

British Factory- Japanese Factory

**The Origins of National Diversity
in Industrial Relations**

RONALD DORE

With a New Afterword by the Author

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UNIVERSITY OF CALIFORNIA PRESS

Berkeley, Los Angeles, Oxford

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For Nancy

Preface

It may be a relief to some to find a book about Japanese industry which is not intended as a homily. Voltaire's trick of praising Chinese civilization as a means of obliquely castigating his contemporaries was not the intended model for this essay in comparative sociology. It does not purport to tell British managers how they, too, by taking thought can double their turnover every three and a half years. Rather, the primary purpose is to describe, through a detailed study of one British and one Japanese firm (chiefly of two factories in each of those firms) the various ways in which two methods of organizing industry differ from each other and to *explain* the differences.

Sometimes, it is true, the effect also is to judge. Even the most objective of comparisons are from some points of view invidious, and it may frequently be obvious to the discerning reader *which* side seems to me to come better out of any particular comparison. The only thing to be said in mitigation is that my unconscious biases, when I manage to catch them in the act of expressing themselves, do not appear wholly to favour either one side or the other. As I make clear in the explicit evaluation attempted at the end of Chapter 10, it seems to me that there is a lot to be said for the reasonableness, the mutual consideration, the co-operativeness and the orderliness with which the Japanese manage their affairs, but they pay a heavy price in the sacrifice of individuality and of independence and of those other enjoyments besides pride in work which can bring happiness to men and women. The British manage to preserve these virtues better, but in preserving them they too pay a heavy price in suspicion and bad-tempered obstinacy, in inertia and in a shifting mixture of complacency and national self-doubt. If I come down harder on the faults of one side rather than the other – as some British friends accuse me of doing – it may be because Britain is, after all, the society in which I grew up. A good deal of what I saw in both societies

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appealed to my sense of humour; both provided occasions for a slight sense of nausea – though more often, perhaps, Japan where rather more hypocrisy has to be used to oil the wheels of the system. But as far as I can remember it was only in England that I occasionally experienced that much more dangerous emotion, indignation.

But, to reiterate, the main purpose of this book is not to judge, but to explain. And why explain? One reason is because some people might well look at these comparisons for practical ideas, for features of the Japanese system which might be imported into England or vice versa. One purpose, then, of 'explaining' is to show how the various parts of a national industrial system fit together and fit with other characteristics of society at large, and thus to show the possible pitfalls of *piecemeal* borrowing. Before one decides that the Japanese system of, say, seniority wage increments is a good thing, one needs to understand how it relates on the one hand to the general security of employment in Japan, and on the other to the general cultural assumptions about the importance of age common in other spheres of Japanese society.

There is another sense of 'explain' – to give a causal account of the genesis of. In that sense, the answer to the question 'why explain' is simply: because it is there; because it is a challenge to one's intellectual curiosity to explain how there should be built around two all but identical physical processes of building all but identical electric generators, two such very different ways of ordering the social relations (including the economic relations) between the people involved. It is all the more challenging in view of the assumptions commonly made about the inevitable 'convergence' of all industrial societies on a common pattern.

The most influential of the writers who have subscribed to some theory of convergent social evolution – from Marx in the last century to Galbraith or Clark Kerr among our contemporaries – have all seen the gradual accumulation of ever more sophisticated and productive technology as the driving engine of change. Theories differ about that engine's motive power – whether it be the cupidity of individual men, their drive to maximize their profits or to optimize the return to all factors, or their lust to gain power or prestige, or whether it be collective urges to national aggrandizement or to keep IBM on top – but in their effects these motives are all the same; they transform the *opportunities* of technology into the *imperatives* of technology; they provide a justification for moulding men and the relations between men in such a way that the machines can be as productive as possible. And, by and large, so the convergence thesis assumes, since human nature is basically much the same anywhere,

the same technology is likely to produce the same sort of institutions.

It follows from this that the institutions most closely determined by technology and therefore most closely tending to international conformity should be those surrounding the organization of work. Family institutions and political institutions, moulding themselves to the work institutions, might have more scope for variation; other social spheres – art, literature and religion – even more. If one finds, then, that even in the world of work two capitalist societies manage to get along with widely different ways of recruiting, training, supervising, motivating and rewarding people one is entitled to be sceptical about the whole convergence thesis. If the theory does not work for the central core institutions closest of all to material technology and its needs, there is even less reason for expecting it to explain the structure of whole societies.

Having a general suspicion of all grand theories of social evolution it gave me great pleasure in writing this book to highlight the fairly radical differences between British and Japanese patterns of industrial organization and to marshal the evidence against the popular assumption that the Japanese are only suffering from a slightly prolonged form of industrial immaturity – that sooner or later they will shed their aberrations and become just like us. (An assumption, I may say, popular in Japan as well as in the West.) I discovered to my consternation, however, that in the course of trying to demolish the generally accepted versions of the convergence thesis I was, in fact, developing my own alternative version. I could not, though, entirely rid myself of my original suspicion of grand theories; it is inherently implausible that the directions of social evolution can be deduced from a few simple tendencies or principles. Hence, the final version of my convergence thesis is, I trust, suitably modest in its pretensions and not overly deterministic. It differs from most other versions of the thesis in three respects.

The first concerns the basic secular trends seen as determining the direction of development. In addition to increasing technological complexity and increasing organizational complexity, I give considerable weight to an increasingly general desire for social equality (which, indeed, a succession of French nineteenth-century writers – Guizot, de Tocqueville, Bouglé – were much concerned with as a major *consequence* of technological change and the division of labour).

My second suggestion is that most versions of the traditional theory are at fault in assuming that the market-oriented forms of work organization which developed in the early-industrializing countries are permanent – part of a state of ‘modernity’ which, once reached,

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is never likely to be abandoned. (See, for example, the writings of Moore and Feldman or Hoselitz or Clark Kerr.¹) I would, on the contrary, argue that they are giving way to what one might call 'organization-oriented' forms – by which I mean that the terms and conditions of employment are less and less influenced by considerations of the price a worker might get for his skill from another employer in the external market, more and more fitted into an internal structure of relative rankings peculiar to the enterprise and predicated on the assumption of relatively stable long-term employment. In this sense my thesis is not contrary to, but rather complements, Galbraith's version of the convergence thesis, suggesting the transformation of labour markets likely to accompany the other transformations with which he is chiefly concerned – of product and capital markets and of management organization.²

The third part of the thesis concerns what might be called the 'late development effect'. It is generally recognized that late-starters have some advantages – Germany leapfrogging over Britain in steel technology in the nineteenth century, for instance, or Japan in ship-building after the Second World War, starting, with her yards completely destroyed, unencumbered with all the nineteenth-century machinery which clutters the Clydebank. What is not so generally recognized is that there is a late development effect also in (a) social technology – educational systems, methods of personnel management, committee procedures, and (b) ideologies which – in the case of the egalitarian democratic ideologies germane to the present argument – although originally consequences of an advanced stage of industrialization in the societies in which those ideologies *first appeared*, can have independent life and force of their own when diffused to societies just beginning industrialization. I suggest that by these processes of diffusion late-developing societies can 'get ahead' – can show in a 'more developed' form, patterns of social organization which, in the countries which industrialized earlier are still emerging, still struggling to get out from the chrysalis of nineteenth-century institutions. I suggest further that evidence for this thesis can be seen in certain similarities between institutions in Japan and in the contemporary developing countries of Asia, Africa, and Latin America, and that these factors are a partial

¹ W. E. Moore and A. Feldman (eds), *Labor Commitment and Social Change in Developing Areas*, 1960, Introduction; B. F. Hoselitz, 'The Development of a Labor Market in the Process of Economic Growth', *Trans. of the 5th World Congress of Sociology*, vol. 2, International Sociological Association; Clark Kerr et al., *Industrialism and Industrial Man*, 1960.

² *The New Industrial State*, 1967.

though not a complete, explanation of the differences between British and Japanese ways of organizing the world of work.

That it is not a complete explanation is important. There remains a good deal of the differences between Japan and Britain which it seems only reasonable to ascribe to their different cultural traditions or to the particularities of their respective histories. Those who (intellectual agreement or disagreement apart) *dislike* the convergence thesis because they dislike the process of world homogenization or can't bear the thought of being indistinguishable from the Americans, can take heart. Even my amended version of the thesis still allows for a good deal of idiosyncratic national variation.

I do not expect the reader to be already convinced by this bald statement of the thesis, but I hope that when he has read the book he might be. To help the busy man to get to the meat of the arguments I have provided summaries of the more tedious descriptive chapters dealing directly with the factories which were the object of the study. These are to be found at the end of Chapters 2, 3, 8 and 9, while Chapter 7 summarizes Chapters 4 to 6. Chapter 10 attempts a 'who gets what' sort of evaluation of the two systems. Chapter 11 is the 'functionalist' chapter suggesting ways in which the industrial systems of the two societies fit together with other social institutions in those societies. Chapter 12 has the dual purpose of 'placing' Hitachi, the firm studied, in the context of Japanese industry as a whole and of assessing trends of change in Japanese society over the last decade, and the following Chapter, which contains the heart of the convergence argument, is concerned with trends of change in Britain. Chapter 14 offers an historical account of the origins of the Japanese system, and the last chapter tries to analyse the reasons why different systems emerged in the two countries and to generalize from that analysis to the thesis of the 'late development effect'.

The research on which this book is based was a co-operative effort with Martin Collick (who also helped considerably with the writing of Chapter 14), Hiroshi Hazama, Hideaki Okamoto and Keith Thurley, supported by Gill Palmer, our research officer. It was financed by a generous grant from the Nuffield Foundation which permitted the English members of the team to visit Japan and the Japanese members to visit England and which covered the cost not only of the general institutional studies in factories in the two countries but also of a factual and attitude survey of samples of 300 workers in each of three industries in each of the two countries. The whole study covered, in addition to the two factories of Hitachi and English Electric (the two electrical engineering firms described in this book), two steel firms and a number of construction sites. After some