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## イギリス:イギリスの資本主義・日本の資本主義

Great Britain: British Capitalism – Japanese Capitalism

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Great Britain: British Capitalism - Japanese Capitalism

## By Peter Matanle

#### Introduction

In 1973 the British academic Ronald Dore published what was to become one of the most influential books ever written in the fields of industrial sociology and Japanese studies. *British Factory-Japanese Factory: The Origins of National Diversity in Industrial Relations* (Dore, 1973) was a brilliantly conceived comparative investigation of two factories, English Electric in the UK and Hitachi in Japan. Coming as it did against the backdrop of a relative decline in Britain's economic performance and international prestige, and at a time when western commentators and policy makers were becoming more aware of the seriousness of the Japanese industrial challenge, this book was as much a wake-up call for British industry as it was a presentation of a thorough and deep empirical study of the two factories.

In this sense Dore's book was to the UK what Ezra Vogel's (1979) *Japan as Number 1: Lessons for America*, was to the United States. Published six years after Dore's work, *Japan as Number 1* was aimed at goading American policy-makers and business leaders into taking decisive action to counter the emergence of Japan as the world's pre-eminent industrial manufacturer and it can be said that Dore, when he wrote his book, was also as much aware of the climate of opinion in the UK as he was of Japan's rise. For, around the time Dore's book was published the British industrial system was under tremendous strain, not least because of the consequences of a disastrous macro-economic and industrial relations climate that included among its effects a collapse in the value of Britain's currency and external trading position, rampant double-digit inflation, the introduction of a three day working week and, in a failed effort to assert the government's authority over the trade unions, the first of two general elections in 1974 called and lost by the then Prime Minister Edward Heath,

under the slogan: 'Who governs Britain?'. Indeed, towards the end of that decade the term  $igirisu\ by\bar{o}$ , or the British disease, had gained common currency in Japan to describe, with not a little irony, a relative and perhaps terminal decline in Britain's international prestige and power as a consequence of class conflict and general social malaise, as well as indicating the rise of Japan to becoming a member of the top rank of the world's industrialised countries.

This article presents a historical analysis of some of the principal social science research on the Japanese firm produced in the United Kingdom since Dore published *British Factory-Japanese Factory*. Prominent within this research have been studies on foreign direct investment (FDI) by Japanese firms in the UK, industrial relations in Japan and in Japanese plants in the UK, the employment system in large Japanese enterprises and more theoretical and wide-ranging discussions on Japanese-style management and Japanese-style capitalism and their relationship to worldwide economic development and the possible convergence of industrial systems.

More than thirty years have now passed since Dore produced his pioneering work and since economic relations between Britain and Japan began to develop beyond a simple arms-length trading relationship. Starting in the late-1960s Britain has come to be the recipient of the largest amount of Japanese FDI in Europe, with this taking the form of investments in, principally, automotive and electronics manufacturing and financial services. Moreover, South Korean and, more recently, Chinese companies have followed the lead of the original Japanese investors and established their own presence on British soil, with Samsung's factory in South Wales and Shanghai Automotive's investment in Rover being the most visible of these.

Accordingly, now may be an appropriate opportunity to take stock of and consolidate the research produced thus far, as well as assess the research in terms of the involvement of the Japanese firm in Britain's economy and society. For, it has consistently been claimed in political, business, and academic circles, especially by the administration of Prime Minister Margaret Thatcher (1979-1990) who exhorted the British people to embrace her philosophy by arguing, 'There is no alternative', that East Asian investment would be of great benefit to Britain. The assumed benefits were described in terms of the importation of production technologies that would

enable UK manufacturing as a whole to increase its productivity levels and thereby compete successfully once more in manufacturing worldwide (especially against our European neighbours), an assumed generalised upgrading in the skills and capabilities of British manufacturing employees working both in the new Japanese factories as well as in existing competing British firms, and the development of a more harmonious industrial relations environment that would, so the argument ran, contribute to ending the boom and bust cycle that appeared to characterise the post-war British economy. Finally, in contrast to a straightforward analysis of contemporary works, it is through analysing the history of research within the context of its time and place that we may be able to understand more clearly the relationship between the researcher and his or her subject matter and, therefore, appreciate more deeply the question of inter-subjectivity within research and possibly even, the impact of academic research on social life.

I will start by introducing some of the concepts to be examined and then proceed to deal in turn with three of the most significant strands in British research on the Japanese firm. I will then conclude with a short discussion of the current situation in terms of the debates outlined in this introduction.

## Theories and Arguments

The importance of *British Factory-Japanese Factory* can be summed up in the two concepts that Dore introduced through this book, namely the late-development effect and the sociological dualism of an organisation or market orientation among a firm's management and employees. Both of these ideas have generated a rich stream of literature where debates have continued to this day.

The first of these two theories deals with Japanese capitalism in macro-perspective and refers to the suggestion that, due to its later industrial development, Japan has been able to avoid many of the mistakes pioneer countries such as the UK and USA made in theirs and, consequently, Japan has been able to leap ahead into a type of industrial structure and organisation towards which the UK and other countries' industrial systems would subsequently converge. Accordingly, this thesis turns on its head the premise that, since the UK and USA were among the first to experience

industrial development, and the US is the world's pre-eminent economic power, developing countries are, in some sense, condemned always to follow their example. Importantly, the theory also contributes to dispelling the notion that industrial development is somehow indivisible from western culture.

The second theory deals with Japanese capitalism in micro-perspective and explores the orientations and relationships that individual managers and workers bring to and develop in their organisations and suggests that in their system of employment and industrial relations Japanese firms have developed a more humane and superior form of industrial management than that which is deployed in western countries, and in particular the UK. In this sense, Dore's book very clearly addressed the preoccupation among academics, policy makers and business people in the UK that a destructive 'us versus them' mentality had taken hold among both workers, as represented by militant union leaders, and an obstinate, amateurish, and arrogant managerial class, and that this was seriously undermining Britain's industrial competitiveness. In a later book, Dore (1987) felt more able to identify the source of the assumed superiority of the Japanese system in what he called, and quoting the American economist Harvey Liebenstein, the 'X-efficiency' (Liebenstein, 1966, Quoted in Dore, 1987: 17 and 184). Dore's X-efficiency was the efficiency of conscientiousness and togetherness that comes from aspects of Japanese culture, religion, education, and inter-firm rivalry that combine to form a feeling of company as community that western firms, notoriously riven by class and intra-firm industrial relations conflicts, are unable to emulate

To be fair to academics working elsewhere in the world, and in particular the United States, the issue of the convergence of national industrial structures and cultures with reference to the rise of Japan was not a new subject within the academic discourse. Indeed, it had and has been a recurring one in Japanese studies, industrial sociology, and business studies since at least the 1950s when James Abegglen published first his *Japanese Factory: Aspects of its Social Organization* in 1954 and then its sequels in 1973 and 1985 where Abegglen used the expression 'community of fate' to describe Japanese employees' sense of shared organisational context and repeatedly wondered whether Japan could manage to maintain its distinctiveness. Books by Robert E. Cole (1971) and Rodney Clark (1979) added their voices to this genre. However, and

arguably, it is Dore's work which has stood out, with meticulously gathered empirical evidence to support his arguments, as suggesting that the direction of economic and industrial convergence could actually be in the reverse direction, in other words towards Japan. Alongside this, the large Japanese investments in the UK, especially in the form of green-field automotive and electronics factories located in Britain's regions, added to the expectation within Britain's political and business establishment that there would be a knock-on effect, a so-called 'Japanization' of British industry, which would itself contribute to improving the UK's international competitiveness.

Some years later, to bolster and expand on these themes, Dore produced a series of books, pamphlets and articles during the 1980s with perhaps the most widely cited being Flexible Rigidities: Industrial Policy and Structural Adjustment in the Japanese Economy 1970-1980 (Dore, 1986). In this book Dore described the methods by which Japanese companies are able to adjust internally and thereby protect themselves against the twin dangers of aggressive competition and rapid demand shifts. Through his research he was able to present a third thesis for the underlying long term strength and durability of the Japanese firm, that of 'functional flexibility'; as opposed to the 'numerical flexibility' used by Anglo-American firms, with this being underpinned by the now famous Japanese employment system. Although Dore correctly presents the Japanese firm's flexibility as complex and multi-sourced, the core of this idea rests on its organizational dynamics which allow management, with the full consent and cooperation of labour, to deploy workers within the firm more rapidly and flexibly than in its Anglo-American counterpart. In this way Japanese companies can avoid the costs associated with labour shedding and, consequently, are able to retain the core knowledge and competencies of employees and thus be ready for expansion when the opportunity presents. The Anglo-American firm on the other hand lacks such flexibility due to its rigid internal structures, high demarcations between tasks and jobs, and an inflexible industrial relations culture and, so the argument follows, is forced to seek 'numerical flexibility' through the hiring and firing of staff. For Dore, clearly the former was preferable from the point of view of the firm's long term survivability, a core consideration for Japanese management, and the overall smooth functioning of social relations, the X-efficiency, both within and beyond the firm's boundaries.

#### Was there an alternative?

It is no coincidence that around the same time that Dore was writing *British* Factory-Japanese Factory the first large Japanese investor in the UK, Sony, was implementing its plan to establish manufacturing operations in the UK. In 1968 Sony UK was founded and four years later production of colour televisions began at the company's first UK plant at Bridgend in South Wales (Sony UK Website, 2001). There followed over the next twenty years a large number of investments in the UK by Japanese companies in manufacturing and services, with the most renowned and frequently analysed being that of the automotive manufacturer Nissan near Sunderland, in the North-East of England, which began production in 1986. Coming more than a decade after the initial Sony investment, the attention that this investment attracted from politicians, business-people, the media, and the academy was in direct proportion to the intensity of debate within the UK as to the state of the British system of industrial relations, Britain's economic well-being, and the economic policies of the government of Margaret Thatcher. For, again, it must be remembered that discussions over the Nissan investment occured at a time when the British people were staggering under the effects of the highest levels of unemployment experienced since before the Second World War and the acrimonious resolution of one of the bitterest industrial relations disputes in British history, the National Union of Mineworkers strike of 1984-85. Thus it was that the government was desperate for good news on the industrial front, and its opponents wished to find even more evidence to marshal in its criticism

At the time the Nissan investment was made it was greater in value than all the Japanese inward investment in the UK that had been achieved hitherto (Garrahan and Stewart, 1992: 31), and naturally enough it quickly gathered a fair amount of attention and analysis. Two of the most influential works on the nature of the investment and its consequences for the local area and British manufacturing as a whole are by Peter Wickens (1987), who was Director of Personnel and Information Systems at Nissan UK when the factory opened, and by Philip Garrahan and Paul Stewart (1992), both of whom were lecturers at the nearby former Sunderland Polytechnic (now the University of Sunderland). These books represent the principal strands of the debate over whether Japanese management and manufacturing at Nissan in Britain represents

a Japanization of British industrial organization and a new, more humane, and more effective form of industrial organization which, consequently, has produced a superior system of industrial organization, or whether it is merely an intensification of the dominant Fordist paradigm.

Very much in the spirit of self-criticism that pervaded British approaches to economic issues during the 1980s, Wickens's *The Road to Nissan* begins by lamenting British working attitudes and methods and celebrates the introduction to the UK of Japanese-style flexibility, quality, teamwork, commitment, and a 'just us' (as opposed to 'us and them') ethos. An enthusiastic supporter of Japanese management, Wickens's work is from the perspective of a practitioner in manufacturing industry and he uses his personal knowledge and experience to present a thorough description of the organisation of work and its underlying cultural foundations at the Nissan plant and how Japanese management dealt with the problem of bringing Japanese working cultures and production systems into a difficult and sometimes hostile environment. In support of Wickens's claims, the long-term production success of the Nissan operation can be measured by the fact that in recent years it has consistently been ranked by the World Markets Research Centre as the most productive car plant in Europe (WMRC, 2003).

Representing a critical academic perspective is Garrahan and Stewart's *The Nissan Enigma*, which presents the argument that Nissan has achieved its success through a rigorous and intense application of what might be termed a neo- or ultra-Fordist production and management regime. While crediting the company for bringing forward worker commitment to quality, flexibility with regard to consumer demands, and avoidance of 'us and them' attitudes that were the norm in British industry at the time, the authors argued that Fordist outcomes were still being achieved but by means other than those typical of the so-called Fordist era. For example, the enduring schism between manager and worker had not been done away with, as some enthusiasts of the Japanese regime might have claimed, but had merely been replaced by more subtle and sophisticated, and therefore more difficult to challenge, methods of corporate surveillance via peer competition and inter-group rivalry that simultaneously maintain social control and exonerate management from accusations of exploitation. Moreover, the authors claimed that the Nissan investment was

unlikely to result in a significant regeneration of the local area or of the UK automotive industry.

Fourteen years have now passed since Garrahan and Stewart's book was first published and perhaps it is possible now to make a judgment that, though the Sunderland region is economically more stable than during the 1980s and unemployment is lower than it was at that time, this has been achieved in concert with a generalised rise in material standards of living throughout the UK throughout the second half of the 1990s and the early 2000s. In addition, economic well-being in the Sunderland area remains stubbornly below that of most of the rest of the UK and the unemployment rate among males at 7.2 percent is currently running at 20 percent higher than 6 percent for its region (the north-east of England) and 50 percent greater than the UK national average of 4.8 percent (National Statistics, 2005)<sup>i</sup>.

Furthermore, there have been a number of critiques which suggest that the quality of employment in the former industrial heartlands of the UK has actually been made worse by industrial restructuring during the 1980s and 1990s that has exacerbated de-skilling, insecurity, and precariousness in employment, most graphically symbolised by the now common expression for low-paid, dead-end work, 'McJobs', and that these problems are especially endemic to and concentrated in what were once the United Kingdom's industrial heartlands, despite the investments from Japanese and other overseas companies (See for example, Dickens, Gregg and Wadsworth (eds), 2003; Manning and Goos, 2003; and Lindsay and McQuaid, 2004). For example, again in Sunderland in 2005, 27.7 percent of employees were in professional and managerial employment as against 41.4 percent for the rest of the UK and 25.2 percent were working as operatives or in elementary occupations as against 21.7 percent for the north-east of England and 19 percent for the whole of the UK (National Statistics, 2005). Moreover, with the employment of numerical control and robotics in manufacturing industry much more prevalent than previously, it is also not difficult to imagine the extent of the de-skilling of working class employment that has been taking place in these once thriving regions.

In the 20 years or so since British Leyland was recognised as the third largest motor manufacturer in the world (Economist, 2004), UK ownership of motor manufacturing

has all but disappeared and most UK companies have either gone bankrupt or come to be owned, barring a few small niche manufacturers such as Bristol or TVR, by giant overseas corporations from Japan, the United States and Germany. By 1993, for example, Nissan had been joined in the UK by both Honda and Toyota, and Jaguar had been taken over by Ford, later losing its historic Brown's Lane plant. By the end of the 1990s BMW's ill-fated experiment with Rover was being broken up, and is currently the subject of a tie-up with China's SAIC, and Rolls Royce had been bought by Volkswagen of Germany. However, in tune with the rest of the developed world, industrial unrest has markedly dropped and productivity and investment risen since the establishment of Japanese plants such as Nissan in the UK.

In defence of the quality of British political and business leadership it might be claimed that the situation in manufacturing may have becoming even more dire had not the Japanese and other foreign investments been made. However, and contrary to the pronouncements of various politicians, business leaders and academics during the 1980s and 1990s, the hollowing out and sale of Britain's core industrial assets may not have been inevitable and this policy did not necessarily achieve a better outcome than might their retention. Thus, although the *Economist* wishes to celebrate recent rises in automotive production in the UK by suggesting, somewhat optimistically, that 'the continentals are jealous of Britain's automotive renaissance', it must also be pointed out that this rise merely brings Britain back to the same level of production that had been achieved as far back as 1972 (Economist, 2004) and, since the Economist article was published, UK car production has dropped slightly while that of France has increased (DTI, 2006). More significantly, in a reversal of the circumstances of 30 years ago, the French automotive industry is now slightly less than twice the size of that of the United Kingdom, producing 3.4 million vehicles per year as opposed to the UK's 1.7 million (Economist, 2004).

Unlike in the UK, ownership of strategic industrial assets remains, largely, in the hands of French companies and the French state and it is a French company, Renault, which is now in control of Japan's second largest auto manufacturer, Nissan. It is ironic, therefore, that after all that has happened throughout the relationship between British and Japanese industry, and after all of the discussions surrounding the dominance of either the Japanese or Anglo-American management and production

systems, it is in Paris where the fate of Britain's most important car factory will ultimately be decided. Accordingly, and addressing the issue of how beneficial FDI has been to the UK over the long term, a more important question that we might like to ask ourselves is; why is it that, with continuing state intervention in and ownership of the auto industry and comparatively little investment from overseas, the French industry has prospered over the long term and it is the UK, with the benefit of all of its investment from Japan, the USA and Germany, that has continued to struggle? Thus, there may indeed have been an alternative!

### Global Japanization?

The principal questions that have been asked in reference to Japanese FDI in the UK and elsewhere, and which the two books by Wickens and Garrahan and Stewart examine in some depth, have been the extent of Japanization of British industrial society, whether this represents a convergence towards Japanese-style capitalism by the UK and other western industrialised countries, and whether there has been an improvement in UK working conditions and industrial relations as a result of the implementation of Japanese management and production techniques.

In this respect the work of Tony Elger and Chris Smith, respectively at the Universities of Warwick and Aston in 1994 when their book *Global Japanization?* The transnational transformation of the labour process was published, is of great relevance to our discussions. Bringing together work from around the world and taking a critical perspective on the issue of work and organization, the authors present case studies of work reorganization and workers' experiences within both Japanese and non-Japanese companies in diverse sectors and national settings. The studies provide a broad critique of conventional accounts of Japanese models of management and production, their worldwide spread, and their implications for employees. Elger and Smith's edited collection draws on and examines, not uncritically, earlier empirical studies and upbeat assessments of the success of Japanese manufacturing in developing a supposedly new and superior production and management paradigm, such as those by Womack et al (1990), Kenney and Florida (1988), and Oliver and Wilkinson (1988). The book also, and with a good degree of scepticism, examines these authors' and others' suggestions that the Japanese system might possess a

universalising dynamic and that, therefore, western production systems were becoming 'Japanized'. By way of example, Oliver and Wilkinson (1992: 69) suggest that, although the Japanese production system does require specific social conditions which are present in Japan to be effective and efficient, societies outside of Japan possess a 'variety of practices' which can be substitute for these as 'functional equivalents' and that, because of the judicious use of these by managers in British factories and Japanese transplant manufacturers, Japanization was advancing in British industry to a significant degree.

Elger and Smith's book very neatly problematizes the notion of Japanization and its assumed transcendence of the Fordist model through its presentation of a wide range of studies in terms of their geographical spread and their academic foundations. Particularly interesting is Laurie Graham's account based on six months of participant observation at a Japanese car plant in Mid-Western USA. She concludes that her data contradict the notion that the Japanese system encourages worker control, re-skilling, and the harnessing of 'collective intelligence' (Graham, 1994: 148) and, therefore, it had not transcended the Fordist paradigm. Later in the book, Taylor, Elger and Fairbrother (1994) in their examination of Japanese production methods in British electronics manufacturing come to similar conclusions as to the nature and extent of Japanization in Britain. They judged that the Japanization of British industry is more uneven and less co-ordinated than we had previously been led to believe and they stressed the need for 'considerable circumspection' (Taylor, Elger and Fairbrother, 1994: 220) in drawing conclusions as to its extent. For example, and alluding now to earlier discussions in this chapter on the late-developer hypothesis, they conclude from their examination of industrial relations that the institutionalization in the late 1980s and 1990s of a more passive form of trade unionism in the UK and of qualified cooperation between management and labour in the labour process came against a backdrop, not of Japanese industrial relations practices and institutions being adopted by Japanese factories and their competitors in the UK, but of the 'continuing precariousness of the whole factory against a background of marked sectoral and regional recession' (Taylor, Elger and Fairbrother, 1994: 222). Indeed, and referring back to earlier discussions, the fact that employment conditions in many regions where Japanese factories have become established still lag those of the UK as a whole, there may be a strong element of truth in what Taylor, Elger and Fairbrother

have argued.

Coming almost exactly 20 years after Dore's book and at the height of the learn from Japan movement in manufacturing industry worldwide, the studies in Elger and Smith's book are a reminder of the need for caution in academic analysis.

#### Global Americanization?

In the 1990s and 2000s the argument has come full circle, as the Cold War ended, Japan's so-called 'lost decade' lengthened towards two, and the United States gained the ascendancy in the worldwide political economy. Now the question being asked is of the possible convergence of Japanese organizational structures and cultures upon the so-called Anglo-American system of production, management, and industrial relations. It is truly a significant reversal of circumstances, and an indication of the depth and breadth of Japan's socio-economic stagnation, that has led to the situation where there are few, if any, academics who now regard Japan as the leading capitalist economy towards which other industrialised economies might converge. Answers are various, ranging from those who believe Japan to be converging on the USA and UK, to those who make the claim that Japan's capitalism, as well as those of other countries, remains distinctive and will continue to do so.

Among academics currently working in the UK, Richard Whitley (1999) is among the latter group who believe that differences in capitalisms continue to persist. Whitley (1999) considered the conditions necessary for business systems to change their characteristics and perhaps converge and listed them as the growing internationalization of firms and markets, changes in national political and economic arrangements, and geopolitical shifts (Whitley, 1999: 183). Approaching the problem from the perspective of the international political economy of business he looked at, among other things, the Japanese employment system and theorized that:

For leading Japanese *kaisha*, for example, to change their labour management practices significantly they would have to develop new ways of recruiting, rewarding, training, promoting, and organizing their core employees. .... While this is possible, it is extremely improbable without major changes in state policies, family structures,

and the education and training system, as well as in inter-firm relationships and, probably, firms' boundaries.

Whitley, 1999: 186

Whitley (1999: 3), who is presently Professor of Organisational Sociology at Manchester Business School, starts his book with his conclusion by predicting that, 'Convergence to a single most effective type of market economy is no more likely in the twenty-first century than it was in the highly internationalized economy of the late nineteenth century.' While this type of prediction is difficult to refute, principally because there is no way of telling how the institutional arrangements of world capitalism will present themselves one hundred years from now (if indeed capitalism will exist at all), it is very tempting to suggest, in keeping with Whitley's long wave prediction a hundred years hence, and using his analogy of the late 19<sup>th</sup> century, that one hundred or so years ago Japan's, Britain's and the USA's systems of business organization and their social and political economies were more different from each other then than they are now. From this we might wish to conclude that there has been a degree of convergence between the countries' structures and cultures, and that the movement has been predominantly, but not exclusively, in the direction of the USA and, by extension, the UK throughout most of that period of time.

Nevertheless, there are others in the UK who argue that we are presently in a period of convergence towards the USA and UK by Japan and, curiously, Dore (2000), who was writing at more or less the same time as Whitley, seems to be among this group. In presenting a typology of capitalisms and of business organization, and analysing their direction of development, Dore compares those of the United States and the UK on the one hand, and Germany and Japan on the other, labelling the former 'Stock Market' capitalism and the latter 'Welfare' capitalism.

Once more holding up Japanese egalitarianism as a mirror with which to examine western societies, Dore bemoans the baleful influence of US and UK-style marketization and financialization on Japanese and German capitalism and the consequent lack of attention to the needs of all stakeholders in industrial society. As such, he provides us with a soul-searching critique of the destructive effects of the culture of individualism on the fabric of industrial democracy worldwide. Yet, he also

concedes that Japanese corporate managers themselves are partly to blame for this state of affairs since it is they who must apparently believe the US and UK to be in the ascendancy because it is they who are currently engaged in a large-scale and self-conscious adaptation of western management techniques and processes, many of which have been developed at leading American business schools and transferred to Japan via the thousands of Japanese MBA graduates who return to be employed by the very corporations who would have spurned them only a decade or so previously.

Thus it can be said that the two sides of the convergence argument are currently in a stalemate. Yet, a possible answer to this question may be found in some recent research on worldwide employment systems.

## Global Convergences?

Turning now to research into employment and its relationship with organizational change in Japan, but nevertheless continuing to relate this to the discussions above as to the nature and direction of development of Japan's capitalism, between the two opposing sides as described in the previous section, and presenting an unusual and interesting perspective, are Owen Darbyshire, of the Said Business School at the University of Oxford, and his American colleague Harry Katz (2000). In their comparative examination of employment systems in the automotive and telecommunications sectors of seven different countries including the UK and Japan, they concluded that there is a pattern of both convergence and divergence in national systems. Katz and Darbishire found that there has been a convergence at the firm level towards four different systems of employment within each of the seven countries, with those being categorized as low-wage, human resource management, Japanese-oriented, and joint team-based strategies. They argue that within each country there has been a divergence away from a one-size-fits-all national system of employment towards these four different systems and that perhaps we should conclude that it is less meaningful for us to discuss national systems of employment than it might be to understand a variety of employment systems existing simultaneously on a trans-national or even global level.

The reasons for these patterns are complex, but their analysis points to a differential

implementation of policies at both the plant and even individual levels, which is itself due in part to declining union influence worldwide over the setting of employment standards (Katz and Darbishire, 2000: 263-283). Such an analysis chimes with Matanle's research in Japan where he found a significant proportion of managers in the four companies which he studied who reported that they were now less concerned than they used to be with being seen to be implementing so-called Japanese-style management practices and more concerned with adopting the most suitable global standards for their particular industries (Matanle, 2003: 71-106). Can we conclude from this, therefore, that we are witnessing a divergence in business organization within both Japan and the UK towards a differential set of management systems but a convergence towards a more or less agreed global standard for each of those systems?

UK based research on the Japanese employment system has been presented from a variety of disciplinary perspectives, not least those of sociology and business studies. While there has been a tendency to focus on long-term employment in large scale private enterprises, this is perhaps understandable given the preoccupation that British people have had over the years with their various economic troubles, particularly in industrial relations in large manufacturing enterprises, and the role that large Japanese companies have played in being used as a mirror with which to view both British failings and possible alternative models. In that regard, it is interesting and provokes conflicting memories among British people when we hear about the persistence of the so-called system of 'lifetime employment' in Japan. For it was during the 1980s that, through a combination of government legislation, the ideologically inspired policy of privatisation of state enterprises, corporate restructuring, and, perhaps the least commented on but most important factor, of changing social attitudes towards lifelong employment, that the idea of 'a Job for Life' ceased to possess much legitimacy in British society. Accordingly, in this section I will discuss in more detail the research on employment in Japan that has come out of the UK and its relevance to the themes identified in the introduction.

Organization or Occupation?

In 1973 Dore described the idea that company employees and managers in Japan are

oriented primarily towards their membership of an organization and those in the UK are oriented towards occupational labour markets. Perhaps this remains true even to this day and can be illustrated by the ingrained social custom in Japan of corporate and public sector employees introducing themselves as being a member of a particular organization; and in Britain where people will ask each other the question, 'So what do you do?' expecting and normally receiving an answer that identifies the respondent as being employed within a particular occupation or profession. Language and social etiquette in this way might be used as a window through which to view praxis.

Dore was also able to build on descriptions of the lifetime employment eystem in this and later books and to show how the system possesses the flexibility to adjust to external economic developments such that continuous employment remains one of the primary considerations of both management and worker. Certainly, predictions of the demise of lifetime, or very long term, employment have been proved to be inaccurate time after time, against market based and economistic arguments in favour of its demise. Indeed, very recently, Matsuzuka (2002) was able to show that job tenure in Japan may have actually lengthened in the period since the collapse of the Bubble Economy in 1990, and Inagami (2005) argues, successfully in my opinion, that the recent diversification of employment styles in Japan and an increase in the size of the contingent labour force is not inconsistent with a continuation of lifetime employment for regular workers. Although one reason for the recent lengthening of job tenures has been the steady ageing of the labour force, it is clear from Matsuzuka's figures that very long term employment within a single organisation remains very common, particularly in large enterprises.

Furthermore, much research on this issue comments in the steady shrinkage of the size of the regular workforce in large corporations, assuming that Japan is developing in the same direction as the USA and UK in a path dependent progression towards greater worker autonomy and increased employment precariousness while neglecting or even consciously discounting the inter-dependent roles of structure and culture in social behaviour. Much research also makes somewhat erroneous assumptions about employment in sectors other than large enterprises, for example assuming that lifetime employment does not exist at all in small and medium sized enterprises (SMEs), and may even ignore the prevalence of lifetime employment in the public sector. Much of

the research that mentions SMEs neglects to factor company age into the calculations. While it is undoubtedly the case that smaller companies are more likely than large ones to have been established only recently, thereby skewing any statistical analysis of employment tenure at these companies. Moreover, it is in the public sector where we can find perhaps the highest levels of job tenure of any sector in the Japanese economy.

Nevertheless, it is my belief that employment patterns in Japan reveal a tremendous amount about the way individuals interact with culture and structure in Japanese society to build their careers and this is why the subject is so interesting for me. Storey, Edwards and Sisson (1997) give one example of how this might be so in their fascinating comparison of the development and training of corporate managers in the UK and Japan. In one particularly interesting section they talk about the culture of what they call 'career chimneys' in both countries. They found, on the whole, that British managers had a strong occupational orientation and saw their progress and promotion as being within a multi-company career chimney. That is to say, they move upwards by moving from one company to another, gaining more pay, better conditions, and wider experience along the way. In Japan, however, they found a similar approach by managers being undertaken, except that it was within a single company career chimney. In other words, just as in the UK, managers gain promotion through moving from one position to another and gaining more pay and more experience and greater responsibilities along the way, except that they are able to achieve this within a single company. As a follow on from identifying this pattern, the authors also point to a greater involvement in Japan of personnel and line managers in the development of individuals' careers than in the UK, with the consequence that Japanese managers tend to build more coherent and less haphazard long term career paths than their British counterparts and, contrary to popular notions, tend also to achieve a greater degree of specialization. Although the authors challenge many other preconceived stereotypes of career patterns among managers in the UK and Japan,

this description is for me the most important aspect of the book in that it clearly illuminates how the two cultures and structures are similar yet different, and how managers' careers are both shaped by and contribute to the shaping of the structures of employment within which the managers work.

In terms of employment studies, there have been a number of studies to have come out of the British academy in recent years. Just as the economic bubble began to burst, D. Hugh Whittaker (1990), who at that time was at the Faculty of Oriental Studies at the University of Cambridge and is now at Doshisha University's new Business School, asked the straightforward question of whether 'Japanese style employment' had come to an end due to the multiple pressures of an ageing society, a change in younger people's attitudes, a greater proportion of women participating in formal employment, technological advancement, internationalization, and a rise in tertiary sector employment. He concluded that the principle of a living guarantee that the Japanese firm accords its workers has been upheld, if in somewhat weakened form, and that institutional egalitarianism was being modified but not abandoned. In other words, he felt that Japanese style employment was undergoing an evolutionary adjustment to changing circumstances rather than a revolutionary transformation.

Later in that decade, Mari Sako, at the time an Industrial Relations specialist at the London School of Economics and Political Science<sup>ii</sup>, cooperated with Hiroki Sato at the Institute of Social Science, University of Tokyo, to produce a detailed and thorough examination of *Japanese Labour and Management in Transition* (Sako and Sato, 1997). In her introduction to the rest of the volume Sako (1997: 1-24) identifies the firm as community model, worker commitment and flexibility in return for employment security, the seniority-plus-merit system in pay and promotion, and enterprise unionism as the core characteristics of the Japanese system of industrial relations. She then goes on to examine what has changed in the last two decades concluding that the boundaries of the firm are expanding to incorporate those of affiliated companies in order to ease the pressures incumbent upon rationalisation of employment numbers and structures, that enterprise unions are suffering from a crisis of confidence and self-identity brought about by their weak bargaining power vis-à-vis corporate management, that there is increasing diversity of employment relations moving down even to the individual employee level, and that employees are

using alternative avenues in addition to unions in seeking to have their voice heard by management. The overall tone of the book leads one to understand that the Japanese systems of employment and industrial relations are under great strain and embarking on a period of reform in response to this. This reform can be understood as coming under the broad themes of diversification and restructuring.

Indeed, only a year after Sako and Sato's book, Hasegawa and Hook (1998), both at that time of the School of East Asian Studies at the University of Sheffield<sup>iii</sup>, presented another edited collection. Their book focuses on Japanese business in the process of globalisation and restructuring in management and labour and it takes its principal theme the process of restructuring in response to low growth and globalisation. In this they examine the pro-active globalisation of Japan, its outward dynamic and inward impacts on management, production systems and the labour process. In particular, Nishinarita (1998) presents the hypothesis that the lifetime employment system is historically and not systemically contingent and he concludes that Japan's cooperative industrial relations grew away from the period of conflict with economic recovery and stability. The conclusion that one might wish to draw from this kind of analysis is that lifetime employment relations are not so much founded on a particular set of cultural relations or interpretations but that they are based in particular sets of economic conditions and are likely to change as and when those conditions require.

The impression one gains from these books published in the 1990s, as well as numerous other publications, is that the Japanese employment system, which is founded upon an implicit guarantee of very long term employment, the provision of a living wage, enterprise based unions, low levels of job demarcation and high levels of managerial control over the deployment of labour within the organisation, is on a precarious footing. Yet, looking back at these studies from the perspective of 2004, it can be said that we have been here before. Time and again over the previous thirty years and more there have been predictions due to various different theories and pressures, with Ujigawa and Uemura's (1970) and Beck and Beck's (1994) books being just two examples, that the Japanese system of employment would give way to something more akin to the fluid and somewhat chaotic market mechanisms of the Anglo-American system of capitalism. Yet, and even now, this has never happened.

In my research I have been able to show how the Japanese system of very long term, or lifetime, employment was and remains qualitatively different from those of all the other major developed economies of the world (Matanle, 2003: 119-121). Although job tenure rates across the whole Japanese economy differ little from those of comparable economies in continental Europe, for managerial workers Japan is a lone outrider where, unusually, job tenure rates exceed those of non-managerial grade employees, the differences at this level between Japan and the other major economies of the world is very stark. Indeed, recent research from a variety of sources bears out these claims (Inagami, 2004, Matsuzuka, 2002, NRKK, 2000). Moreover, the rate of friction in the Japanese labour force continues to be very low in comparison to other industrialised countries, particularly among managerial ranks, thus leading us to presume that fluid and chaotic labour markets are not in the process of formation among those working for or expecting to work at large prestigious organisations in managerial track positions.

Yet, the Japanese employment system stands accused of hoarding labour and of structural inefficiency. In this sense one might wish to say that the Japanese management and employment systems, and thereby the Japanese firm, have moved beyond the stage where management might be seen as being satisfied with merely operating effectively rather than aiming for optimum efficiency, and are now moving into a period where there is a systemic and perhaps even destructive contradiction between internal systems and the demands of the external economic environment. Fiona Graham's (2003 and 2004) accounts of life inside a Japanese insurance company, C-Life, certainly bear out this interpretation. Through many years of contact with the firm by being employed there, producing a TV documentary on the company, and through her PhD research at the University of Oxford she implied in her books that the company was unable to transcend its internal contradictions, due to employees and managers clinging to what had become a self-destructive obsession with past relationships, practices, and cultures, and it eventually imploded and went bankrupt under the weight of too much history and culture.

My research on UK and Japanese university graduates' hopes for their careers also shows how much culture and structure in employment interacts with individuals'

hopes for themselves, their motivations and, hence, their social action. In a study of 460 undergraduate students at the University of Sheffield and 640 students of Niigata University between 2001 and 2003, I asked the students three simple questions; After you graduate do you want to work in the same organisation until you retire? Why (not)? And their age, sex, year group, and of which department or faculty they were a member. The answers that came back broadly confirmed my expectation that more Japanese wished to remain at the same organisation till their retirement than British students. This was not at all surprising. What was interesting were the following findings.

- 1. Among the Japanese students, only 21.8 percent wanted to work for the same organisation till their retirement, 29.1 percent did not, and 49.1 percent did not know. Among the 'yes' group, a large proportion stated that they wished to do so in order to achieve stable and secure employment, others wished to be able to work hard and gain better rewards in terms of, variously, pay, promotion, and job satisfaction, or because they wanted to develop deep and long lasting friendships with their workmates. Among the 'don't know' group, a majority wished to have lifetime employment but felt either that they would if they could but expected that they wouldn't be able to avail themselves of the opportunity, or they wanted to find out what working for their employer would be like before committing themselves to it, or they were women who wanted to work at the same employer till retirement but felt that at some point they would have to forego it for marriage or family reasons. By subject of study, the largest group of 'yes' students were social scientists at 24.8 percent, and the lowest were medical students at 15.1 percent.
- 2. Among the British students, only 11.3 percent wished to have lifetime employment at the same organisation, 67.4 percent did not want it, and only 21.3 percent did not know. However, among British medical students the 'yes' figure rose to 34.2 percent while arts and humanities students showed the lowest at only 3.1 percent. The British students overwhelmingly cited boredom and lack of variety as being their prime reason for not wanting lifetime employment while the British medical students cited the large variety of career opportunities in the National Health Service and feelings of ethical satisfaction in working for the NHS as attracting them to lifetime employment at that organisation.

While we must always be careful not to over-interpret such surveys, the above results indicate a number of cultural trends among Japanese and British young people which, I believe, feed into the structures and functions of the labour force and labour markets in their two countries, and help to explain some of the persistence of very long term employment in Japan and its lack thereof in the UK.

The students' responses show that lifetime employment at the same organisation is understood differently by people in the UK and Japan. Most British people have an impression that lifetime employment consists of not only working for the same organisation, but of performing the same job tasks for virtually one's whole working life. This impression is given further colour by the expression 'a job for life' which during the 1960s and 1970s implied either a lifetime of physically demanding blue collar work in the nationalised heavy industries or a lifetime of repetitive clerical work at the same office working for a large bureaucratic organisation such as the civil service or a bank. In this scenario, one's working life would be secure but dull and perhaps even dangerous to one's physical well-being, such as in the coal mining, shipbuilding, and steel industries.

In Japan, however, lifetime employment at the same organisation is understood quite differently. Regular employees can expect, if they perform to the company's requirements, a life of steadily increasing challenge and responsibility in a variety of job tasks, the possibility of being sent to different and sometimes interesting or exotic locations, a stable, secure and steadily improving material standard of living, and the opportunity to develop deep human bonds with one's co-workers. The interesting thing about the British sample is that, in contrast to the students in other disciplines, many of the medical students understood that the NHS provides these opportunities and that is why an unusually high proportion wished to take up the opportunity if they could.

The student responses show that individuals in the UK and Japan possess different sets of values and understandings. The British students value adventure, intellectual stimulus, challenge, movement, variety, and specialisation. The Japanese sample value stability, security, reliability, deep social and community relations, loyalty, and

trust. Since values and understandings form part of the foundation for human motivation, and thence social action, if we transpose these values and understandings into human behaviour within the labour force it might first be predicted that Japanese students, where conditions are suited to their tastes, will favour long term employment at a single organisation more than their British counterparts and, second, that this might explain some of the persistence of lifetime employment in Japan in the face of powerful economic arguments for its abandonment. For, if we think sociologically, at the nexus between culture, structure, and individual agency there is undoubtedly a complex reciprocal relationship of cause and effect. In this sense, and in both the UK and Japan, there may therefore be at work a tendency towards the development and maintenance of a self-sustaining system of employment systems and industrial relations that are based as much on the respective societies' sets of cultural understandings and values, and the inertia of existing structural conditions, as they are upon individuals' desires to achieve optimum efficiency in economic transactions.

#### Conclusion

In this chapter I have presented an overview of some of the key academic literature on the Japanese firm produced by academics working in the UK over the past three decades. I have focused on the subjects of foreign direct investment by Japanese companies in the UK and the associated questions of Japanization and systemic convergence, as well as on employment in large Japanese companies, the so-called lifetime employment system. I have concentrated on these subjects in this way because, in so doing, I hope to have been able to show how research into the Japanese firm in the UK reflects in equal measure both our desire to explain the behaviour, structures and functions of Japanese organisations as well as our pre-occupations with the problems that are endemic to British society.

As such, therefore, academic research is never value free and research into the issues discussed above illustrates how scholarship is often driven as much by one's own concerns as it is by the scholar's curiosity and desire to push back the frontiers of knowledge. That does not mean to say that research produced in part out of personal concerns is not to be taken seriously. On the contrary, as Dore's and others' work clearly demonstrates, research that is infused with the passion of one's convictions,

perhaps precisely because of such motivations, has the potential to produce the richest, most interesting and useful results.

In recent years the Japanese economy and business model has not performed well when measured against the current ascendancy of the Anglo-American political economy. While no-one can predict with any certainty how long Japan's difficulties will continue, it is also true that the United States is not guaranteed to remain in a hegemonic position forever. Moreover, both China and India, with their huge reserves of labour and undoubted entrepreneurial abilities are eager to expand and develop their industries still further. In this respect Japan's advanced management skills and production technologies, as well as its comparatively recent experience in effecting a rapid industrial 'catch-up', seem well suited to close cooperation with both these countries. Perhaps Japan's industries and the Japanese economic model can again achieve global leverage by engaging more deeply in Asia and adopting a policy of full commitment to cooperation in development on the Asian continent.

Nevertheless, I would like to draw this chapter to a close by relating the discussions on the long term convergence of economic systems with the issues of structure and culture in socio-economic life that were discussed in the previous section on the Japanese employment system.

It is undoubtedly the case that Japanese people possess a different set of values and understandings of the world around them from those in the UK and, if the logic of the relationship between culture and structure holds, then we should expect the Japanese economic to exhibit a different set of structures from those that exist in Britain. However, is it the case that Japanese and British people will continue to hold differential values and understandings? It can be said, for example, that over recent decades, there has been a gradual coalescence of value systems across the industrialised world on a hybrid form of American consumerism. In this respect, can we be confident that Japan and Britain will remain as different from one another as they have been in the past? Yes, as my research on employment above shows, both societies will for the foreseeable future retain some of their distinctiveness. But, when measured against the distinctiveness of 150 years ago, will that be enough for us to assert that they possess clearly distinguishable social, economic and political systems?

Or are we now entering the period where the people of both Tokyo and London, while maintaining some peculiarities, have more in common with each other than they do with the peoples of, respectively, rural Shikoku and the Highlands of Scotland? Consequently, can we say that the similarities in people's values and understandings that exist across national boundaries are in fact more significant than their differences? If so, can we still confidently talk about the existence of national capitalisms? Or, as Darbyshire and Katz (2000) imply, is it now time to recognise the homogenising logic of globalisation and to start to analyse the world's political economy in terms of a set of different but interlocking systems where each exists, more or less, on a trans-national level?

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Figures taken from the 2002-2003 Labour Force Survey.

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