

Communism vs Capitalism: A comparative study in the light of I-O Psychology

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ABSTRACT

The purpose of this paper is to study the psychological factors operating in the industrial and organisational set up under the Capitalist and Communist political ideologies and also the reasons which have led to a more conducive environment under capitalist structure. To study the gap between economic developments under the communist and capitalist states, a comparative analysis is done between that of China and America. This study interprets the socio-political system borne industrial growth under the light of industrial psychology and discerns that the capitalist system has proved to be more fruitful and has maintained its original characteristics over time, despite the glorified nature of communism. It shows how the evolutionary nature of humans align with a moderately capitalist atmosphere, rather than with a socialist society. Therefore, what this finding suggests is that nations, in order to move forward with respect to industrial and organisational development, should focus more on capitalist agendas, rather than bland communist agendas, and make an attempt to design them as fairly as possible.

Keyword: Capitalism, communism, organisational climate, gross domestic product

1. INTRODUCTION

In today's world much of the economic and financial status of a nation is dependent on its industrial growth and development. Once the importance of human capital was realised in the industrial sector it led to the advent of what is now referred to as Industrial and Organisational Psychology. The I-O psychologist is expected to play a very crucial role in the holistic development of the organisation and its workers, taking into factor the environmental, psychological, managerial and business aspects of the firm. Among the extraneous variables that have an effect on the organisation's output are the political system under which it is functional and under whose shadow the firm's policies are constructed. This paper scrutinizes the effect of Capitalism and Communism/Socialism on the industrial (and economic) development of America and China, under the light of industrial and organisational psychology. Thus, the paper focuses on finding which political system among the above two has led to a faster and better industrial growth, and subsequently comments on the possible psychological reasons for the same.

Capitalism refers to an economic and political system in which a country's trade and industry are controlled by private owners for profit, rather than by the state. The capitalist mode of production is characterized by private ownership of the means of production, extraction of surplus value by the owning class for the purpose of capital accumulation, wage-based labour, and, at least as far as commodities are concerned, being market-based [1], that is, the economic decisions in the state are made following the operations of the market which are beyond the state control. Karl Marx and Friedrich Engels believed that socio-political changes across time can be traced back to the hidden basis of class struggle and the changes began with the advent of the concept of "private property".

In primitive communism there was no private property and thus, no class division. But with the emergence of slave society, the entire society came to be divided into the following two sets of classes:

- The owning class: the one that controls the means of production
- The non-owning class: the one that labours upon the means of production.

With respect to the capitalist society the above two classes are:

- The class of capitalists who are in exclusive control of the means of subsistence including technology and other raw materials. They constitute the bourgeois class, and are the bourgeoisie.
- The proletarians, or the proletariat class, which consist of people who are forced to sell their labour in order to support their livelihood.

They also developed the concept of social change which stated that from slave society to feudalism to capitalism, to socialism would involve revolutionary transformation. But the nature of revolution from capitalism to socialism was predicted to be of a political character as it would involve the process of turning the working class into the new ruling class, giving rise to the “Dictatorship of the Proletariats” which is a necessary mediatory period before ushering in socialism.

Socialism refers to a political and economic theory of social organization where the means of production are owned and controlled by the whole community and the division between the above two classes are expunged [2]. It is a way of organizing a society in which major industries are owned and controlled by the government rather than by individual people and companies. Marx and Engels argued that socialism would emerge from historical necessity as capitalism rendered itself obsolete and unsustainable from increasing internal contradictions emerging from the development of the productive forces and technology, and with the development of working-class consciousness. Thus, socialism is a transitional social state between the overthrow of capitalism and the realisation of communism.

Communism is a theory or system of social organization in which all property is owned by the community and each person contributes and receives according to their ability, needs and contribution. In political and social sciences, communism (from Latin communis, "common, universal") is a social, political, and economic ideology and movement whose ultimate goal is the establishment of the communist society, which is a socioeconomic order based on the idea of joined ownership of means of production with the obliteration of concepts such as social classes, and the controlling state [3]. In present day, there is no existence of a “communist” state. However, countries have adopted the ideology of a socialist state and have a Communist party functioning at the very apex of the political institution creating conditions through policies to bring about communism in the true sense, even though its potential for realisation is heavily questioned owing to the biological basis of human nature.

Marx’s relentless criticism of capitalism coupled with his promise of an inexorable and improved future in the form of a socialist state led to a revolution of global proportions. The Bolshevik revolution in Russia and the spread of communism throughout Eastern Europe made it seem that the Marxist ideology was getting fruition. However, with the collapse of USSR and adoption of capitalist elements by most of the newly formed countries, the Marxist dream had taken a few steps backwards. [4].

The deepest essence of human nature mainly consists of self-preservation and aggression, and also includes the impulse to attain pleasure and avoid pain, among others [5].

- Self-preservation: is keeping oneself alive, either physically or psychologically. The latter includes mentally or economically healthy [6]. Thus, greed comes naturally to us. Moreover, it has often been seen under a positive light as it is actually the gathering of resources- the more the better. Hence, biologically, for any organism that is “successful greedy” is good and consequently, as greed comes inside the picture the idea of an ideal state with no private ownership and proportionate gain from proportionate work is lost.
- Aggression: aggressive behaviour includes a range of action resulting in both physical and psychological harm to oneself, other or objects in the environment [7]. This type of social interaction centres on harming another person, either physically or mentally. Thus, with a natural tendency towards aggression it is practically impossible to have a communist society which is devoid of any state intervention and thought to be orphaned of any form conflict.

Thus, even though Communism is referred to as the ideal state according to Marxist ideology, and Capitalism as one of the worst states, the modern-day industrial scenario depicts a different picture all together, with Capitalism flourishing in the United States of America (which symbolises freedom), and Republic of China (which symbolises lack of free will), a Socialist state, turning towards Capitalism as opposed to Communism.

1.1 Industrial and Technological backdrop in a Capitalist and a Communist economy

The technological and industrial history of the United States (following Capitalist approach) describes the United States' emergence as one of the most technologically advanced nations in the world. The availability of land and capital, abundance of natural resources, fast transport systems, literate labour, the absence of a landed aristocracy, the prestige of entrepreneurship, the diversity of climate and a large easily accessible upscale and free market

contributed to America's rapid industrialisation. The legal system facilitated business operations and guaranteed contracts. From its emergence as an independent nation, the United States has stimulated science and innovation. As a result, the United States has been the birthplace of 161 of Britannica's 321 Greatest Inventions, including items such as the airplane, internet, microchip, laser, cell phone, refrigerator, email, microwave, personal computer, liquid crystal display, light emitting diode, air conditioning, assembly line, supermarket, bar code, automated teller machine, and many more [8].

The technological and industrial history of China (following Socialist-Communist approach) describes the ups and downs of Chinese industrial sector. Although it has shown great progress since 1949, but in the late 1980s it remained undeveloped in many respects. Despite having the resources they faced crucial problems of transportation adequacy. Research institutes developed urbane industrial technologies, but bureaucratic and political atmosphere stood as block to implementation. To solve many such problems, the Chinese leadership adopted widespread reforms from the late 1970s [9]. Broad goals included loosening bureaucratic controls on enterprises and managers to promote a decentralization of authority (thus, slowly moving away from the basic ideologies of socialism). Other goals included increasing worker productivity by offering incentives, giving market forces greater influence on output mix, purchases, sales, and hiring; making enterprises operate more efficiently and being responsible for profits and losses and restructuring the price system to reflect supply and demand more accurately. Therefore, China made an attempt at completely changing the organisational climate of its industrial sector.

2. CHINA: Communism in China and the Corresponding Industrial Changes

2.1 Origin

The Communist Party of China was formed in 1921 and came under Mao Zedong's control in 1927. Eventually, Mao led the revolution that gave the communist party control in 1947. They initially followed the example of the soviet model of development through setting up of heavy industry with surpluses extracted from peasants. Consumer goods were left to secondary importance [10]. This heavy industry oriented, urban-development, state-sector policy carried an intrinsic flaw. Over time, it became obvious (as it had in Russia) that the strategy was bottlenecked by the underdevelopment of other sectors. As a result, it became a typical practice that whenever bottlenecks occurred the government temporarily slowed down the expansion of heavy industry and allocated some resources to the bottlenecking sectors like light industry- a so called readjustment process. In the Sino-Soviet split (1960-1989), Mao split from traditional Marxism-Leninism and developed Maoism- the Chinese interpretation of communism. The Maoists started a strong communist tradition, instituting:

- Great Leap Forward: It was Mao's attempt to modernise China's economy so that by 1988, China would have an economy that rivalled America. After touring China, Mao was of the opinion that the country was capable of achieving almost anything if only they focus on the development of agriculture and industry. The second Five Year plan (1958-1963) is actually referred to as the Great Leap Forward. However, as soon as in 1958, the plan started to fall apart with politics taking the lead over practical decision making. Soon, it was felt that the task at hand was impossible to achieve by the communes [11] Party officials would order the impossible and commune leaders, who knew what their commune was capable of doing or not, could be charged with being a "bourgeois reactionary" if he complained; such a charge would lead to prison. This stood out as an example of coercive type of leadership power – which is when leaders have an equally strong source of power in their ability to punish subordinates by firing them, withholding promotion and raise and by keeping them in undesirable jobs [12]. According to studies, people who work under coercive leaders tend to rank low in job satisfaction, productivity and commitment to the organisation [13]. Moreover, in 1960 the weather was worse than in 1959. The harvest of 1960 was 144 million tons. 9 million people are thought to have starved to death in 1960 alone; many millions were left desperately ill as a result of Slack of food. As a result of such dire situations the government had to introduce rationing. Thus, in the 4 years (1959-1962), about 20 million people died of starvation or related diseases [11]. As party members started to blame Mao for the downfall of this plan, he had no choice but to resign, despite his popularity among the citizens of China. Consequently, the responsibility of running the nation was left to three moderates: Liu Shaoqi, Zhou Enlai and Deng Xiaoping, who decided to drop the Great Leap Forward in the late 1960 [11]. As a result, private ownership of land was reinstated and communes shortened into manageable size, incentive for the peasants to produce extra quantities of food increased as it was now possible to sell the extra amount in the market [14].

- **Cultural Revolution:** Mao had been less than a dynamic leader from the late 1950's on, and feared others in the party might be taking on a leading role that weakened his power within the party and within the country. This probably explains the Cultural Revolution – it was an attempt by Mao to re-impose his authority on the party and therefore the country [15]. In the 1960s, Mao Zedong was of the opinion that the Communist Party in China was inclining too much towards the revisionist direction, as the focus shifted from ideological purity to expertise; he felt that the ideologies were getting diluted and contaminated which needed to be cleansed. Thus, Mao launched the so-called Cultural Revolution (known in full as the Great Proletarian Cultural Revolution) in August 1966, at a meeting of the Plenum of the Central Committee [15]. He proceeded to shut down the nation's school so that he could fan the rise of a massive youth movement. He believed that this movement would help him stand against the party leaders who embraced bourgeois values and lacked revolutionary spirit. In the months that followed, the movement escalated quickly as the students formed paramilitary groups called the Red Guards and attacked and harassed members of China's elderly and intellectual population. Soon several groups of fanatics grew around the ideologies of Mao, and each group believed they interpreted his ideas best [15]. However, the enthusiasm of the Red Guards nearly pushed China into social turmoil [14]. Due to the shutting down of educational institutions, the economy started to suffer. It has been said that a more educated individual is more likely to participate in the job market, to have a job, to work more hours, and to be paid more, and less likely to be unemployed [16], and all these factors together point at increased motivation level of an educated individual opposed to an uneducated one; and according to [17] motivation formulates an organization more successful because provoked employee are constantly looking for improved practices to do a work, and thus it is essential for organizations to persuade motivation of their employees. Fortunately, Zhou Enlai a leading member of the Chinese Communist Party, sensed the impending anarchy and took steps to stabilize China by reviving educational system and restoring numerous former officials to power and urged a return to normalcy. The Cultural Revolution led to the death of about 1.5 million people, and millions of others were imprisoned, tortured, humiliated and their properties were seized. The Cultural Revolution's short-term effects were felt mainly in the cities; however, the long-term effects had an impact on the entire country for decades that followed. Mao's condemnation of the party and its ways eventually lead to situation quite contrary to his expectations as many Chinese lost faith in their government altogether [15].

2.1.1. Impact on Economy

The aftermath of the Cultural Revolution (1966-1976), resulted in a fiscal problem. The economy of the nation was on the verge of collapse as a result of shutting down of schools, factories, breakdown of the civil administrative functioning, political conflicts, debates and violence. These also led to a fall in the government's tax revenue such that the budget deficit in 1976 reached 10 billion yuan for the first time in China's history. What added to the failing caused were the death of Chairman Mao and an earthquake in Tangshang in 1976, among others [15].

2.2 Four Modernizations

After the demise of Mao Zedong, the social, political and economic ideals of China shifted under Deng Xiaoping. It was molded into what was known as "market socialism" where he introduced changes in the economic system and called it socialism with "Chinese characteristics" --- this was only the beginning of the transformation to what can be termed as pseudo socialism. He decided to use policies that had been shown to be effective in other mixed economies and followed less the ideologies of the earlier leaders.

Although the Communist Party from Lenin was open to and encouraged industrialization, Maoism had a contradicting opinion; he believed that modernization would lead to rebirth of capitalism (a road to capitalistic restoration) [18]. However, after the death of Mao, Deng was rehabilitated and he instituted the "Four Modernizations", describing agriculture, industry, science and technology and military. This proposed the following four political and economic changes:

- The political focus of the CCP should shift from class struggle to implementation of Four Modernization
- The continuation of revolution under the dictatorship of the Proletariat should take a second place to economic reform.
- The volume of trade needed to increase by opening up China's internal market
- Advanced technology and management expertise needed to be acquired.

Once these ideals were approved by the Central Committee in 1978 and it was implemented, the economy rapidly opened to foreign investors. This was known as the Open Door Policy [19]. It was stated that trade openness has a significant and robust effect on labour productivity [20], moreover, it was considered to be the main source of

increase in wages of skilled workers relative to unskilled workers [21],[22]. Thus, it acted as an incentive for the unskilled labour to develop skills and consequently had a positive effect on overall productivity.

What said to have motivated Deng was his awareness of the economic success of the neighbouring **capitalist** economies like Hong Kong, Singapore and Taiwan. These principles were in contrast to the communist ideologies of Marxist doctrine and meant that Deng considered some level of capitalism to help China develop. He made a rather controversial attempt to fit together capitalist policies with Marxism.

2.2.1 Impact on Economy

Positive [23]

- From a closed economy at the end of 1970s, by the mid-1990s China had become the 11th largest trading country. Its openness (measured by total foreign trade as percentage of GDP) increased from 17% in 1978 to about 40% in the mid-1990s.
- Foreign capital investment increased making China the second hottest investment destination, second only to the US.

Negative

- However, there were problems with the workforce as young workers often trained abroad with modern equipment and then they had to reintegrate themselves, on their return, within an outdated system; also, older workers who had suffered from lack of education and training due to the cultural revolution felt threatened by the younger workers as they were scared of unemployment and because the younger workers did not respect them as elders. Thus, this status struggle arising out of personal differences lead to conflict. It is said that disagreement stemming from the differences “often become highly emotional and take on moral overtones. A disagreement about who is factually correct easily turns into a bitter argument about who is morally correct.” [24]. It has also been suggested that workplace homicide (arising out of conflict) is the fastest growing category of murder in the United States [25], [26].
- Moreover, the increased production brought about inflation.

The PRC government after the Tienanmen Square massacre was internationally condemned, and Deng officially resigned in 1989. He made a tour of China to keep emphasis on his policies and to inspire the entrepreneurship that exists in China even today. According to a study by Barclays, ‘freedom to make decisions’ was viewed as the main incentive for starting a business, with 70% citing this reason compared to just over half of those aged under 50. Thus, this describes a change in leadership qualities and “paints a picture of open, out-going and conscientious leaders of tomorrow” [27]. This type of leadership power (i.e.: referent) have proved to be more effective according to research [13] compared to the previously authoritative type.

2.3 Modern Communism in China

The current constitution was created in 1982 and been continually revised since. The constitution includes many civil rights such as free speech, press, worship, the right to trial, and the right to own private property [10]. With a positive change in the provision of civil rights, the incentive to work is predicted to increase as now people would have greater faith in the system and would like to not only earn for themselves but to give back to the system. However, private property according to Marx is the antithesis between labour and capital, it is also considered as the means by which labour is alienated, and described communism as the process of annulment of private property. Not only does the Marxist doctrine of communism believe in the abolishment of private property but it is also the single commonality between all forms of communist ideology. Thus, with the reintroduction of the same in People’s Republic of China, it can be alleged that the Communist/Socialist nature of the state has taken major steps backwards into Capitalism.

2.3.1 Impact on Economy

- In 1983, the government took measures to economize on fuel, energy, raw materials, and working capital. The policy experimentally granted enterprises more autonomy. Thus, the firms could retain more of their profits and consequently the managers of Chinese state-owned enterprises strengthened workers’ incentives. The new incentives were effective resulting in rise in productivity [28].

- The government began to allow market forces to determine production. Since, the Chinese stress on collective rather than individual needs it has been suggested that Maslow's hierarchy of needs, from basic to highest should be (1) belongingness (social), (2) physiological, (3) safety and (4) self-actualization to society [29]. But with China's transition to market economy, the cultural values at least in the big cities are assumed to be changing to motivation more similar to western countries [30].
- At the Third Plenum of the Twelfth Central Committee of the Chinese Communist Party (CCP), in October 1984, the party officially reiterated its commitment to reform of the urban economy, signalling a high priority for industrial modernization.
- In 1985, industry employed about 17 percent of the labour force but produced more than 46 percent of gross national product (GNP). It was the fastest growing sector with an average annual growth of 11 percent from 1952 to 1985. There was a significant number of big, up-to-date plants but there were also some growing light industries which focussed on producing consumer goods. Technology, which was imported in terms of whole plants, equipment, and designs, acted as an important means of progress.
- The Seventh Five-Year Plan (1986–90) called for greater responsiveness to consumer demand (slowly shifting focus to the study of consumer behaviour and consumer psychology), increased efficiency, and a further assimilation of modern technology which is a direct motivator to increase production. It focussed on a more proportionate growth of energy and raw materials industry and manufacturing industries. Development of the transportation and communications sectors received high priority, and plans called for expanding the building industry. They aimed to speed up the development of tertiary industry, such as restaurants and small shops, to meet consumer needs.
- Since the introduction of the economic reforms in 1978, China became the centre of manufacturing, with the secondary sector (comprising industry and construction) representing the largest share of GDP. However, in recent years, China's modernization boosted the tertiary sector and, in 2013, it became the largest category of GDP with a share of 46.1%, while the secondary sector still accounted for a sizeable 45.0% of the country's total output. Meanwhile, the primary sector's weight in GDP has shrunk dramatically since the country opened to the world. Which is an indicator of development [31].
- China's GDP per capita (USD) for the year 2015 was \$1375, and the GDP (USD billion) was \$10,736.

3. AMERICA: Capitalism in America and the corresponding Industrial Setup

3.1 Origin

In 1800, America was undergoing two major revolutions in the political and economic spheres. The revolution borne forces affected its nature of democracy, industrialization, and capitalism that developed as a result and transformed the look and character of the country.

Capitalism is an economic system characterized by freedom of thought and voluntary action applied to production; its principal concepts include private property rights, economic justice, profit motive, competition, division of labour, and requisite social cooperation. Democracy is based on the principles of consent and political equality, and is defined as a political system in which governments are established by majority votes cast in regular, un-coerced elections; it is often argued that capitalism is a necessary but not a sufficient condition of democracy since democracy requires basic economic rights that are separate from the state [32]. Thus, America in theory is a fitted example of a democratic-capitalist-state. This was the kind of capitalism that Adam Smith, the Scottish economist, had called for in his master work, *The Wealth of Nations*, which was published, in 1776. According to Smith, if one is allowed to pursue one's own self-driven goals, then it would lead to a surge in wealth, i.e., in serving their own purpose they would inevitably serve for the purpose of greater good, unconsciously, as if guided, by an "unseen hand" [33]. This theory coincided with a long-developing American culture of individualism and opposition to government interference. Americans believe that the best way to help others is to ensure one's own success (individualism). In the U.S. the need for achievement seems to be based on culturally based characteristics such as a willingness to accept moderate degrees of risk and a strong concern for performance [30]. During the end of 19th century, America started to mould into the theory of Adam Smith, thus, the American Capitalism is based on concepts such as the division of labour, unrestrained competition and faith in economic individualism. Democratic capitalism is an amalgam of three systems: (1) an economy based predominantly on free markets and economic incentives; (2) a democratic polity; and (3) a classical-liberal moral-cultural system which encourages pluralism [34].

3.2 Gilded Era

Mark Twain called the late nineteenth century in the United States the "Gilded Age". This period was glittering on the surface but corrupt underneath. In the popular view, the late nineteenth century was a period characterised by the greed and guile: of rapacious robber industrialists, unscrupulous speculators, and corporate pirates, of shady business practices, scandal-plagued politics. Despite the negative aspects it is better to think of this era as modern America's formative period, when an agrarian society of small producers was transformed into an urban society dominated by industrial corporations. In fact, some historians have referred to this era as America's second Industrial Revolution, because it completely changed American society, politics, and the economy.

3.2.1 Impact on Industrialisation and Economy

- The North, which emerged from the Civil War an industrial powerhouse, drove the United States to a flurry of unprecedented growth and industrialization with a continent full of seemingly unlimited natural resources and driven by millions of immigrants ready to work. Companies that gained a reputation for “celebrating diversity” were seen more likely to attract the most talented people as they felt that opportunities were better in these organisations. Thus, diversity (resulting from immigration) provided organisation with competitive advantage [35].
- The focus was on the understanding of consumer behaviour (which is the study of how people make decisions about what they buy, want, need, or act in regards to a product, service, or company) as the key to success during this age was marketing and modernisation.[36]
- The railroad industry enabled easy accessibility and fast cross-country transportation of people as well as other useful resources. As traveling became easy millions of rural Americans flocked to the cities, and by 1900, nearly 40 percent of the population lived in urban areas. Thus, as the living expenses are always higher in the urban area the individuals were more motivated to be productive to attain and sustain a higher standard of living.[36]
- Although the per capita income and industrial production in the United States exceeded that of any other country except Britain in early 20th century, the distribution of wealth was far from equal thus benefitting only the big capitalist and depriving the working class, this was mainly due to the prevalent principle of Social Darwinism which was based on Darwin’s Theory of survival of the fittest, accordingly, people believed that the difference in income and wealth was due to natural selection- therefore, the recipient of higher income and owner of greater wealth deserved it as he is capable of having it.
- Unpleasant working conditions such as long hours and hazardous working environment, drove many workers to take part in labour unions despite strong opposition from industrialists and the courts. The first large-scale union, the National Labour Union, was formed in 1866. Workers created the union to protect skilled and unskilled workers in the countryside and in the cities, but the union collapsed after the Depression of 1873. Despite these setbacks for organized labour, workers continued to strike, or temporarily stop working, for better wages, hours, and working conditions, thus, as these activities of labour unions gained momentum (for the right reasons) the industries experienced frequent turbulence and reeked of widespread high stress level, and according to APA when work stress becomes chronic, it can be overwhelming — and harmful to both physical and emotional health; which in turn affects ones’ productivity level. The most notable strikes of this era were the Great Railroad Strike, the Homestead Strike, and the Pullman Strike, all of which ended violently. The more exclusive American Federation of Labour, or AFL, emerged as the most powerful union in the late 1880s. [36]
- Total national wealth in 1860: \$16 billion
 Total national wealth in 1900: \$88 billion
 National wealth per capita in 1860: \$500
 National wealth per capita in 1900: \$1100

3.3 Progressive Era

By the twentieth century, the rise of big business and the large scale migration of Americans from the countryside to the cities caused a shift in political awareness as elected officials saw the need to address the growing economic and social problems that developed along with the urban boom. Thus, started the Progressive movement. Progressives believed that the government needed to play a strong and proactive role in the economy by regulating big business,

immigration, and urban growth. These middle-class reformers hoped to direct the focus of the government to pass effective legislations protecting consumers, organized labour, and minorities. States began passing legislation and creating commissions related to child welfare, labour laws and workplace safety, minimum wage, housing, sanitation, and other social welfare issues. These were believed to eventually lead to a more positive organisational climate consequently facilitating productivity. The early progressives rejected Social Darwinism - which had resulted in a very competitive atmosphere in the workplace, for example, instead of distributing work evenly among employees, winners-take-all organizations allocated according to merit: better workers took more assignments, and the others got what remained [37], as a result the better workers got better salaries, more incentives and facilities which lead to an economic divide and extreme internal competition, which at times inhibited cooperation and led to behaviours that were destructive for the organization [38]. The model exploits the fact that workers differ dramatically in productivity because of factors like skills and attitude. In other words, Progressives were people who believed that the problems society faced (poverty, violence, greed, racism, and class warfare) could best be addressed by providing good education, a safe environment, and an efficient workplace. Progressives lived mainly in the cities, were college educated, and believed that government could be a tool for change. As Theodor Roosevelt became president (in 1901), progressivism got a boost from the national level as he believed that strong corporations were good for America. On the other hand, he also believed that corporate behaviour must be kept under surveillance to ensure that corporate greed did not get out of hand [39]

Progressivism ended with World War I. This era was marked by what is known as Welfare Capitalism which as a concept included big companies wanting to follow some of their workers' decisions (taking a turn towards democratic leadership styles) so as to prevent undesirable situations such as strike, union intervention, and simultaneously keep up the levels of productivity. As a result, employers began to raise wages, and provide other incentives such as providing paid vacations, health insurances, and English classes for the immigrants to help them fit in better. Organized labour lost members in the time period of the 1920s due to welfare capitalism; the U.S. form of the same is better known as industrial paternalism.

3.3.1 Impact on Industrialisation and Economy

- Anti-trust legislation was passed to prohibit the birth and growth of monopolies.
- There was introduction of Unionisation in all of the important industries. A review of pay scale in U.S. shows that unionised employees are paid up to 33% greater than non-unionised employees; in addition to higher pay, the membership can result in better and safer working environment, job security, fringe benefits, thus contributing to satisfaction of lower-order needs, as defined by Maslow. It also satisfies higher-order needs for status, belonging and esteem along with a sense of power that come with important bargaining tools possessed by these unions [13].
- Big Business and corporations were regulated with the inclusion of the process of arbitration in the negotiation process.
- The number of hours children could work was limited and education was improved.
- Laws were passed to protect environment which directly affected productivity level as improving the work-wellbeing of workers pays off, because it gives a strategic advantage to the company [40].
- Real GNP growth during the 1920s was relatively rapid, 4.2 percent a year from 1920 to 1929 according to the most widely used estimates. [41].
- Real GNP per capita grew 2.7 percent per year between 1920 and 1929. Which is relatively rapid rates of economic growth compared to not only the 19th and 20th century but true for even present times [42].

3.4 Information Era

It is a period beginning in about 1975 and characterized by the gathering and almost instantaneous transmission of vast amounts of information and by the rise of information-based industries. The Information Age (also known as the Computer Age, Digital Age, or New Media Age) is referred to the period marked by the growth of economy based on computerised information by masking the traditional industry that the Industrial Revolution brought through industrialization [43]. In a survey, 205 I-O psychologists were asked what workplace trend would have the greatest impact on their field, an annihilating 72% said- developments in Internet Technology [44].

3.4.1 Impact on Industrialization and Economy

- It has generated increased inequality in the United States. However, according to Ariely, Americans don't understand the extent of this disparity [45]. It is also interesting to note that the differences between people who make more money and less money, republicans and democrats, men and women, were relatively small in magnitude, and that in general people who fall into these different categories seem to agree about the ideal wealth distribution under the veil of ignorance. This ignorance about the inequality has managed to provide a protection to its economy.
- Jobs traditionally associated with the middle class (assembly line workers, data processors, foremen and supervisors) had started to disappear, either through outsourcing or automation. The "mind workers" on the other hand were/are able to compete successfully in the world market and receive high wages
- Globalization of workforce has resulted from the fact that workers now compete on a global market. Friedman believes that the world has now entered the third phase of globalisation which is mainly fuelled by information technology available to everyone in the world, group and individuals [46]. This has led to the growth in virtual organisations, which encourages the growth in the number of contingent workers. The "young" population feels that it provides flexibility, independence, challenges and opportunity for growth and managers prefer it as it relieves administrative expenses and taxes [13].
- The Information Age has affected the workforce by introducing automation and computerization resulting in higher productivity, but higher loss of jobs. In the United States, from January 1972 to August 2010, the number of people employed in manufacturing jobs fell from 17,500,000 to 11,500,000 while manufacturing value rose 270%. [43]
- Industry under this era has started to become more information-intensive and less labour and capital-intensive. Thus, this puts pressure on the workers and they have become increasingly productive as the value of their labour decreases.
- There are also important implications for capitalism itself; not only has the value of labour decreased, the value of capital has also diminished [43]. However, it now seems possible for a group of relatively inexperienced people with limited capital to succeed on a large scale, based on intellectual capacities as seen in the new highly successful start-ups.
- According to a survey, almost all of U.S. workers do feel personally responsible and want to improve quality and performance, this willingness of the employees to accept responsibility and improve the day-to-day work process and relationships is assumed to be "empowerment". It is said that empowerment encourages innovation as employees have the authority to try out new ideas and make decisions that result in new ways of doing things [30]. Thus, with the working environment in line with these characteristics, it can also be termed as the age of innovation and entrepreneurial growth and the United States has witnessed a massive out pour of both.

4. THE COMPARISON: Basis Psychological Factors

Research on organizational climate can be traced back to the 1930s. With the human relations movement pioneered by Hawthorne, researchers turned their attention away from the "hard" physical environment to the "soft" psychological environment; thus, the concept of organizational climate was born. The identification of the Hawthorne effect (the alteration of behaviour by the subjects of a study due to their awareness of being observed.) led to the recognition of the importance of psychological and social factors at work [47]. The first researcher to initiate studies in this area was Kurt Lewin. In his widely known study on leadership styles, Lewin used three different leadership styles, democracy, autocracy and laissez faire, to create a different group atmosphere; moreover, he was the first to propose the concept of organizational climate [48]. Later, the three features of organisational climate were outlined: firstly, it varies among different organizations; secondly, it is persistent; lastly, it can affect the behaviour of organization members [49]. Litwin defined organizational climate as "a group of measurable characteristics that members could perceive directly or indirectly in the work environment." [50].

It is expected that the existing economic and political environment and the resultant reforms will have an effect on the management and functioning of various organisations operating within the country. It not only influences the policies to be formed and followed by the organisations (directly) but also has a penetrating and deep influence on the organisational climate (indirectly) that is a by-product of such policies. Moreover, the political scenario also effects the work place attitude of the people which in turn determine their level of motivation, leadership qualities, group dynamics, and innovativeness and so on. These factors and their intricate interactions are reflected on the level of production.

Being under the strict policies and guidelines set up by the Communist Party leader Mao Zedong, the Chinese industrial and organisational growth suffered. With almost constant unrest in the nation during the 90s the industrial

and economic growth was majorly affected. The breakdown in educational system during the Cultural Revolution not only affected the current skilled-labour force in China but also the quality of skilled labours in the years to follow. The workplace environment was characterised by oppressive leaders, unrealistic goals to achieve, low motivation level, and almost no innovativeness along with outdated technology. However, as China started to walk towards the Capitalist path under Deng's leadership, hope was instilled among the people, with fewer government intervention in workplace, open trade policies, improvement in technology and managerial skills, the organisation and industrial sector experience and in-pour of foreign capitals as it become one of the most alluring spot for investment. Thus, the organisational climate was slowly changing and transforming into its current form that is seen today. Presently, with highly skilled labour force, reintroduction of the concept of private property (which is viewed as a great motivator), provision for greater incentives, modernisation in the field of technology, and a sense of freedom among the workers have driven China to be in the top. This tilt towards Capitalism by China and fall of Communist nation USSR, reasserts what this discussion started out with, that a Communist Society might not be ideal after all with respect to industrial growth and development. The working environment that prevailed in both the nations due to its political ideologies and agendas was definitely one of the factors that drove one, and was on the verge of driving the other, into paths of disintegration.

On the contrary, the American nation following a Capitalist ideology has not failed to show continuous development over the decades. It is true that the nature of Capitalism and the corresponding organisational climate was not always conducive for the working class. However, with the reforms brought in during the Progressive Era that transformed capitalism into welfare capitalism, successfully, brought about a positive change in the lives of the workers. These changes influenced the work place atmosphere making it enjoyable and a womb for innovation. The corresponding technological changes, growth in organised labour, provision for incentives, promotions, health care provisions provided by the organisations coupled with the freedom that is associated with such a Capitalist nation led to a speedy growth in U.S. economy. It would be unrealistic to say that the American Capitalist system is a dream come true, or that it never suffered and was always free from socio-political and economic perils, but what is gratifying to observe is how they moulded the concept of capitalism to suite the purpose of every individual.

Another important variable which may be considered as a ground for distinction, in industrial and organisational growth, owing to the political scenario, is Organizational citizenship behaviour (OCB). It refers to the behaviour of the employee in an organisation that is not formally requested or directly rewarded but can be functional to the operations of an organization [51]. It is also known as extra role behaviour because it transcends the given call of duty.

Several studies have shown that OCB can have a positive impact on organizational success through improvements in productivity, better utilization of resources, group activity coordination, performance enhancement and stability, employee recruitment and ability to adapt to environmental changes [52].

- Altruism: it is defined as voluntary behaviours where an employee provides assistance to an individual with a particular problem to complete his or her task under unusual circumstances [51].
- Courtesy: it refers to the gestures that help others to prevent interpersonal problems from occurring, such as giving prior notice of the work schedule to someone who is in need, consulting others before taking any actions that would affect them [53].
- Sportsmanship: is defined as the behaviour of positively tolerating the irritations that are an inevitable part of almost all organizational set ups [54]. Podsakoff and MacKenzie publicized that good sportsmanship would enhance the morale of the employees at the workplace and consequently reduce employee turnover [55].
- Conscientiousness: is defined as dedication to the job which exceed formal requirements such as working long hours, and volunteer to perform jobs besides duties [53].
- Civic Virtue: it refers to the responsibility of the employees to actively and willingly participate in the life of the firm such as attending meetings which are not required by the firm and keeping apprised with the changes in the organization [53].

From the study, it was found that Chinese respondents scored higher on dimensions of sportsmanship and courtesy, but a lower on the dimension of civic virtue when compared to the US respondents. In addition, perceived-supervisor-support was found to be significantly related to all five OCB dimensions for the Chinese sample, whereas for the US sample, perceived-distributive-justice was significantly related to conscientiousness and sportsmanship and marginally related to altruism [56].

Amy Arnsten, a neuroscience professor at Yale University, studied the importance of feeling in control [57]. She explained that when people lose their sense of control, such as when tasks are dictated to them, the brain's emotional response centre can actually cause a decrease in cognitive functioning. This perception of not being in control then leads to a drop in productivity. Thus, the concept of freedom in America and how they have made it a reality is one

of the major driving forces behind its economic growth. This freedom has fostered innovation, entrepreneurial growth, immigration of skilled labour and ‘mind-workers’ from all over the world.

5. CONCLUSIONS

Thus, from the comparative study between the industrial growth under Communist and Capitalist set up it can be said that the psychological and biological characteristics of human beings (such as greed, need for freedom, need for recognition) favour or lean towards growth in a moderately Capitalist atmosphere than in a Socialist society. In theory, when we read about socialism/communism versus capitalism, we inevitably put communism on a higher platform. The concept of absence of state, presence of minimal laws and the promise of absolutely no exploitation lures many minds. However, it is when we think about it in a more realistic perspective and reflect its nature against our own innate drives to always do better than the person next to us is when we start to realise the gaps between theory and practicality.

We have travelled from primitive communism and through various social set up such as the Feudal system, Slave society, and we have reached Capitalism and pseudo-Socialism (or a mixed economy). Thus, the fact that we actually moved away from primitive communism is also an indication of how the basic human nature does not support or is even ready for the resurgence of the concept of “ideal communism”.

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