

# **The Fight of Invisibles in Invincible Territory: A Relative Contribution of Neo-Marxism to Organizational Theory**

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## **Abstract**

*Whereas mainstream organizational theory assumes existing arrangements as “ structures not of domination but of formal, legitimate, functional authority,” the neo-Marxists view organizations as systems of domination, in which one class of actors exploits others and differences in interests, far from negotiated and reconciled, are resolved by the more powerful suppressing the weaker.*

## **Introduction:**

The neo-Marxist perspective has its roots in the philosophical work of Karl Marx, who emphasized the ways in which managerial ideologies are developed to justify and ‘neutralize’ arrangements that are arbitrary and inequitable. In his “Critique of Political Economy” (1859), Marx asserts that all social relations are founded on the economic structure of the given society—the production and exchange relations determine legal, political, and religious superstructures. Definite forms of social consciousness conform to such social arrangements. In other words, it is not the consciousness of men that determines their existence, but on the contrary, their social existence determines their consciousness. The same men, who establish their social relations in conformity with their

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material productivity, produce also principles, ideas, and categories, in conformity with their social relations. An organization as part of the social world reflects the interests of the capitalist class and the current organizational theories are superficial and do not dig deeper into the roots of the organizational phenomena so as to come up with alternative arrangements that are more equitable and cooperative.

The *rational perspective* on organization emphasizes the means and methods to achieve particular ends. Administrators view this feature of rationality favorably because it “can help eliminate those bothersome, inefficient, human qualities, such as feelings, that interfere with rational endeavor”<sup>1</sup>. The impersonal treatment of humans in organizations ultimately affects the way we define our identities and results in “a life devoid of self-reflection” and preoccupation with achievement and performance. For Marxists, the application of science and technology to the labor process represent “weapons of domination in the creation, perpetuation, and deepening of a gulf between classes in society”<sup>2</sup>. The ceaseless application of scientific principles has resulted in the continual de-skilling of all jobs and the continued separation of mental and manual labor. In other word, the continued division and subdivision of the labor process into simple and highly specialized tasks serves to reduce skill requirements, reduce wages and salaries, increase productivity, and most important, extend control over the working population. Neo-Marxists believe that an organization is not a fixed and determinate entity. Its major features—goals, structural arrangements, technology, and informal relations etc.—are the outpourings of the process of social construction. This social construction reflects a continuous struggle on the part of the capitalists (the bourgeois) to exploit the workers (the proletariat) as a class. From Taylor and Weber to Thompson, the quest in the

organizational world is for heightened control of work process in the process of enhancing efficiency. Intrinsic work qualities such as creativity, variation, learning and personal development, and satisfaction are subordinated to instrumental values. Individuals, the natural environment, and human relationships become co modified, not end of intrinsic value, but means to be appropriated and exploited. Genuine differences in interests are not allowed to surface as political issues, but are framed as technical problems to be resolved by professional managers. Work is divided and subdivided not to improve efficiency but to “deskill” workers, to displace discretion from workers to managers, and to create artificial divisions among the workers. Thus, worker is separated from his work (self-alienation) and from his fellow workers (social alienation). The deskilling of worker—turning artisans into operatives—increases the potential pool of workers thereby weakening their job security with the result of perpetual dependence on the capitalist. Rationality is nothing more than an ideology; it is used to legitimize existing arrangements and to deflect criticisms of those with excessive power by depersonalizing the system of relations.

The *human relations perspective* emerged as a natural consequence of the famous Hawthorne Studies. The key to productivity from a managerial point of view appeared to lie in showing greater concern for workers so that they feel more satisfied with their jobs and be willing to produce more. Emphasis was placed on building more collaborative and cooperative relationships between supervisors and workers<sup>3</sup>. From the perspective of neo-Marxists, human relations movement, which emphasizes cooperative systems and concern for workers, is misguided because it does not challenge the fundamental exploitative nature of organizations<sup>2</sup>. Instead, its advocates promote the

status quo by providing managers with new psychological tools for controlling workers and with new arguments justifying this control.

The *Carnegie perspective* is based on the work of James March, Herbert Simon, and Richard Cyert. They formulated the bounded rationality approach to individual decision-making as well as provided new insights about organization decisions. Until their work, research in economics assumed that business firms made decisions as a single entity. Research by the Carnegie group indicated that organization-level decisions involved many managers and that a final choice was based on a coalition among those managers. Management coalitions are needed during decision making for two reasons. First, organizational goals are often ambiguous and inconsistent, managers disagree about problem priorities. They must bargain about problems and build a coalition around the question of which problems to solve. Second, individual managers intend to be rational but function with human cognitive limitations and other constraints. They do not have the time, resources, or mental capacity to identify all dimensions and to process all information relevant to a decision. Managers talk to each other and exchange points of view to gather information and reach consensus. The neo-Marxist perspective is partially consistent with the Carnegie perspective in that both treat decisions in organizations to be driven primarily by values and interests of the dominant class. The use of value and factual premises is a powerful form of “unobtrusive control” over human behavior<sup>4</sup>. The organization provides the premises, the subgoals, the submeans, and the routine procedures, which in turn, impel organizational decisions.

The *contingency perspective* argues that appropriate managerial action and organization design depend on the particular parameters of the

situation. As opposed to rational approach, which seeks universal principles to be applicable to every situation, contingency theory attempts to identify contingency factors (e.g. organizational size, strategy, competition, and technology etc.) that prescribe an appropriate design and action<sup>5</sup>. In other words, there is no one best organizational form or decision but many, and their suitability is determined by the goodness of fit between organizational form and environment or a particular decision and situation<sup>6</sup>. Neo-Marxist perspective seems compatible with the contingency theory in that both view organizations as tools that keep on changing to meet specific environmental requirements. Organizations employ a mix of strategies of control coercion (punishment, threats etc.) to technological (assembly line, video camera) to bureaucratic (rules, procedures) to cultural (rituals, values, and traditions) control<sup>7</sup>. Each strategy is determined by the nature of work and the climate of labor relations.

The *Action Perspective* views organizations as cultural systems where human beings act and interact that give rise to shared set of values and beliefs. In other words, organizations are networks of inter-subjectively shared meanings that sustained through the development and the use of a common language and everyday social interaction<sup>8</sup>. The action of organizational members is largely determined by their values, worldviews, and cultural background. Reality is socially constructed and, therefore, cannot be fully appreciated independent of social actors<sup>9</sup>. Neo-Marxist, on the contrary, accords more importance to structures than agents. According to Marx, Definite forms of social consciousness conform to such social arrangements. As a result of the prevailing socio-economic conditions, Marxists argue, people may be unable to articulate the structural conditions responsible for their situation for a variety of

reasons: they may not comprehend the larger structure or they have been socialized to accept their situation as part of the natural order (false consciousness).

With reference to the *political perspective*, organizations are characterized as a complex network of competing and cooperating individuals and coalitions in which conflict is the natural occurrence. The central variable of political model is power, and understanding of its nature and consequences is essential if the mysteries of the organizations are to be unraveled<sup>10</sup>. In all organizations, individuals and groups compete for resources, for attention, for influence; there are differences of opinion as to the priorities and objectives to be attained; clashes of values and belief occur with common frequency. All of these factors lead to the formation of pressure groups, vested interests, personal rivalries, hidden deals, and bonds of alliance. In viewing organizations as political systems, these definitions place the greatest emphasis on conflict and competition for resources between groups that have different values, interests, and priorities. The neo-Marxist perspective is closely related to the political perspective as the former views organizations as instrument that advances the interests of one group at the expense of another. Those who are able to own, control, and manage organizations are able to exercise domination and power over others. In this view, organizations do not advance the collective will or the general interest; they advance particular interests. Organizations control, exploit, dominate, and dehumanize. Marx emphasized the shifting foundation of social power from the ownership of land to the ownership of capital.

A closely related perspective to the political model is the *resource dependence approach*. It means that organizations depend on the environment but strive to acquire control over resources to minimize

their dependence. Organizations are vulnerable if vital resources are controlled by other organizations, so they try to be as much independent as possible. Organizations seek to reduce vulnerability with respect to resources by developing links with other organizations. Organization linkages require coordination, and they reduce the freedom of each organization to make decisions without concern for the needs and goals of other organizations. Dependence on shared resources gives power to other organizations.

The *feminist perspective* carry the critique of modern organizations that qualified women do not receive equal treatment with respect to jobs, promotion, compensation, training, and participation. The feminists argue that most current views about why organizations are created and why individuals join them are overtly rationalist. They argue that approaches that set aside emotion and affect reflect a masculine bias on the part of those who attempt to create and manage organizations as well as those who analyze them<sup>11</sup>. Among different feminist theories, the Marxist feminist theory is consistent with neo-Marxist perspective. From Marxist feminist perspective, 'gender' is similar to 'class', which is structural, historical, and material where identities are constructed through social practices such as work, observing that power and sexuality are interwoven in work relations. It analyzes the ongoing productive and reproductive gender dynamics of patriarchal, capitalist, organization of economy and society, pointing out that gender inequality persists and will not change without major structural changes.

The *Postmodernist approach* to organizational theory, representing the work of Michael Foucault, George Deleuze, and Habermas etc., challenges and rejects the entire modernist method for understanding organizations. It questions the modernist assumptions that

there are perceivable, observable, and definable structures that can be described, classified, or modeled. It also rejects the notion that human subjects act on the basis of any rationality. Postmodernism is based on a set of philosophical ideas that emphasize: (a) the centrality of discourse—textuality—where the constitutive powers of language are emphasized and ‘natural’ objects are viewed as discursively produced; (b) fragmented identities, emphasizing subjectivity as a process and the death of the individual, autonomous, meaning-creating subject; (c) the loss of foundations and the power of grand narratives where an emphasis on multiple voices and local politics is favored over theoretical frameworks; and (d) the power/knowledge connection where the impossibilities in separating power from knowledge are assumed and knowledge loses a sense of innocence and neutrality. Both neo-Marxist and postmodernist writers share intellectual heritage with respect to the power-knowledge relations, historically based social conflict, and socially constructed self.

*Organizational Economics* is concerned with the question of how organizations emerge and survive. The approach relies on equilibrium analysis, assumption of profit maximizing managers and the use of abstract models. The economists Ronald Coase and Williamson explored the question by focusing on the transaction costs that are incurred in exchange relationships. According to Coase<sup>12</sup>, negotiating, writing, and enforcing exchange contracts are costly. If there is uncertainty, firms must collect information on the value, price, quality, and availability of resources. A firm, or organization, may decide to reduce these costs by producing the resources itself or acquiring the firms that do. According to Neo-Marxist perspective, organizations are the social structures that protect and further the interest of the capitalist

class. For, the capitalist cannot personally supervise each task directly owing to physical, mental, or time constraints, he has to develop control mechanism in the form of organizational hierarchies and formal rules.

According to *institutional perspective*, just as organizations need efficient production to survive, they need legitimacy from the stakeholders as well. It describes how organizations survive and succeed through congruence between an organization and the expectations from the environment. This view believes that organizations adopt structures and processes to please outsiders, and these activities come to take on rule-like status in organizations. Thus, according to the institutional perspective, organizations have two essential dimensions—technical and institutional. The technical dimension is the day to day work technology and operating requirements. The institutional structure is that part of the organization most visible to the outside public. The technical part is governed by norms of rationality and efficiency, but the institutional dimension is governed by expectations from the external environment. Organizations adapt to the environment by signaling their congruence with the demands and expectations stemming from cultural norms, standards set by professional bodies, funding agencies, and customers. The Marxist perspective argues that all organizations and structures are essentially the extension of economic relations in society. The organizations actually adopt those forms and strategies that protect the interests of capitalists. Legitimacy is an ideology that is used to justify exploitative practices.

The *population ecology perspective* attempts to answer the question of why new forms of organizations constantly appear that create diversity. This perspective assumes that new organizations are always appearing within the organization population<sup>13</sup>. The process of change in

the population is defined by three principles that occur in stages: variation, selection, and retention. In the variation stage, entrepreneurs, large corporations, or government seeking to meet the social needs initiates new organizations. In the selection stage, some organizations find a niche and survive, other variations fail to meet the needs of the environment and perish. Retention is the stage where selected organizational forms are preserved and institutionalized.

According to the *network perspective*, many organizations now occupy a middle ground between markets and hierarchies that are referred to as network organizations<sup>14</sup>. Network organizations are temporary alliances, arrangements, or agreements designed to combine the core competencies and capacities of different firms for the purpose of research, design, and production for a particular market. The network is characterized by cooperation, collaboration, and the sharing of information. The network reduces the problem of sunk costs in capital, inventory, and labor.

### **Synthesis:**

Organizations constitute important instruments of domination particularly in the advanced industrial societies. Any effort to change these societies must deal with the organizational dimension. Likewise, efforts to construct alternative social arrangements within or in the place of the present order must grapple with the problem of organization<sup>15</sup>. Despite the central importance of organizations to thoroughgoing social reconstruction, the study of organizations has not developed a capacity to deal with fundamental change. Instead, established approaches tend to affirm present organizational realities and to deal with relatively minor adjustments within the present order.

The present paper attempted to study organizations from neo-Marxist perspective and contrast it to other approaches. Traditional approaches to organizational study are guided by a succession of rational and functional theories and by positivist methodology. These efforts have proceeded on the basis of an uncritical acceptance of the conceptions of organizational structure shared by participants. The striking difference between Marxist and other perspectives is that the former advocates a radical change in the organization phenomena for eliminating the exploitative practices and ideologies.

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