engels, 2005, p.6). Some may find Marx difficult to comprehend, but many elements of his philosophy are poignant.

One of his felicitous comments known for longevity, “Philosophers have only interpreted the world in various ways; the point is to change it” (Able, 1992, p. 224), illustrates that even if one thinks that western capitalism has won the ideological war, you cannot declare victory too soon. As the distribution of wealth in western society results in a chasmic separation between the rich and poor, and as the developing world covets luxuries long enjoyed in the west, social unrest may loom even greater on the horizon. This social discussion may seem to be out of the scope of this paper, but it is relevant due to the fact that the same individuals which make up society also make up the work force.

Initiating a managerial response to Marx should begin with a review of what Marx generally believed about the workplace? His societal narrative included a history of “class struggle” (Marx and Engels, 2007, p. 7). Through this historic struggle, according to Marx, a new order had emerged, one that had not eviscerated class contrariety, but had established “new classes, new conditions of oppression, new forms of struggle in place of the old ones” (p. 8). Marx went on to describe the antagonist and protagonist locked in this struggle as the bourgeoisie and the proletariat. Bourgeois is synonymous with the term capitalist. The capitalist is the owner of the means of production and employer of those who are wage laborers. These wage laborers, Proletariats, are individuals who must work to live. In his discussion about this relationship Marx makes a very interesting, and almost prophetic statement concerning the bourgeoisie:

“A similar movement is going on before our own eyes. Modern bourgeois society with its relations of production, of exchange and of property, a society that has conjured up such gigantic means of production and exchange, is like the sorcerer who is no longer able to control the powers of the nether world whom he has called up by his spells” (Marx and Engels, 2005, p. 12). This seems to be an understatement, at least in today’s terms. The United States GDP in 1848 was \$2.4 Billion, whereas the GDP in 2010 is estimated to be in the area of \$14,623 Billion. Placing these values in a juxtaposition demonstrates the prophetic nature of his comments. He also stated “Modern industry has established the world market, for which the discovery of America has paved the way. This market has given an immense development to commerce, to navigation, to communication by land” (p. 8). The modernist could add aircraft to this statement, as well as space exploration. It appears that Marx understood the market well from the bourgeoisie perspective.

The Proletarian views things a bit differently, at least according to Marx. The Proletarian is a wage-laborer who works for the bourgeoisie creating value that makes the Capitalist rich. Eventually the Proletarian will rise up against its oppressors and establish a new order. How did Marx come to this viewpoint? The work environment of the mid 1800’s was dangerous, riddled with child labor and worker exploitation. Wages were often kept low, while profits were high. The wage laborers would work from 12 to 16 hours, and children would often fall asleep on the job and were periodically injured or killed.

Marx was aware of this, and living in abject poverty was passionate about the inequitable treatment and exploitation of the proletariat. This vantage was also held by Friedrich Engels. Engels worked in a job he hated, while receiving continual promotions from clerk to partner. He did this to support Marx's work. Engels was also a writer, and his first book dealt with the working conditions for the proletariat in England during the early 1800's. He discussed the exploitation and disease that inflicted these poor individuals (Engels and McClelland, 2009).

Both Marx and Engels were born into what we would consider upper middle class families, but became political theorists confronting the obvious disparities of their time. In modern times, as a result of government and union activities, legislation has done much to alleviate disconsolate conditions. Various legislative labor acts within developed economies have helped, at least in the areas of physiological and safety areas of need, to improve employee welfare. Although recent census statistics note that 43.6 million people in the United States now live below the poverty level. The philosophical development of Marx is usually traced through the philosopher Hegel. Hegel's ". . . description of the development of economic life is profoundly pessimistic and anticipates the views of Marx" (Dupree, 1966, p. 26). Heilbroner (1967) states of Hegel "Change according to Hegel, was the rule of life. Every idea irrepressibly bred its opposite and the two merged into a synthesis which in turn produced its own contradictions" (p. 129). Some have expressed this as thesis, antithesis, and synthesis, although Hegel never used these terms. But in essence this is what the dialectic is, a struggle to overcome contradictions. This struggle was/is a historic search for synthetical reality. "For, as Hegel had indubitably said, reality is a process - a universal effort to attain to self-consciousness, and grows more perfect in the very growth of critical self-consciousness among men" (Berlin, 1963, p. 65).

For Marx this struggle, if you will, emerges not in an ideological manner, but in ". . . the terrain of social and physical environment" (p. 130). This struggle would result in the destruction of capitalism, and the creation of a successor, resulting in a "well trained and disciplined class who would be the agent of socialism - the embittered proletariat" (Heilbroner, 1967, pp. 133-134).

For Marx this struggle was about change. This change was an active productive change, not a philosophical one. According to Heilbroner (1980) Marx maintained "that knowledge is not bestowed but won, it maintains that there is a deep, indeed indissoluble, bond between . . . doing and thinking" (p. 31). Thus, change is an essential part of our being. And a significant area of change is in the relationship between the bourgeois and proletariat, including the area of work.

Human identity and the Role of Work

Is work, as the ancient Greeks viewed it, a drudgery assigned to the slave while the philosopher-king did the real work of contemplation? Or is work, as the Puritans noted a second calling (Weber, 2008)? Marx had a particular view of work. The wage-laborer creates wealth, but as a commodity the more the wage-laborer becomes productive, the more "the worker becomes all the poorer. . ." (Marx and Engels, 2007, p. 69). Marx goes on and states "All these consequences are contained in the definition that the worker is related to the product of his labour as to an alien object" (p. 70). DesJardin (2009) summarizes the Marxist critique stating that ". . . labor had the potential to express our very humanity but, in modern capitalist societies at least, labor is alienated from this end" (p. 95). What did Marx mean by alienation, and how does it relate to work?

The classical view of work seems to view the subject morbidly. Work is something to be endured for the sake of life outside the job. Work is viewed as a physical drudgery, therefore the cultured and educated should avoid it, leaving it to the slaves. Roman philosophy notes "Gentlemen enjoy the contemplation of the sculptor's masterpieces, but . . . would never himself use hammer and chisel" (Plutarch cited in DesJardin, 2009, p. 102). And lest we think this ancient philosopher does not relate to current culture, DesJardin (2009) continues to make his point by referencing Yves Simon, a 20th century philosopher, who noted that true culture thrives on contemplation not the reality of work (p. 102).

However, there are other models associated with the concept of work. Historic Christianity has produced a plethora of work based philosophies based on Old and New Testaments. In Genesis God places Adam and Eve in a garden and tells them to till or work the garden. If work was something to be avoided then why does God give Adam something so important to do. Although after the fall, also in Genesis, Adam was told he would suffer as he tilled the ground. The fact that work was subsequently viewed with an element of forbearance does not change the fact that work was originally meant to be important and fulfilling. This is in line with the concept of teleological ethics, which recognizes each individual can find self-actualization, becoming all that they were meant to be, within the realm of work. Teleological ethics then finds work fulfilling, and implies there is a serious physiological and psychological cost when someone cannot perform meaningful tasks.

DesJardin (2009) argues that the Human Fulfillment Model recognizes “work [as] the primary activity through which people develop their full potential” (p. 103). As he develops his case for this model he states “work can provide the worker with the opportunity for such psychological goods as high self-esteem and self-respect as well as both stable mental and physical health” (p. 104).

Marx, however sees work, or labor, as “. . . the actual expenditure of human energy and intelligence that becomes embodied in the commodities that laborers create” (Heilbroner, 1980, p. 107). The concept of commodity seems to play a central role in his philosophy of surplus value. According to Heilbroner, (1980) this mystification is called “the fetishism of commodities (p. 102). He goes on to say, “By this [Marx] means that the exchangeability of commodities appears to result from their physical properties, not from the hidden social relations that, by filling them with abstract labor, endow them with their attributes of exchange value” (p 102). All though not initially apparent, the implication is that the value of the commodity is not found in the market mechanism of supply and demand, but in the social nature of the process of commodity creation. Contemporaries would call this human capital.

Marx describes this in *Capital*, as absolute surplus value, which seems to be paramount to understanding exploitation and alienation. However, the exploration of meaning requires us to evaluate Marx’s concepts of human capital. “At the core of the idea is the difference between labor and labor power. Labor power is the capacity for work than an employer buys when he hires a worker for a day or a week. Labor on the other hand, is the actual expenditure of human energy and intelligence that becomes embodied in the commodities that laborers create” (Heilbroner, 1980, p. 107). Although Adam Smith saw the contradiction of master and laborer as a necessary union, Marx notes the exploitive nature of this social relationship. The Bourgeoisie does not want the proletariat to gain power, thus reducing the surplus value that equates to profit.

Exploitation is critical, according to Marx, and fortunate for the capitalist. This exploitation is articulated in several ways. When the Capitalist purchases machinery this reduces the need for human labor, which subsequently encourages the cost of labor to retreat. The result is greater profits due to reduced labor cost. Other ways of accomplishing this is “. . . extending the work day for employees, and by hiring women and children at lower wages than men. Moreover, machinery and technological advances benefit the capitalist, but not the worker” (Skousen, 2007, p. 85). Thus, through these actions the Bourgeoisie can control labor costs, thus limiting labor’s power.

The Capitalist does not allow the proletariat to develop a strong bargaining position. Due to this weak “bargaining position,” and other outside pressures, such as unemployment, “the value . . . of commodity labor power [stays] below the level to which it would otherwise be forced by the competitive bidding of capitalists” (Heilbroner, 1980, p. 110). Thus the Capitalist then exploits the worker for their own advantage, and the worker has no option than to work for the Capitalist at lower wages which allow the capitalist to enjoy this surplus value and be profitable. All of this turmoil leads to what Marx called alienation.

Marxist Critique: Alienation

Marx advanced the idea that there is both a social and individual importance to work. In other words, work is to “create not just products, but also the very social world in which they live” (DesJardin, 2009, p. 105). But Marx inferred that Capitalism alienated the wage-laborer from various aspects of the creative process. Marx asks the question “What, then, constitutes the alienation of labour?” (Marx and Engels, 2007, p. 72). His fourfold answer is illustrative.

The first element of alienation involved the enslavement of the wage-laborer to a job in which there is no creative ownership. “It is therefore not the satisfaction of a need; it is merely means to satisfy needs external to it” (p. 72). Industrialization’s first wave was well underway when Marx wrote about this alienation, and the struggle of the working class was well documented. Through the industrial process of work the laborer would lose a sense of self. Marx recognized this loss of human creativity in the machinations of modern industrialism would create in the worker a ideology that there was only one reason to work, food and creature comforts.

The second element of alienation involved the “act of production.” Marx states, “this relation is the relationship of the worker to his own activity as an alien activity not belonging to him” (p. 73). In essence Marx foresaw the Scientific Management movement, or Taylorism, which viewed the production process as needing simplification to eliminate variation. Thus through time studies, etc, the task can be reduced to a mindless machination. While Taylor saw this as an ability for the worker to do more work than standard, thus making more money, Marx saw this as an emasculation of the worker denying both “physical and mental energy” (p. 73). Even today many managers see the design decision of work as a divine right of management.

The worker is viewed as not having the intelligence to be involved with the design phase of the task. Marx's third element involved the alienation of humanity from its species essence. "Man is a species being" (Marx and Engels, 2007, p. 74), and as a species being he/she is human, not a cog in a machine. An illustration may help to understand this difficult concept. Charlie Chaplin in the movie *Modern Times* (1936) portrays a person who is struggling with modern industrialization. As a worker he is working on a machine. While working he continues to struggle with the mechanism. Eventually he is sucked into and becomes a part of the machine, symbolizing the loss of species being (one's essence).

A fourth example of this alienation involved the essence of work. Work to the capitalist is non-human, a commodity to be traded, a business reality. Thus, the capitalist does all that can be done to look at the numbers, not social relationships. Humanistically it appears that Marx has raised a valid discussion. A review of neoteric conditions indicates a continuation of previous abuses. Why are corporations continuing to look for more inexpensive labor markets? Why is technology so important in the workplace? The semblance of the terms bourgeois and proletariat to contemporary terms of leaders and followers will nurture an understanding of the contradictory nature of modern commerce.

Leadership in Business

An obvious sequitur is corporations are in business to be profitable, and any entity that is not will be nonexistent. However, modern leadership should surmise that the process of monetary potentiality is important. Through current lean methodologies, such as value stream mapping, inventory reduction measures or some other cost cutting activity, business is seeking to be more efficient, but the approach to these activities is just as important as the end result.

How does one delineate leadership? Seminal writer use terms such as transforming leadership, transactional leadership, and ethical leadership. Each of these phrases brings with them definitive elements. No matter what type of leadership is in focus, its common elements will usually include relationships, collective activity, and some purpose. Burns (1978) defines leadership as, "inducing followers to act for certain goals that represent the values and the motivations – the wants and needs, the aspirations and expectations – of both leaders and followers" (p. 19). More and more management theorists are signifying the importance of love and understanding being as important as profit within business (Briggins, 1996).

The implication is that leadership has a responsibility to lead their companies down a road of balance between two tensions, profitability and human need, as reflected in the terms love and understanding. If this is to happen then leaders would need to recognize the pragmatic payoff associated with these actions. It seems logical that a positive perception of a value based business model would lead to more of a willingness to attack the necessary navigation associated with these concepts with gusto. Thus these individuals will lead their organizations to new heights of productivity:

"Organizations do not transform themselves; it is the people within the organizations who need to change. Organizational transformation begins with the willingness of an organization's leaders to examine their own values and behaviors. Their buy-in is essential. Leaders create the organization's mission and vision, approve its policies and set the overall tone – all of which form the organization's culture. They have the power to make the changes, but they also need to be aware that change is necessary and have the courage to make it happen" (Turner, 1999, p. 41). Historically, leadership has been viewed as a political relationship. "Most political theorists, from Machiavelli through Marx to the academic political scientist of the twenty-first century, conceived of power as the basis of political leadership" (Bass, 2008, p. 21), but an additional discussion is required to evaluate the relationship of operational efficiency and leadership.

Eupsychian Management

In a discussion dealing with the efficient use of human resources within an organization, Argyris (2000) developed the concept of psychological success as one source of energy for the organization.

"In order to experience psychological success, three requirements are essential. The individuals must value themselves and aspire to experience an increasing sense of competence. The second requirement is an organization that provides opportunities for work in which the individual is able to define his immediate goals, define his own paths to these goals, relate these to the goals of the organization, evaluate his own effectiveness, and constantly increase the degree of challenge at work.

Finally, the society and culture in which he is embedded can influence the individual and the organization. It can influence the individual, through the process of acculturation, to place a high or low value on self-esteem and competence" (Argyris, 2000, pp. 33-34).

This is very similar to what Mitroff and Denton (1999) found in their study. Individuals need the ability to actualize, find some sense of purpose in their work, and experience a positive acculturation process. Abraham Maslow believed it was critical for manager/leaders to create this environment of psychological success which in turn would allow employees to develop self-esteem and eventually become self-actualized. He would eventually christen this concept with a cognomen. The process of enlightened management, or Eupsychian management as Maslow described it, is based upon trust. It is a belief in the “reality of differences. It assumes that the people selected for the particular plant are a fairly evolved type of person, relatively mature, relatively healthy, relatively decent” (Maslow, 1998, p. 20). There seems to be some presuppositions then that would precipitate this type of belief. The humanist orientation, at least as human learning theorists proffer, advance that humans want to learn and actualize. This behavioral assumption encourages management to assume that people are to be trusted and supported in their attempt to find some sense of fulfillment in the workplace.

This seems to be similar to what McGregor (1985) called theory Y. McGregor postulated that managers hold certain assumptions about human behavior. As a result of those assumptions, these managers then develop managerial behaviors. If the manager believed employees were lazy, then the resulting managerial behavior would be coercion or worse. If the manager held the assumption that human motivation involves a desire to achieve, then the manager would treat their employees with a more supportive method.

According to Maslow (1998) enlightened management is a function of interconnectedness and service. Assumption number four, as described by Maslow, is the assumption “that there is no dominance-subordination hierarchy in the jungle sense or authoritarian sense (or baboon sense)” (1998, p. 21). He goes on to state, “If all people are divided into hammers and anvils, lambs and wolves, etc., then brotherhood, sharing of goals, identification with team objectives becomes difficult, limited, or impossible” (p. 21).

The type of leadership that Maslow is proposing could also be viewed as servant leadership. The principle here is for leadership to be effective it must serve. It is not the process of abusive power; it is the reality of channeled power, guided by stewardship that would make the leader successful. It is a principle that recognizes position as a responsibility, not a right. If leadership performs from the perspective of stewardship there will be an attitude of trust within the ranks that will lead to higher levels of productivity, or a sense of synergy gained.

Maslow defines synergy as “the resolution of the dichotomy between selfishness and unselfishness, or between selfishness and altruism” (1998, p. 22). This principle basically recognizes the interconnectedness of everything. It also presupposes that an organization is a cooperative effort of all individuals involved. It is not dependent on one or two people, it is everyone working together to meet their own goals, and as that is accomplished meet the goals of the organization.

The successful implementation of enlightened management requires another humanistic presupposition, that people have a desire to actualize. In other words that individuals want the “freedom to effectuate one’s own ideas, to select one’s own friends and one’s own kind of people, to grow, to try things out, to make experiments and mistakes, etc” (Maslow, 1998, p. 26). Principle twelve proposed by Maslow (1998) is an assumption that everyone can enjoy good teamwork, friendship, good group spirit, good group homonomy, good belongingness, and group love.

Does Eupsychian Management provide the economic results thus proving its value in a consequential cosmos? Focusing on directive versus participative leadership styles “. . . [there is] no overall trend favoring participative or directive leadership” (Locke and Schweiger, cited in Bass, 2008, p. 481). It was concluded that the improved productivity could have been accomplished via other means, i.e., training and other rewards. However, LMX theory, leader-member exchange, “given the leader’s control of reinforcements, the interpersonal exchange relationship of the member and leader is particularly important in shaping the member’s performance” (Bass, 2008, p. 379).

Human Need in the Workplace

Jeffrey Pfeffer (1994) discussed the relationship between employees and a company’s ability to compete, and noted sixteen activities that organizations do that are identified as effective management techniques. These sixteen elements include:

1. Employment security
2. Selectivity in recruiting
3. High wages
4. Incentive pay
5. Employee Ownership

6. Information sharing
7. Participation and empowerment
8. Team and job redesign
9. Training and skill development
10. Cross utilization and cross-training
11. Symbolic egalitarianism
12. Wage compression
13. Promotion from within
14. Long-term perspective

15. Measurement of the practices

16. Overarching philosophy (pp. 27-59).

The assumption that employee obsession with a paycheck may not be accurate, because of the above list including such things as philosophy, ownership, participation. Companies that are usually listed on successful business lists are Southwest Airlines, Nordstroms, and Lincoln Electric. Each are known for their enlightened people strategies. Strategies have recessionary demer. Pfeffer (1994) notes this consistency as occurring but “not in every small detail, but in the basic foundations of practices that have made some organizations successful on the basis of how they manage people” (p. 61). Larry Bossidy and Ram Charan (2002), in a discussion about organizational change, note the importance of personal connection. “The leader’s personal involvement, understanding and commitment are necessary to overcome. . . passive resistance” (p. 65). This connection with people is critical for operational effectiveness and efficiency. An example of this is found in Cohen (2008), where he describes Jim McNerney’s leadership style. “McNerney tries to give opportunities to the people he sees as having the most potential to grow. He strives to make those people feel that they are directly ‘connected to the company’s mission’ instead of being a ‘cog in some manager’s machine’” (p. 23).

In both examples it is apparent that human beings take a teleological stance in the workplace. “From this perspective, work is the primary activity through which people develop their full potential as human beings” (DesJardins, 2009 p. 103). This is considered a growth model, which argues that “it is in the nature of man. . .to reach out for something more no matter what his state of satisfaction. People do not sit on their duffs even if they are well fed and very comfortable” (Leavitt, 1978, p. 9).

Managerial Temptations

Lower Wages

Globalization has opened the door to many opportunities. Growing markets and new and fresh ideas, are all results of this new environment. Thomas Friedman (2005) has stated that we have evolved to the third stage of globalization requiring individual collaboration. Students are now learning in their classrooms that they are no longer competing against their neighbor down the street, they are now competing with an individual on the other side of the world. The Harvard graduate may relish this type of environment, but what about the person who has graduated from a small state school in the state of Idaho? What opportunities will this person have? Recently Bloomberg Business Week has been exploring the impact of the loss of manufacturing ability in the US. One article in particular was quite interesting.

Andy Grove (2010), the former Intel CEO, contributed recently to Bloomberg Business Week. In an article entitled “How America can Create Jobs” Grove discusses current events as they relate to high tech. He makes a poignant statement about the startup phenomenon, and its lack of impact on employment in California. “Startups are a wonderful thing, but they cannot by themselves increase tech employment. Equally important is what comes after that mythical moment of creation in the garage, as technology goes from prototype to mass production” (Grove, 2010). He calls the what comes after “scale up.” In other words, after the innovative phase where the idea is generated, and prototype is built, mass production must occur. The reason he says that innovation is not improving the job situation is that the scaling up is occurring somewhere else. This is not something that just happened yesterday. Companies are always tempted to find ways of lowering their labor costs. The Globalist in the U.S. says that low-wage and low-skill jobs can be transferred to developing countries where wage cost is lower. This will open labor opportunities in the new creative garage scene. Using the Marxian dialectic we can draw some conclusions. Marx stated that unemployment and technology are tools of the capitalist to control labor power. However, as the capitalist uses these tools it creates a struggle within the system.

Unemployment and lower wages lead to lower taxes, which could lead to less social entitlements, possibly resulting in more people living on the streets. The contradiction of outsourcing and greater opportunity is a struggle, thus implying economic evolution. This evolution is called by the economist, structural unemployment.

The corporations that at one time had employed thousands of US citizens, are making utilitarian decisions to move their operations overseas. This means a sector of the economy have changed, resulting in an elimination of certain jobs. Does this prove Marxian exploitation, or capitalistic control of the surplus value created by the worker? Regardless of the polemical views, reality declares the game has changed. Both capitalist and proletariat cannot shrill over the past and pontificate how great it used to be. A new synthesis must be created one that balances international and national stakeholders. The Boeing Company and its 787 is a great example of how a company overestimated the skill of its supply chain. The company attempted to create a modular process where the 787 would be manufactured by partners all over the world then flown to Everett, Washington and snapped together.

The airplane is now two years behind schedule and the Boeing Company has taken steps to improve performance. Examples of actions taken by the company have included backward vertical integration with the purchase of a facility in South Carolina that was having problems, and the continued manufacturing of a critical machine part at its Portland facility. The part was scheduled to be manufactured in Japan.

Race to the Bottom

A second managerial temptation resulting from a globalized business environment involves “. . .incentives to weaken or do away with environmental, labor, health, and safety regulations” (DesJardins, 2009, p. 274). Developing countries will often jump at the chance to provide their citizens with jobs, even if it means exposing citizens to unsafe practices. There can be problems when corporations involve themselves with corrupt governments. These corrupt governments do not require the same level of protection for its people as other countries. “Problems arise, however, when similar working conditions exist in countries where there are few legal regulations of working conditions” (DesJardins, 2009, p. 262).

The corporate temptation also includes a desire to find opportunities within the global environment such as economic incentives and inexpensive labor. Periodically this desire leads to an exploitation of employees within the host country. However, when these corporations are exposed, they deny precious knowledge of said working conditions. Nike has done an incredible amount of work cleaning up their supply chain, and taking responsibility for labor practices in facilities that manufacture their products.

Richard DeGeorge has developed several ethical guidelines for corporations that are operating in cross-cultural environments. He argues that the firm has a responsibility to ensure factories are operated in the host country safely. If hazardous waste is involved the corporation has the responsibility to provide the appropriate technology to protect the surrounding community. He also states that the firm has a responsibility to pay its taxes and provide opportunities for the host country to develop (DesJardins, 2009).

A Managerial Response to Marx

Management professors discuss the role of a manager in modern commerce. One theory notes a manager has a fiduciary responsibility to ensure the resources of said company are used properly. It is also their responsibility to ensure that the product or service of the company does no harm. Within this discussion a debate is occurring whether the responsibility of management goes beyond providing a return to shareholders. This debate juxtaposes whether management's, and the business, responsibility is to do no harm, or to do good in the community. The fact is management cannot ignore its duty to ensure the company is successful. The measurement of this success is evolving.

After the 9/11 tragedy in New York, the airline industry was devastated. No one knew what would happen next, people stopped flying, and aircraft were grounded. As a result the airlines began canceling aircraft orders with the Boeing Company. The Vice President of the Fabrication Division had a video conference with her management team. She noted that difficult times were ahead and how thousands of Boeing employees would be laid off. She stated that to ensure the continued existence of the company, there needed to be decisive actions taken to reduce costs. In other words, many employees would be laid off. Although this was difficult for the managers, it had to be done. However, the pain in this leader's voice was evident. She cared about what happened to these employees. The question of managerial care for employees is an important discussion, especially in light of Marx's concept of surplus value. As stated above, Marx felt that the labor of workers created extra value which resulted in profit for the capitalist.

The modern manager recognizes that employees bring more to the office than just physical ability. The modern manager recognizes that employees have cognitive and physical competencies that help organizations provide economic value. The modern manager views this as critical to the advancement of the organization. This is in contrast to how Schumpeter described capitalism. While Marx believed the demise of Capitalism would occur due to the failure of the system, Schumpeter believed that success would bring the failure of Capitalism. This failure would occur as “Enterprise became large scale and impersonal. . . [and] became depersonalized and transformed into an administrative routine carried on by salaried people rather than receivers of profit” (Spiegel, 1991, p. 545). The absence of ownership in active management of commerce leads to an economic rather than human focus. The large enterprises lead to Capitalistic failure due to economic success or human fulfillment via work. Contrast this with the concepts of modern organizational theorists from the Human Relations persuasion.

The managerial creation of a psychological environment where the company strategy is executed and employee individual needs are met is paramount to the organization’s success. To accomplish this the modern manager must have the communicative skills required for constant and consistent interaction. The reality of surplus value does not change, but the utilitarian recognition the each party’s self-interest is met becomes primal. When academia discusses Marx’s critique of capitalism it usually begins with his concept of exploitation and then moves into a more specific discussion on alienation. Typically when we think of exploitation of workers we think of sweatshops. Historically, however, exploitation can be observed in the pictures of employees working in dangerous situations, and even losing bodily appendages. The industrial age manager was viewed as wanting the most out of the employee to benefit the company.

However, the modern manager recognizes the importance of ensuring workers will not enter their casita with less physical ability than when they started the day. One of the worst experiences for a manager is to go to the home of an employee who has died on the job, and tell that worker’s spouse that due to an event at work this employee will never come home. Obviously there are legal requirements for firms to ensure workers have a safe work environment, but what is even more important is the worker’s perception that management believes in the safety of their employees. As discussed earlier, Argyris (1985) proposes a difference between espoused theories and theories-in-use. The difference being what one says they believe, and the belief that is demonstrated by action. The problem that often arises within a company is the espousal of some value that is the exact opposite in how the firm behaves.

An example of this dissonance is the Massey Energy Company. This is a company in Virginia that espouses a philosophy that safety is job one. However, the practices, theories-in-use, seem to be different than what the company says it believes. According to news reports there is a shortcutting of safety measures resulting in a safety record that is producing on the job injuries at twice the national average.

The modern manager via words and actions must demonstrate a concern for employees. As Pfeffer (1994) notes management language is “. . . filled with references to restructuring, rightsizing (rather than downsizing), and similar terms for reducing employment levels” (p. 110). Add to this the current mimetic forces to reduce labor costs, and other operation costs, by transplanting facilities into foreign countries, demonstrates the opposite of concern for the employee. This results in a workforce that is not very trusting. To remove this stigma of exploitation modern management must include a consistent story; one that is clearly communicated. Abraham Maslow produced a motivation theory that is often discussed in business classes. According to Maslow, the lowest level of need is physiological, such as air, water, etc. The second area of need involves safety and security. Therefore, one of the easiest ways for the modern manager to create a non-exploitive and consistent story is to demonstrate via action a core value of safety, regardless of the cost. This would be a solid step to recreating trust in the organization. The next developmental step involves creativity.

Marx proposed that the worker did not sufficiently own the creative elements of how work was completed. The modern manager recognizes the need for employee engagement. This engagement could include something as simple as brainstorming, or as complicated as decision-making and job design. Theoretically there have been many discussions in business education dealing with decentralized decision-making. The modern manager recognizes their own limitations. They know they are not omniscient, and rely of employees who are responsible for the completion of a task to help make the appropriate decisions. This engagement allows employees to take ownership of their work. This decision-making activity can even include responsibility for the design of how they do their job. Some current managers are curmudgeons. They still believe in the divine right of management in all areas of the business. But the enlightened manager recognizes that employees are intelligent and creative and can add to the continual improvement of the organization.

An example of this is the current “lean” movement. Lean proponents point to the Toyota Production System, the father of current lean methodology. The fact is lean is not just a production system. It involves eliminating waste in any operational system. Providence Hospital in Portland, Oregon, and Southwest Medical Center in Vancouver, Washington are using lean to improve processes and patient care. In each of these cases there is varying degrees of success.

The best lean implementation incorporates employee involvement and employee work design responsibility. It allows the worker to participate in how the work gets done leading to a higher sense of ownership and fulfillment. Marx’s next area of critique involved the alienation of workers from one another. Machine shops have changed greatly over the last thirty years. The craftsman era is gone and replaced with computer generated programs, machine cells, and highly precise equipment. The craftsman era is characterized by the machinist working alone, setting cutting tools to provide precisely machined products, and using precision equipment to measure their work.

The new era is cellular, meaning several machines and individuals are grouped together working in a team to machine product with high quality. These individuals work together and plan their daily work, interact with quality assurance to insure their product meets standard, and work with manage to meet their daily schedule. The alienation of the worker from others is not an option in the current environment. This is not just occurring in machine shops. The Oregon department of Health and Services provides many services for the community. The leadership of this organization recognizes that due to current social events the need for the care they are providing to individuals living in the state will grow beyond its capability. If they continue as is they are, they will no longer sufficiently meet those needs. Several individuals have been tasked with creating teams that use lean methodology to improve health services while driving costs down.

The modern manager is trained on how to lead these teams and ensure the six basics of teams are applied. Katzenbach & Smith (2003) recognize that teams are made up of a small number of individuals with complimentary skills, who have done the hard work of creating common purpose, performance goals, and a commonly agreed to work approach. They also discuss the importance of holding members mutually accountable. There is a managerial recognition that real teams can out-perform work units and provide a stronger and healthier work environment.

On a social level many firms provide opportunities for employees to belong to clubs, such as golf or camping clubs, or more altruistic endeavors. Costco provides grants and donations to children and other health and human service endeavors. The Boeing Employee Community Fund provides grants to various local charities. The funds are raised by Boeing employees, with the company donating administrative costs that ensure all employee monies go to clients. This does not lead to alienation from other employees, but employees rallying around a common cause.

Marx identified another area of alienation. This alienation involved the laborer being viewed as just a number, and not being viewed as having individual value. There is a tendency when managers need to make difficult decisions to be objective. In other words, don’t deal with names just positions. It makes the decision less personal, and less painful for the manager. How managers look at reality is critical to the long term effectiveness of the organization. As Pfeffer (1995) states, “Management language is critical. This language both reflects and determines how people think about the managing process” (p. 112). Pfeffer then uses Singapore Airlines as an example of how important this language is. Singapore Airlines is known for excellent service, one that is the talk of the industry. “That service is attributable, in part, to how the senior management thinks and talks about its management style” (p. 112). This “style” is considered democratic, and decentralizing where responsibility is shared. According to its website “managers are to be open to change, not arrogant, high handed, or defensive.” In other words there is a respect for the individual.

Another example of this would be Sodexo. This is a food service and facility management company that operates in several countries. One of the six pillars that guide their daily operations is a respect for people.

In both examples the implication that these firms respect people. This could be a lie, or just an espoused value, and they actual have other theories-in-use. But in both cases there is sufficient indication that this is not the case. The strong positive cultures of each organization, and the strong performance ethic leads us to conclude that what they say they believe is actually what they do. They do value their people, which results in high levels of performance.

Conclusion: Global Implications

What are the global implications of the managerial response to Marxian philosophy? The first implication involves the United States and its current situation, and the second implication involves economic integration occurring via globalization.

The shrilling of US commerce about the lack of fairness due to exchange rates, etc. needs to change. Also, the mimetic actions of outsourcing work for the sake of outsourcing requires review. There is a movement within the United States to increase manufacturing. There are several reasons for this. First, as stated above many of the jobs that have been transplanted in other countries have not been replaced. By July of 2003, there were 400,000 United States jobs lost to outsourcing, and in 2005 approximately 585,000 jobs, and speculation is that by 2015 there will be a lost of 3.3 million jobs. Many of these jobs are higher wage jobs. The several thousand jobs being created are considered service jobs. These service jobs do not pay the same.

Also, temporary agencies are providing a large portion of our workforce. The pros for the company of this type of system are immense. Cheaper labor costs, and the ability to see an employee's work ethic prior to hiring them as a full time employee. But the cons are for the worker. The wages are low and no health benefits.

Both of these conditions are eroding worker loyalty, and in order to better compete United State commerce needs a loyal workforce. Those companies that are able to be enlightened have more of a chance for a sustainable business model.

The second implication involves the pervasiveness of enlightened management. There are cultural differences throughout the world. Whether a culture is collective or individualistic, or whether there is high or low power distance, gives a sense of what cultural norms will be prevalent. However, just as the internet is causing the world to change, so will the interaction of multinational corporations and the societies they operate within.

Enlightened management will be pervasive as the developing world becomes more advanced. As multinational corporations make wise choices on producing locally and internationally the need for productive facilities worldwide will be critical. Therefore, enlightened management techniques will continue to emerge.

There is no doubt the world has changed. The wall has been torn down, there is a common computer operating system, and the internet is available to most (Friedman, 2005). Therefore, corporate leadership must learn how to navigate through these new waters. There are new rapids to conquer, and there are new people to meet. Technology is advancing rapidly, and opportunities abound for the innovators, and others vision questers.

The modern manager can be so focused on the future that she can forget the past, and those historic elements that do not change. The human side of business will never change. People need to feel creative, valued, and a part of a cause.

If modern management can create an environment where the worker feels valued, a part of the creative process, and engaged, the manager will see a productive endeavor. If the worker does not feel exploited, there will be a greater sense of loyalty.

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