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"Postmodern Organizations in Management?"

Stewart R Clegg

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Postmodern Organizations in Management?

A paper presented to
Bond University School of Business Seminar Series

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Abstract

A distinction needs to be made between the axis of modernism - postmodernism and the axis of modernity - postmodernity. The former has been the locus of major debates in the humanities, in aesthetics, in politics, and latterly even in organization theory. This axis concerns interpretative schema and styles of analysis and rhetoric. The latter concerns the nature of phenomena themselves. It is the latter which I want to argue is the more important for organization analysis, when interpreted, in part, under some of the auspices of the former. Postmodernism, by contrast with modernism, has sought to highlight the importance of diversities, pluralities and ambiguities in analysis. In this respect much of organization theory has been classic modernism: it has sought the obliteration and minimization of difference in the explanatory frameworks it has pursued. Recently, in organization analysis, the burgeoning knowledge of East Asian business and organizations has functioned as a source of major empirical diversity in the narrative accounts of western, modernist organization theory. Frequently this difference has been interpreted in 'culturalist' terms. As a prelude to developing a more adequate account of the specificity of East Asian, and in particular, Japanese organizations, these culturalist accounts need to be looked at critically. Once these inadequacies have been exposed we can move to a more detailed and sociologically fine-detailed account of culture in management in the Japanese context. It will be suggested that some aspects of the Japanese model that analysis constructs are sufficiently distinct to the features usually stressed under more orthodox modernist models that they offer the possibility of a different organizational universe. In the spirit of respecting pluralities when and where we find them, this could be considered a possible candidate for postmodern organization. By virtue of this re-specification of analysis in postmodern terms a central issue can be addressed. This central issue in the interpretation of Japanese management practice has been the extent to which it is transferable. To the extent that it is a unique, culturally embedded phenomenon, it is not. To the extent that it is a set of culturally disposed techniques, it is.

In this paper neither the attractiveness of cultural reduction nor technical abstraction will be endorsed. Instead, starting with a critique of the culturalist explanation, as well as an appreciation of the important role of technical innovation, the paper will argue that Japanese management has to be seen in the context of the institutional frameworks which enable specific practices to flourish. While these practices are by no means as unexportable as a unique cultural pattern might be, they are by no means so easily or implicitly transmitted that techniques framed within them will easily or readily work in quite distinct institutional contexts.

The central cultural concept in this paper is that of 'economic culture', a term explicitly introduced by Peter Berger (1987) in his book The Capitalist Revolution. A concept of economic culture implicated within institutional frameworks, particularly those stressed by Weber (1930) in his focus on accounting and financial conventions, is advocated as a concern with 'institutional frameworks' and the types of practical economic reasoning which they sustain on the part of key economic actors. This is explored in the Japanese case by means of a systematic grid as an aid to understanding. The 'Japanese model' is assessed in terms of its postmodern possibilities.
Introduction

The concept of culture, according to one of its foremost students, 'is one of the two or three most complicated words in the English language' (Williams, 1976: 77). In all its early uses it was employed as a noun of process: the tending of something, a meaning which, from the early sixteenth century onwards, was extended in application from nature to human development as an object of intervention (see Bauman 1973; 1976). An implicit extension of this noun of process to economic husbandry has a long if frequently implicit history in the social sciences. Its still implicit character is revealingly apparent from its absence in Swedberg's (1987) definitive review of 'economic sociology'.

Despite this absence, notable contributions to the career of the implicit concept are many. One thinks, for instance, of Weber's (1930) reflections on the 'Protestant Ethic'; Schumpeter's (1944) concern for the decline of 'heroic capitalism'; Wiener's (1981) charting of the decline of the English 'entrepreneurial spirit' or Anderson's (1964; 1986) critiques of the 'peculiarities of the English'. Moving further afield from the European heartland one can point to the contemporary American literature on 'corporate culture' (Peters and Waterman, 1982) together with the closely allied fascination for Japan, understood in terms of its 'economic culture' (Ouchi, 1981) or the more general fixation on 'post-Confucian culture' (Clegg et al, 1986a): all of these serve as indices of the salience of this particular concept for contemporary social science, a concern currently capped by Bergers (1987) important work on The Capitalist Revolution.

The reasons for this continuing fascination are not difficult to fathom. In each of the major conceptualizations referred to the impetus has been to understand the salience of specifically 'cultural' factors for the dynamics of economic 'success' or 'decline' in either specific capitalist economies (Weber 1930; Schumpeter 1944; Wiener, 1981; Clegg et al 1986a) or specific capitalist firms (Peters and Waterman, 1982; Ouchi 1981). At the heart of the matter is the manner in which culture, as a process, tends, cultivates and regulates particular types of economic outcomes. It is through analysis of these structural and systemic regulatory properties that the features of an 'economic culture' can be addressed.

Conceptions of an 'economic culture' are often, in the popular press and imagination, identified with an 'enterprise culture'. However, it is not clear that the concept of 'economic culture' does carry an ideological load; certainly its primary contemporary proponent, Berger (1987: 9-10) suggests it does not. None the less, in the western capitalist nations, particularly in the last decade of emphasis on de-regulation, it has often seemed as if the notion of a 'successful economic culture' has carried with it a strongly liberal, laissez faire bias espousing free enterprise, an anti-bureaucratic, anti-state orientation and a strong endorsement of markets over politics as sources of effective resource allocation and decision-making. In part, surely, this is because the concept has been applied particularly to notions such as Mrs Thatchers' endorsement of an 'enterprise culture', an endorsement often refracted through a broader cultural commitment to the renewal of some older, almost mythical, 'Victorian values'.

Elsewhere, however, it is less to history than to contemporary East Asia that many advocates of the importance of economic culture would refer, including Berger (1987). Like many other observers he has been impressed by the economic success of Japan, Hong Kong, Singapore, South Korea and Taiwan, countries whose post-war economic growth has
consistently outstripped OECD annual average growth rates during the same period, in terms of GDP per capita. Despite the undeniably impressive gains made by these countries, some caution may be required in interpreting their economic record. One should not be too sanguine about the meaning of these economic growth rates. For one thing, GDP (Gross Domestic Product) growth is somewhat limited as an indicant of performance. It makes no reference to the quality of work, leisure or life more generally. Moreover, the fact that these Newly Industrializing Countries (NICs) have a high growth rate is hardly surprising, (although this does not alter the fact that their growth, comparatively, is significant). For those nations which are initially worse off, then economic growth, where it is achieved, will tend to be generally higher than the average for more mature economies. This was the case in the initial post-war era of Japan’s economic miracle’, for instance. However, by the 1970s the growth rate had fallen to the 3%-4% range, which, while still at the leading edge of OECD nations, was clearly within their standard range (Quiggin 1987). Despite this caution one must still acknowledge that the Newly Industrialized Countries of East Asia did achieve, in their economic growth, something which most other post-war ‘underdeveloped’ countries did not. The interesting question is thus why it was that it was these countries, rather than other Asian, African or Latin American nations, which became the NIC power-houses. Economic explanations alone seem inadequate to this explanatory task (Clegg et al 1986a). Having explored and run up against the limits of economic factors many explanations of this success have sought instead to understand it in terms of the cultural factors. The focus has been on the cultural context in which such successful economic husbandry has occurred; the specificity of this context has been defined in terms of a ‘post-Confucian’ economic culture.

Berger (1987) poses a choice between ‘capitalism’ and ‘socialism’, and comes down firmly on the side of capitalism in terms of arguments of both equity and efficiency. I doubt if these terms of debate are contentious. What would be of greater salience and incomparably more policy relevance would be a comparison of ‘capitalism’s’. In the modern world capitalism must be considered in the highly plural and diverse forms in which one encounters it in various nation states and regions. To regard its forms of articulation in South Africa, for example, as the same as its present development in Denmark would not get one very far. Certainly, property may be basically privately owned and controlled and labour formally free - but the nature of that formal freedom varies considerably with the nature of the state and civil society which constitutes it. In turn, the possibilities for capital formation are contingent not only on resources and infrastructure but also the modes of labour organization and discipline which have been constructed. A singular category of capitalism is not very useful.

Some states are faced with more strategic choices than others in the construction of contemporary capitalism’s. Recent research by Calmfors and Diffil (1988), reported in The Economist (13-19 February, 1988: 86), suggests that a key contingency in comparing capitalisms is the type of wage-bargaining system which is institutionalized in different national settings. Studies have consistently shown a relationship between this variable and selected macro-economic outcomes such as the levels of unemployment and inflation (Clegg et al., 1986b). Three types of arrangement are identified by Calmfors and Diffil (1988). Focussing on inter-employer and inter-union co-operation in wage bargaining they split
seventeen OECD countries into those characterized by centralized, decentralized and intermediate bargaining patterns. These types were then related to a range of macro-economic outcomes such as levels of inflation and unemployment. Those countries which were either highly centralized or highly decentralized in their wage bargaining system consistently outperformed those in the intermediate category. Included in this intermediate category were both Australia and New Zealand, as well as West Germany, Holland and Belgium; Britain, they suggest, probably belongs here as well. These countries clearly have considerable incentive to re-think their strategies in terms of either a more or a less centralized wage-bargaining system if they are concerned with achieving more effective macro-economic outcomes. Those countries at either end of the spectrum are necessarily more 'locked in' to their design by virtue not only of institutional isomorphism but also the performance advantages that this goodness of fit produces. It is those countries which are least isomorphic in their institutional arrangements which have the greatest freedom of movement and choice either way.

It is as a consequence of the choices facing such countries that the 'economic culture' debate takes on an important policy dimension. To the extent that there is an elision in the terms of debate, and the concept of an 'economic culture' per se is aligned with a specific substantive conception of culture, then the terms of debate and choice are unnecessarily restricted. If we concentrate on Japan and the East Asian NICs, the choices, although somewhat inchoate between national strategies, do appear, at first glance, to have some common elements oriented towards re-casting the industrial relations arena to terms consonant with those which have marked the 1980s revival of neo-conservative liberal analysis applied to 'political culture'. Recipes for success will be sought in de-regulation, in de-unionization or enterprise unionism, in state intervention oriented to curbing the excesses of democracy, administrative overload, ungovernability and so on. (For an account of the general arguments consult Clegg et al, 1983: 34-38.)

The argument of the paper is rather straightforward. First it will establish that with respect to the cases of the East Asian economic success stories there are evident limits to an understanding couched solely in conventional economic terms. It is for this reason that in the past decade increasing recourse has been made to conceptions of 'economic culture' in explaining this success, attributing it to some underlying set of 'post-Confucian' value-clusters. The second task is to cast a sceptical eye over these explanations and to suggest that they have recourse to what we consider to be an underlying 'essentialism' as a strategy of argument. The cultural essence seemingly becomes capable of explaining whatever economic phenomena are to be explained. The third task is to attempt to sketch the institutional framework within which the 'social, political and cultural matrix' of economic process has been lodged in the pre-eminent case of Asian economic culture; that of Japan. One consequence of this will be to cast a further sceptical eye over culturalist explanation as they have been developed for the Japanese case. By contrast, one would want to concentrate explanation rather more on the institutional framing, and rather less on the allegedly causal role, of a unique culture. Stability in economic calculation appears as a key factor, thus underscoring the argument from Calmfors and Dörfel (1988)
The limits of economic explanation for East Asia

The limits to economic explanation are readily appreciated. Economic explanations which intuitively stress cheap labour or government subsidies or the inexpensiveness of transport costs to major markets, as explanatory factors in East Asian economic success, do have a certain plausibility in explaining economic performance: but it is one which is limited; on these criteria the debt-ridden nations of Latin America would have seemed a better proposition for economic growth than did those of East Asia in the post-war period. Casting the net a little wider, other explanations have stressed the importance for the East Asian NICs of factors such as their being extremely market oriented economies tightly organized around the price mechanism, having liberal doses of entrepreneurialism, high domestic savings and 'free' labour markets. Although these factors are not applicable across the board, such elements would seem to conform precisely to the liberal conception of an economic culture to which we have already alluded in the introduction.

Market conditions have invariably been paid most attention, stressing phenomena such as labour intensive export-oriented policies and free trade conditions existing for exporters, policies underlined by specific frameworks of interest rate, agricultural, educational and anti-labour support. While consideration of these issues would offer some explanatory purchase on how these East Asia economies were able to rapidly industrialize they do not specifically focus on their successful export-orientation.

Some considerable ingenuity has been exercised in explaining this successful export-orientation: it was due to factors in scarce supply, such as a lack of natural resources, of land and of a large domestic market, at least where the city-states are concerned. The 'advantage' of a total lack of natural resources has often been regarded as a factor in Japan's success. The ingenuity is only exceeded by the implausibility of these explanations. Although the idea of countries not having the luxury of options and being forced to export or perish is intuitively attractive, there are still many countries where the same might apply and apparently does not.

Spurred by the lack of explanatory content of these factors some recent contributors to the debate have sought to introduce an 'economic cultural' explanation. What characterizes these arguments is the use of long-standing and pervasive cultural attitudes and institutions which are identified as the source of East Asian success. It is here that the social condition of 'entrepreneurialism' are sought. In the East Asian case this explanation has come increasingly to be made in terms of what has been called the 'post-Confucian hypothesis'. There are reasons for some scepticism with respect to this hypothesis, as we shall see.

Putting Japanese organizations in perspective

Only relatively recently has the cultural specificity of Japanese practice been viewed positively. Following a lead of Vogel's (1979: 134), it appears as if it was not until the mid-1970s that it became part of the elite

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1 Prior to the 1970s Japanese organizations and management were regarded as a deviant case which was merely slow in converging on current Western (United States) practice, as Dunphy (1986: 344) demonstrates. Japanese writers shared this view, often referring to distinctive aspects of Japanese organization culture in terms of 'pre-modern' 'inefficiency', 'irrationality', 'pathologies', 'collective irresponsibilities' (Dunphy 1986: 346-347: see Takezawa 1966; Yamada 1969; Odaka 1963; Takamiya 1969; lmai 1969).
currency of debate in Japan that there might be something positive in features like \textit{ringi-ko} decision making, the seniority and tenure employment system, and other features of what has become known as the Japanese model (Dunphy 1986: 347). This is significant because there is evidence, from the extensive literature review which Dunphy (1986: 367) conducted, to suggest that the 'unique characteristics of Japanese enterprises' might best be understood 'in terms of conscious problem solving on the part of key elites in Japan'.

The recent focus has been on the East Asian cultural context in which successful economic husbandry has occurred; the specificity of this context has been defined in terms of the embeddedness of a 'post-Confucian' economic culture. What characterizes these arguments is the use of long-standing and pervasive cultural attitudes and institutions which are identified as the source of East Asian success. In the East Asian case this explanation has come increasingly to be made in terms of what has been called the 'post-Confucian hypothesis'. Bond and Hofstede's (1988) 'Confucius and economic growth' offers the most significant application of the post-Confucius hypothesis. In this work, culture is defined as the collective programming of the mind which distinguishes the members of one category of people from another; implicitly in this line of work the categories of people are equated with national populations, or at least samples drawn from and mapped on to national populations. Culture is assumed to vary with national boundaries, within common cultural heritages which may sometimes map on to clusters of countries which display similar empirical configurations of data collected on cultural traits. The common Confucian heritage of certain East Asian nations is seen as providing such a cluster.

\textsuperscript{2} The post-Confucian hypothesis was first explicated by Herman Kahn (1979), who proposed that the success of organizations in Japan, Korea, Taiwan, Hong Kong and Singapore was due in large part to certain key traits shared by the majority of organization members which were attributable to an upbringing in the Confucian tradition. The traits stressed are those of familism and obedience. The general argument, which draws out the implications of a common 'post-Confucian' heritage, can be gleaned by consulting sources such as Redding [1980; 1990] on the 'overseas Chinese'; Silin [1976] on Taiwan and Saha (1989-1990) on Japan.

\textsuperscript{3} A representative example of this literature can be culled from one of the most recent of its exponents: in his treatment of the 'Shadow of Confucius' Ketcham (1987: 106), in illustrating the nature of 'groups' in the workplace in Japan, depicts the following world of work:

> the crux is a pervasive, emotional commitment to the group as a group. Everything depends on the closeness and assurance of the bonds within the group, and the willingness of everyone in it to share its tasks and accept the moral and emotional responsibilities that go with prolonged intimate association. The group develops a keen sense of camaraderie and commonly spends long hours together, day after day, at work and in relaxation. Individuals are valued and trusted, all speak up and make important contributions, each member knows the abilities and weaknesses of the others, personal idiosyncrasies are acknowledged, and the needs of all are attended to thoughtfully - yet the essential verticalness is never relinquished. All are deeply aware of, utterly imbued with the clear hierarchies of every relationship within the group.

This representation has echoes of a distant drum. In the nineteenth century the fading blush of conservative dreams of a cosy, warm, intimate \textit{gemeinschaft} could only be constructed as a moral retrospect, functioning discursively in much the same way as the Marxian utopia of a dawn prior to the division of labour (Clegg and Higgins: 1987). Which is to say: mythically. In the 1980s the mythology rises like a phoenix in the east, clothed in ideographic characters, kindled from the ashes of Confucianism. Although such views are widespread in much of the literature dealing with Japan one is inclined to regard such depictions as more ideological than literally empirical in function. The search for moral
Methodologically these common clusters, where they can be observed, are seen to derive from similar patterns of responses to standard questions on cultural traits administered to matched samples of people from across a range of nations, where the patterns are revealed by factorial analysis. The research programme had its impetus from Hofstede's (1980) pathbreaking study of *Cultures Consequences*. Four dimensions of high to low power distance, individualism to collectivism, masculinity to femininity and high to low uncertainty avoidance were described by Hofstede (1980) as cultural universals on which national variances might be arranged. Consequently, using some pretty heroic assumptions of cultural homogeneity and national integrity, various nations could be taxonomically arranged on these dimensions. Extension of the research programme to East Asia, through the development of an independent set of questions in 'the Chinese values survey' threw up another cultural configuration on samples of students across twenty two countries. This time, however, it was not a universal value but something which was seen to particularly characterize East Asian nations. Whereas three of the four dimensions which Hofstede had found in his massive survey data (derived from IBM personnel files) were replicated in this study, another factor altogether was isolated. Uncertainty avoidance, related to the search for absolute values like 'truth', was missing. Instead, a dimension which was named 'Confucian dynamism' was isolated. It appeared to be related to values distributed around orientations to core aspects of contemporary interpretations of Confucian teaching in its future-oriented aspects. Its positive pole stressed a dynamic future-oriented mentality, while its negative pole stressed a more static, tradition-oriented mentality. (Although the distribution of the values was not specific to 'Confucian' cultures, high positive scores on them were.) Those countries which scored high on this dimension were also the countries which had enjoyed the highest rates of economic growth over the past twenty years. Whereas none of the previously isolated values associated with economic growth this 'Confucian' value did. At the core seemed to be a marked concern for the importance of 'status order' in the constitution of social relations, a stress on perseverance and thrift, together with a strong sense of shame. It was these which were seen to be significant in the economic success of Japan, South Korea, Hong Kong, Taiwan and Singapore, within the context of laissez faire politics and markets. Uncertainty avoidance is thus seen as uniquely Western while Confucian dynamism is seen uniquely Eastern. While the former is seen as dealing with the search for truth the latter is seen as dealing with the search for virtue. According to Hofstede and Bond while the search for the former was once a societal advantage, in the recent past it has become a liability, compared to the pragmatic search for virtue in things which work rather than things which incorporate or reflect timeless absolute truths. Thus East Asian economic achievement is in this work seen as being attributable to deep-seated and culturally given social facts.

Community has rarely been absent from the more explicitly conservative social analysis, even in areas as pragmatic as organization theory (Clegg and Dunkerley 1980). Japan has become the contemporary vehicle of its expression, one may suggest. The stress on 'groupism' functions in part as a means of ideological wish-fulfilment, as well as being the mechanism of an 'over-socialized' conception of economic action. (However, one would not want to dismiss the cultural explanation entirely: some aspects of primary socialization in the family do seem to be of importance in producing competitive workers who are also compliant).
Confucianism may promote individual self-control, perseverance and thrift, it may facilitate societal and organizational obedience by stressing the necessity of dutiful conduct to one's superiors, drawing on the wider duty to be an honourable family member, but as a social or even organizational explanation it necessarily operates at a high level of generality. Nor is it sufficiently specific for cross-national analysis, when applied to an understanding of the differences between East Asian economic organizations.

Some aspects of the post-Confucian argument are appealing in precisely the same terms as were Weber's similar ideas about the role of protestantism in forming a 'capitalist ethic' in nineteenth century Europe and America. This is, that in the initial stages of capitalist development, either ethic could provide at least some of those conditions of capital formation which are necessary for initiating sustained production and accumulation. To reinvest capital to the glory of God or to that of the family will, if diligence, application and market conditions allow, achieve the same end of deferred consumption and increased investment leading to greater productivity. There is a sting in the tail, however. Precisely to the extent that such ethics are capitalistically successful, their success will begin to undermine the conditions that first produced them, as Weber was well aware in his prognosis for the future of the protestant ethic:

Where the fulfilment of the calling cannot directly be related to the highest spiritual and cultural values, or when, on the other hand, it need not be felt simply as economic compulsion, the individual generally abandons the attempt to justify it at all. In the field of its highest development, in the United States, the pursuit of wealth, stripped of its religious and ethical meaning, tends to become associated with purely mundane passions, which often actually give it the character of sport. (Weber 1930: 182)

It is not simply the character of the meaning structure which regulates economic activity in its drive, its production, which can serve to undercut an economically cultural ethic. As Marcuse (1964) observed, the very

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4 Amongst some Japanese scholars, such as Murakami (1986), a cultural explanation is adopted but given a different specificity than in the general 'post-Confucian' case. Japan, he suggests, should be differentiated from other 'Confucian' societies. The cultural specificity of Japanese industrialization was premised not on a religious ethic but on distinctively pre-industrial patterns of social organization:

Its unique characteristic was the preindustrial basic unit of social group formation called *ie*, which had exceptional compatibility as a production unit in industrial society (Murakami 1984). The *ie* had exhibited strong capabilities for expansion, efficiency, and achievement, as well as for creating and thriving within a system of functional hierarchy. However, a basic group unit similar to the *ie* is rarely found in other agricultural societies. Therefore, I argue that the *ie* has been one of the main reasons Japan could adapt its indigenous culture to industrialization with extraordinary rapidity. This also is the reason Japan should be distinguished from other societies of the China periphery type and why in all likelihood it will remain a unique case among societies achieving industrialization. (Murakami, 1986: 229)

Stressing the *ie* social group formation locates Japanese 'groupism' not in Confucianism but in forms of samurai-led agro-military organization, the key aspects of which were stable authority structures capable of guaranteeing the land rights of local peasantry. Murakami (1994; 1986: 230) argues that central features of this social organization survived successive transformations into the present day, including: functional rather than kin membership; membership homogeneity rather than stratification, and a consequently functional hierarchy rather than one of class or status discrimination. What is crucial for accounts such as Murakami's (1984;1986), Ketcham's (1987), and Nakane's (1973) is a focus on the 'group' qualities of Japanese employment and social relations.
conditions for successful mass production are those least likely to reproduce the ascetic conditions of the initial economic success. Mass production, at least in its early twentieth century form, was premised on mass markets and mass consumption. Against this orchestrated conformity of consumption Marcuse imagined that the hedonism which it unleashed would lead to an eventual revolt, not of mass producers, but of those excluded from a mass society and whose life-style was consequently no longer shaped by an ethic of asceticism. However, although the most recent era has witnessed a 'revolt into style' it has done so not as a spectacle of rebellion but as one of highly differentiated consumption premised on ever more fine-grained flexible production and niche marketing, within the mass form. Japan, in particular, has been in the vanguard of these new forms of flexible production.

While it can be seen that a norm of ascetic individualism would seem destined to wither with the full flowering of an era of mass consumption, a collectivist, familist ethic would appear to be much harder. For one thing, mass consumption, centred on the familial household, would serve to reproduce these households as the appropriate social unit of consumption. The very social forces that undermined a protestant, ascetic ethic while leaving its individualism with relatively unbridled opportunities for hedonistic development could serve to reproduce an ethic based on the collective, familial household. However, the sting is not entirely absent. East Asian economic success, particularly that of Japan, has been in large part premised on a keynote of flexibility in producing highly specialized variants of basically mass produced goods. These have depended upon pin-point accuracy in differentiating and positioning commodities in the market. Any contemporary visitor to the highly fashion conscious centres of Hong Kong, Singapore or Tokyo cannot fail to be impressed by the success with which advertisers have created an individualist ethic of consumption in these 'post-Confucian' heartlands. One does not have to be a latter day Marcuse to ask whether or not mass marketing, demographic analysis and urban density will produce conditions which may not reproduce the initial conditions posited for the economic success: familism, deferred consumption and disciplined order can and are undercut by marketing strategies oriented to individual differentiation. Evidence in support of this proposition may be drawn from a cross-national survey of youth from 18 to 24 years of age which the office of the Prime Minister of Japan conducted in 11 countries. Japanese youth came out as more 'highly egoistic, self-centred and oriented to personal interests' and with the highest 'levels of frustration against family and school' among the nations surveyed, as Sugimoto (1986: 66) reports from the Mainichi Shinbun of February 12 and 13, February, 1984. The sting is evident: if the post-Confucian hypothesis is to be accepted, then the highly differentiated consumption characteristic of its success would appear to undermine the productive basis of this post-Confucian economic culture's core-values of familism, deferred consumption and disciplined order. That is, if one accepts that these values play the role that has been suggested for them by the culturalists.

What conclusions can be drawn from this 'cultural' and 'economic' explanation? Well, if one were a 'non-Confucian' who was persuaded by the post-Confucian hypothesis, one might take comfort in imagining that in the longer term East Asian managers will confront precisely the same social fabric and workforce characteristics that European and American managers
presently face. But this would be false comfort, one can argue, because, contrary to popular consensus, the success of Asian business can not be attributed so simply to cultural factors, despite the stress on these in the literature.

**Unpacking the cultural baggage.**

It is, one may suggest, easy to over-rate these cultural aspects. For instance, the highly segmented labour market does not appear to be a particularly cultural feature, but it is extremely important in Japanese economic success. It was Abegglen (1958) who was first responsible for introducing Western observers to the idea that a central aspect of this segmented labour market, the system of core life-long employment, was some kind of ancient moral idea derived from feudal times, best understood as a cultural artefact. However, subsequent writers have painted a picture in which tenure or life time employment was in fact instituted during the transition from internal contracting to modern bureaucracy which occurred in Japan between about 1910 and 1930. This was a period of growing labour militancy and high labour turnover. Large firms in a strong oligopolistic position sought to create labour commitment by preserving existing aspects of the system of job security and regular progression up a pay hierarchy (see Littler 1982; also the discussion in Clegg, Boreham and Dow 1986: 96). The solutions sought do not appear to owe their existence to a felt need to preserve some ancient and special culture. Indeed, with some minor exceptions, they do not appear overly to derive from such a culture.

Scepticism with respect to the role of culture may appear to be somewhat surprising, given the emphasis that there has been on the importance of culturally specific features of Japanese society in accounting for its success. Often this stress has picked up on the 'group-centred' aspects of Japan and its 'post-Confucian' culture. However, the 'groupism' which is often perceived as such a characteristic feature of Japanese organisations does not appear to be associated positively with performance (or, as in the case of morning ceremonies, it may even be negatively associated with performance). This suggests that such practices have been systematically over-rated by those Western observers who have advocated cultural sequestration in order to increase performance. Such practices may well be culturally compatible and decorative additions to the Japanese economic machine, rather than its essential mechanism, much as Dunphy (1986) suggests.

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5 Further evidence of the non-essential nature of 'culture' in producing Japanese productivity is what happens to it in subsidiary overseas operations. While there is evidence that some important and distinctive features of Japanese personnel policy (such as participative decision-making) are transferable to other cultures, Japanese firms tend to drop many of the practices which are seen as typically 'Japanese' in their overseas operations. Some features are more easily transferred than others. Ichimura (1981), for instance, found that there were problems in the employment of local managers in overseas operations, because of the tight Japanese control of strategic apices both at home and abroad. The problems that Japanese corporations have in employing indigenous managers in overseas operations have also been discussed by Ishida (1981). These problems can be demonstrated by considering the example of Japanese firms in Singapore, for instance. Milton-Smith (1986) has documented the difference between Japanese business ideology and practice in Singapore. Difficulties are experienced by the Japanese in operating in a different business culture to that of Japanese ethnocentrism. Personnel and labour management, often cited as the cultural locus of the organizational expression of 'post-
Some of the mechanisms which have been seen to produce this unique cultural emphasis on a coherent group are in themselves frequently misunderstood. For instance, the present system of lifetime employment does not mean that there are no redundancies, particularly during recession. Suzuki (1981) has described the practices of madogawa-zoku and genryo-keiei. The former practice involves placing people 'near the window' without assigning them a job, while the latter describes the dismissal, transfer or demotion of underemployed managers. Some writers, such as Wornoff (1982), regard these practices of under employment as sources of major inefficiencies in Japanese enterprise. It is only constant attention to production engineering, he suggests, which provides the counter weight to this 'inefficiency'. (Given the small percentage of employees in the internal labour market it is possible that Wornoff (1982) overstates his case).

In contemporary times, at least, it can be said that the Japanese succeed not only on the backs of highly segmented workers but also in part because they pay a great deal of attention to factors directly related to particular performance measures. Work practices are subordinated to these, especially with respect to quality controls. The percentage of final output inspected correlates most highly with productivity level, followed by attention to various aspects of machine technology (like computer usage), utilization of plant capacity and budget accountability. Characteristically, major enterprises in Japan have married successful quality control with enterprising innovation (Dunphy 1986).

These performance measures and the segmentary work practices may well be at the root of Japanese economic success, rather than social values of consensus and group harmony. Managerial skill in relating organization variables, such as technology or semi-autonomous work groups to productivity increases, product quality and innovation, appears to be crucial. The organization of the labour market into both an internal labour market in the big companies, with a highly unprotected and secondary sphere outside it, is a vital adjunct of this. The contribution made by various aspects of personnel policy to performance at the enterprise level remains controversial. It is not clear the extent to which various aspects of personnel policy contribute to performance, detract from it, or are merely cultural accretions of ethnographic interest but of no relevance to performance. What does appear to be clear are that particular aspects of personnel policy may contribute to performance at home but be non-exportable without some 'functional equivalent' for the material, institutional under-pinnings. If exportable, they may, nevertheless, become a liability in another cultural setting. Research in Thailand into the presence of Japanese organizations suggests that this is the case. A system which recruits indigenous labour only for lower level work within the organization, and which rewards

Confucianism' are, in fact, the weak points of Japanese management overseas. In particular, the increasing integration of subsidiaries into the global marketing strategies of the Japanese parent mean that these strategies predominate over concern for the welfare of local employees. In addition the exclusion from decision-making of non-Japanese, locally-hired, subsidiary managers would suggest that Japanese companies will experience increasing difficulty in hiring and retaining bright, ambitious local managers (also see Tsurumi 1976, who explores the same phenomena from the point of view of union organization). Thus many of the much debated Japanese personnel policies may prove to have no real impact on organisational performance in Japan and to be a handicap in adapting cross-culturally, even in East Asia. This would be a significant problem in view of Japanese industries increasing direct investment abroad as a result of the strong Yen.
seniority, thus slowly replacing expatriate labour when local labour has been thoroughly trained and socialized, will be seen as 'colonial' by the indigenes (Taira 1980). Given the historical record of Japanese colonialism, particularly in the 'greater co-prosperity sphere' of East Asia, such resonances will be particularly unpleasant.

It is not just Dunphy (1986) who suspects that Japanese management practices may be the result of 'conscious problem solving' by Japanese elites. Other writers have had a sceptical regard for this 'group-centred' 'Japan-model' as Sugimoto (1986) and Sugimoto and Mouer (1985) have termed the variant of functionalism which attributes Japan's success to a unique configuration of values. From their perspective, sharing a similar argument to that advanced by Dunphy (1986), much of Japanese 'groupism' and 'consensus' is less an effect of culture and more an effect of control from above. This emphasis of control appears to have been missed by those western scholars whose research only samples the elite and their institutions in the Japanese context. One way of testing the hypothesis that the 'culture of consent' and 'groupism' is an effect of elite control of the mechanisms of ideological transmission rather than being more deeply rooted within Japanese life would be to consider the historical record.

The historical record

If Japan's economic success since the Meiji restoration of 1868 is due to a unique economic culture rooted in post-Confucian consensus and groupism, then the historical record of Japanese labour relations should display this fact. It is worth considering just how unique the putative achievement of a mature industrialization without conflict would be. Probably a majority of sociologists, outside of either extreme functionalists or extreme Marxists, would not accept the 'dominant ideology thesis' (Abercrombie et al, 1980), that societies are characterized by highly coherent 'central value systems'. Instead, judged on the empirical record, industrial societies are more properly regarded as fragmented and diversified cultures, as displaying a plurality of worldviews and experiential frameworks rather than based on an all embracing unitary culture, dominant ideology or hegemony.

The study of Japanese industrial relations (Gordon 1985) appears to offer a striking disconfirmation of any historically rooted Japanese national consensual culture. Instead, the standard struggle attendant on the 'making' of a working class from a traditionally recalcitrant peasantry was as typical of Japan as it has been elsewhere (Vlastos 1986). There is little evidence to support the argument that Japanese practices are somehow culturally 'set' in a unique mould. Shirai and Shimoda (1978), for instance, looking at the historical evolution of unionism and the industrial relations system, suggest that the most important characteristics were fabricated in the postwar era. For whatever reasons of ideology or scholarship, a certain interpretation of this period has become widely known in the West which focuses on a few institutional features, embraces a cultural history to 'explain' them and, writers such as Sugimoto (1982: 19-20) suggest, systematically occludes understanding by focusing on what are idiosyncratic features of the totality.

The idea that Japanese organizations can rely on particular qualities of loyalty and consensus from their employees, qualities which are culturally deep-rooted, as Abegglen (1958; 1973) has suggested, is challenged by the historical record. For instance, in an early rebuttal, Taira (1961)
demonstrated that over the preceding one hundred years from the Meiji restoration the stability of Japanese labour had fluctuated widely in response to changing management tactics, which themselves were conditioned by the changing economic climate. At the inception of Japanese capitalism peasants were hijacked from the fields and virtually press-ganged into forced labour in the factories.

If the myth of consensus has any historical root it is to the 1930s and 1940s that we must look. In the 1930s, as Japan prepared for war, a combination of government legislation, a strong police force, factory owners and their hired gangs of factory employed thugs succeeded in creating an apparently calm industrial relations atmosphere. Trouble, defined in employers terms, was largely eliminated by the simple expedients of efficient coercion and repression. However, issues raised in the inter-war era, including tenure guarantees, wage-payment methods, the relative status of workers and staff specialists and their role in organizational decision-making, were, Kenney and Florida (1988: 126) suggest, to re-emerge in the post war era. As part of the United States programme of postwar democratisation of Japan, trade unions, which had been repressed entirely during the war, were once more allowed. During 1946 the membership of the trade unions grew rapidly from nil to five million, and the unions quickly developed a political role, with their political allegiances being split between the socialist and communist parties. However, they also engaged in more direct forms of democracy. Workers took over factories, expelled bosses and managers and during the first six months of 1946 practised workers control (Moore 1983). This occurred in 255 factories involving 157,000 workers (Gordon 1985). It did not last for long: the occupying American forces together with the Japanese Government drastically weakened the labour movement; tough anti-labour legislation was introduced and in 1950 12,000 workers were expelled from the Japanese industrial system's core enterprises because they were considered to be communists.

However, the union movement was not without some success. One of the demands of the left-wing unions in the postwar era was for enterprise-wide unions which would include both operatives and staff specialists. This demand arose out of the workers control movement and the occupation of the factories. It was hoped that the enterprise wide unions might be transformed from 'factory councils' to 'workers control', in the familiar model of the 'soviet', as in the Turin workers movement after the First World War (see the discussion of Gramsci in Clegg and Dunkerley 1980). By 1949 over half the workforce had been unionized, a total of six and a half million workers. Unions negotiated worker-management joint councils through which they were able, temporarily, to obtain a significant role in enterprise decision-making.

Progress was also achieved on the wages front where the principle of a 'need component' in the wage package was fought for and achieved (Gordon 1985; Kenney and Florida 1988: 127). Wages took on a tripartite character composed of an element of seniority, base and merit components. The merit components were fought for by management, while the unions were able to preserve the 'need' elements of base and seniority.

Gordon (1985: 424) describes the immediate postwar era as a time in which, at the enterprise level, the balance of power between workers and management was finely negotiated. Policies which might later be reconsidered to have been unilaterally management initiated ideas
frequently were not; often they were attempts by management to preemptively strike with a policy before it was further radicalized by union demands. The initiatives were not all on one side of course. The 'human relations' precursor of today’s 'groupism' was introduced under American tutelage. There was a massive employers counter-offensive in 1949-1950 in which an important weapon was the creation of more conservative and human relations oriented enterprise unions, once the communists had been expelled. With the loss of the radical leadership management regained the ascendancy in the power-play which was going on at enterprise level. As Kenney and Florida (1988: 128) put it 'The undermining of radical forces made it easier to transform many worker gains into the evolving framework of capitalist accumulation'.

Not all of the concessions which the unions gained were won back, however: 'enterprise unions had to deliver on demands raised in previous worker struggles; capital was thus unable to re-establish the prewar rules of the game' Among the achievements of the radical labour movement which were not defeated was the demand for tenure of employment. As Kenney and Florida (1988: 128) point out, this was just as well, because with enterprise unionism, dismissal meant union shrinkage with little prospect of replacement of lost membership. Consequently, even the tamest of the enterprise unions which the employers had established, had an interest in supporting tenure demands. They were hard to resist, given the enterprise base of unions and strikes, because this allowed unions to pick-off recalcitrant employers one-by-one. Few firms could afford a prolonged firm-specific strike which their competitors avoided by a concession. Moreover, it promised to resolve the turnover problems which had been endemic in inter-war Japanese enterprises (Clark 1979). In addition, enterprise tenure would ensure that the employers who invested in the training which was required to rebuild postwar industry would at least retain the fruits of their investments and would not have their trained labour poached elsewhere. Consequently, 'guaranteed employment for male workers in core firms became a fundamental feature of postwar Japan, with dismissals falling largely outside routine management prerogatives' (Kenney and Florida 1988: 128). Subsequently these rights were to be recognized in labour law. It was on these bases that the post war 'economic miracle' was constructed in some Japanese enterprises.

The contemporary scene

What are some of the characteristics of post war Japanese enterprises? First, there is a pronounced split between those workers integrated into the 'company world' of the internal labour market, with its 'seniority wage' system and 'lifetime employment' and other workers. Those within the 'company world' of Japan amount to less than one third of the industrial labour force: these are the members of the enterprise unions whose main function is as 'an auxiliary to management in the personnel sector' (Kawashini 1986: 156). They are to be found in the enterprise groups (Orrü et al 1988) and big-name firms which dominate the peaks of Japanese enterprise. Within these, core workers within the individual enterprises will belong to enterprise specific unions: each company has its own local wage scales premised on managerial evaluation of the skill requirements of a labour capacity which is itself constituted within the 'company world'. These are the elite of Japanese industrial workers, held
securely in place by the 'golden chains' that the company proffers (Muto 1986). Enterprise unions are the prevalent pattern but there are also some corporations which are characterized by a 'plural type' union situation, in which not only is there a majority union, but a breakaway minority union born after some decisive event in the history of the previous enterprise union. Such unions generate a disproportionate percentage of labour disputes in the private sector (Kawanishi 1986: 141). Such plural type unions are particularly evident in the public sector. Outside the core workers in the enterprise groups, organized into enterprise, or more rarely plural-type unions, there are a great many medium and small companies which do not form part of the 'company world'.

In spatial terms, big name companies and their 'company world' will sometimes dominate whole towns, like Toyota, Hitachi, Kawasaki Steel or Chisso corporation do. The big name companies also cast a contractual shadow over the employment scene. Whether or not towns are literally company towns, the enterprise groups dominate whole areas of employment through a vast number of subcontract firms. Although formally independent these are highly structured, semi-formalized and enjoy ongoing relations with the big name and enterprise group core companies. Effectively, in Muto's (1986: 135) phrase, they are 'vassals' of the big companies. In turn, many of the sub-contracting firms themselves rely on work subcontracted out to smaller sub-contractors who in turn sub-contract to female domestic outworkers who work on piece-wage rates far removed from those of the enterprise union members. In the Japanese automobile industry, for instance, 75 per cent of work (as compared to 50 per cent in the United States) is sourced outside the big name firms to primary subcontracting firms, which in turn may subcontract to secondary firms, which in turn may subcontract to tertiary outworkers, who will be paid at a fifth of the rate of workers in the larger subcontract firms (Muto 1986: 135). In the the smaller secondary subcontract firms, those with less than 100 employees (which provide 68.7 percent of all employment and over 50 percent of GNP), the wage rates have been roughly about 70 percent of those which prevail in the big name firms, although there are indications that these are now equalizing somewhat (Kenney and Florida 1988: 130). Small firms also employ a disproportionate share of minority workers and older workers who have been forced to retire from the core companies.

The Japanese labour market is highly gender segmented (see Brinton 1989). It is not that women are less likely to participate in the labour market in Japan than elsewhere: the participation rates are broadly comparable, with Japan having greater participation than many Western European countries, although these are not as high as those of Scandinavia or North America. What is at issue is the pattern of this participation. Women in Japan are far less likely to be employees and far more likely to be, as Brinton (1989: 550) terms them, 'unpaid family enterprise workers in small-family-run businesses or farms'. Where they are in employment, in every category women receive lower rates of pay which are age related in their impact. Younger women in the 16-20 age group are at the relative peak of their earning power, receiving only about 15 percent less than males. By the time that they are about 35 this will have been reduced to about 50 percent. These earnings rates parallel the participation rates; participation is highest amongst women in the younger age categories (20-24), declining monotonically except for a slight increase in the 40-44 age group, consistent with the cessation of childcare responsibilities. While men and
women have broadly the same propensity to enter the core organizations of the Japanese economy they do not have the same propensity to stay there. By the time they are 45-49 there are one and a half times more women in smaller firms, as compared with larger firms, while there are only three-fifths the numbers of women in large firms compared to their participation in smaller firms (Brinton 1989: 551). This represents a two-fifths decline or shift in female participation in the core sector over the life cycle from age 20 to 49. Women thus tend to end up in the 'external' labour market to those in which career ladders are to be found. The low level of female executive success in joining the managerial ranks in Japan demonstrates this, where only 13 percent of management is female. This contrasts with a figure of 68 percent in the United States, for example. It is also apparent in male/female wage differentials. Japanese women in the aggregate earn the lowest percentage wages compared to men in the OECD countries. The average aggregate monthly rate is 55.5 percent of the male rate.

A double bind exists in Japanese employment practice in the core corporate sector. Women are frequently encouraged by their employers to quit in their mid-twenties in order to have children. At the same time the same employers will point to this propensity to quit as sufficient reason why women should not be trained (Brinton 1989: 553). It is this framework of meaning and institutionalized practice which seems to be behind the results that Brinton (1989) discovered from the workforce survey she conducted in three urban locations in Japan in 1984. Inside the core organizations which men and women have a broadly similar propensity to enter when they commence employment, there is a marked difference in pattern. Seventy one percent of the men in the sample entered career track positions in large core organizations; only twenty three percent of the women did. Most women enter low-level non-career track 'assistant clerical' positions. Of overall employment, while twenty two of all men start their work lives on a career ladder only seven percent of women do. It is this initial handicap which does so much to explain the different outcomes (Brinton 1989).

There is a life cycle pattern visible in the employment of those women who do not enter career ladder opportunities. When they return to work after the cessation of 'family responsibilities' they are more likely to enter small firms in which tertiary outwork is concentrated. In fact, tertiary outworkers are most likely to be women. Female employment outside the core sector is highly concentrated in outwork and also in part-time and temporary jobs which are most vulnerable to recession (see Kenney and Florida 1988: 130-131). Some subcontracting workers may well work within the big name firms factories, on a modern day version of 'internal contracting' (see Clegg, Boreham and Dow 1986: 93-97; Littler 1982): the Oyakata system, where sub-contracted labour is provided for a lump sum. Alongside them may be temporary, seasonal workers, frequently drawn from the agrarian sector (disproportionately large in Japan due to deliberate government policy of tariff and quota exclusion of imports and of subsidies to primary producers) or from the ranks of part-time workers, usually housewives. Their ease of recruitment and dismissal is a major basis of Japanese flexibility, together with the 'enterprise' base of the unions themselves. Data from 1970, shows that 12 per cent of the work force employed in large companies of more than 500 workers, in major industries such as steel, shipbuilding, automobiles and construction, were such temporary workers, compared to only 2-3 per cent in companies employing 30-99 employees (Muto 1986: 136).
For those workers fortunate enough to have gone to the elite schools and universities favoured in recruitment by the big name firms and whose personal background passes scrutiny (see Rohlen 1974), the firm will proceed to train these core workers. At this level a particular 'corporate culture' does seem to come into play. Training is firm specific; it is oriented not only to 'functional qualifications' but is also 'a process of moral socialization into the community of the firm' (Deutschmann 1987a: 45). Indeed, Deutschmann suggests that the corporate culture in this respect does build on more general cultural phenomena in terms of the primary socialization role of the family, a family conceived as a cooperative community (Deutschmann 1987a: 44). To western observers it seems to be an extremely patriarchal (in an older sense of the term) system. The scope of the system can best be seen in the extent to which work time and work relations are routinely organized into the time and space outside of work. Lifetime employment is the cost and the benefit of this system. Cost, because it precludes any external labour market options for most workers. They are simply not trained for other enterprises and would not consider or be considered for such employment. Insofar as it does deliver employment security (which it does not always achieve and is less likely to in the future with the rapidly changing role of Japan in the world economy) then lifetime employment is indeed a benefit, at least until age 55, when retirement normally occurs. However, this security is of employment, not employment status: marginalization and downgrading do occur. Moreover, the less than generous state pension scheme is not available until age 65. It is in these last ten years that personal labour market 'flexibility' becomes an acute consideration.

Postmodern possibilities and the future perfect?

Japanese organizations clearly do have a number of distinctive features. Before we can assess these we need some way to assess these. The notion of 'organizational imperatives' is proposed as such a method of assessment. How do Japanese organizations typically handle the major functional problems that a large-scale business organization has to address? All effective forms of organization must be capable of resolving perennial problems which beset any administratively coordinated, recurrent and routine activities which occur between transacting agencies. However, it is by now clear that there is no 'one best way' of doing so. Systematic comparison can be fostered greatly by the application of a common template with which different ways of achieving organization can be compared. Blunt (1989), has argued that all organizations have to find some way of achieving solutions to perennial problems. These can be thought of in terms of seven organizational imperatives which he derives from a larger set constructed by Jaques (1989). The imperatives are:

1. Articulating mission, goals, strategies and main functions.
2. Arranging functional alignments.
3. Identifying mechanisms of coordination and control.
4. Constituting accountability and role relationships.
5. Institutionalizing planning and communication.
7. Achieving effective leadership.
Contemporary Japanese organization can be reviewed under these headings and contrasted with aspects of the more 'normal' ideal type organization. The point of doing this is not to suggest that western organizations elsewhere will be just like this 'modernist' ideal type. On the contrary, they may well have moved much closer to the type which will be referred to as 'postmodernist'. By this is meant not so much something coming after modernism, as it were, but something quite distinctive which remains unrecognised in its own terms in the kind of models which modernist theory has been wont to produce - both in what is represented and in how it is represented. To the extent that our assumptions for thinking about this type remain within the framework which derives from Weberian thought, we may well not recognize them for what they are. Instead, we may tend to note rather more what they are not.

Mission, goals, strategies and main functions

A specialized sense of organizational mission structures the strategy of Japanese firms. It is this specialization on strategy which allows a far more diffuse focus to emerge within the enterprise. With respect to strategy Japanese enterprise groups tend not to adopt the conglomerate model which is more common to large firms in the United States or Britain as the locus of their strategic initiative, preferring instead the keiretsu form. That this is so is because Japanese corporations place very little emphasis on merger as a mechanism of growth or diversification of business (Cool and Lengnick-Hall 1985: 8-9; Howard and Teramoto 1981; Kono 1982). As a consequence, as Cool and Lengnick-Hall (1985: 8-9) suggest, organization members know what business they are in; they have a deep-rooted and substantive knowledge that a policy of horizontal or vertical acquisitions hardly allows for. One of the reasons why the complex inter-market relations of the keiretsu are entered into is to organize those related and ancillary actions which would be internally subject to imperative co-ordination in more typical Western enterprises. In the case of the United States or Britain this centre is likely to be a locus of 'private' calculation which attempts to coordinate across a range of economic activities. One consequence of having well focused missions, goals, strategies and main functions, it is suggested, is that there usually is a core technology to the organization which is well understood. In consequence, following Emery and Trist (1960) and Tichy (1981), one can proposes that 'Since Japanese firms limit their scope to primarily one basic technology, their internal culture tends to be very homogeneous' (Cool and Lengnick-Hall 1985: 9). It is this which allows for far greater internal diffuseness, premised on a far more specialized sense of organization mission. This diffuseness is transmitted through a relative degree of de-differentiation of what are much more likely to be functionally separate elements in more bureaucratized, modernist firms.

De-differentiation of what elsewhere are more likely to be imperatively co-ordinated functions will lead to a lessening of the degree of specialization of functions subordinated to the missions and goals of an organization. Whitley (1989: 24) has suggested that specialization, when associated with relative homogeneity in the nature of employees, will minimizes transaction costs. Within Japanese enterprises company socialization occurs through firm-specific training, enterprise unionism and tenure of employment for those in the internal labour market. Some researchers, such as Cole and Tominaga (1976) argue that these
processes operate to such an extent in Japanese enterprises that modernist assumptions about there being an 'occupational structure' are quite inappropriate. In the internal labour market, instead of a commitment to an occupation per se, they suggest, one finds that because of permanent employment and seniority payment systems, workers tend to be more committed to their organizations than to their occupations.

Dore (1973) tends to regard the development of this institutional framework in Japanese core enterprises as a result of the 'late development' effect. According to Dore (1979) the later that capitalist development occurs the less likely it will be that that there will have been established a prior system of free wage labour in a capitalist agricultural sector. Consequently the forms of paternalism signified by feudal relations are more likely to be a recent tradition rather than a distant memory. It is from this tradition that he would see organizational commitment and permanent employment deriving. Cole (1978), in contrast, prefers to see the emergence of permanent employment not so much in terms of a living tradition but in terms of an institutional legacy which organizational innovators were able to draw on (also see Cole 1971).

However, estimates put as low as 25 percent the proportion of the labour market who positively benefit from organizational tenure, those male, white-collar, full-time employees of the major, core and big name enterprises (Hamada 1980). The function of these labour market arrangements are clear; principally they serve to retain workers who embody valuable skill-formation for the enterprise (Jacoby 1979). Retention is achieved through the cumulative advantages which accrue to employees from the higher wages and status flowing from long service under the seniority system. Buttressing these are the scarcity of good job opportunities on the internal labour market and the existence of intense competition for these (Koshiro 1981). Scarcity and competition go a long way towards explaining both the exclusivity and the articulation of permanent employment with the system of sub-contracting and out working, in which the labour of women and retired workers predominates (retirement, although now approaching Western norms, until recently occurred at 55. In the absence of a well-developed welfare state 'retirees' have to work, live off earnings or rely on familial support.). The emphasis placed by writers such as Abegglen (1973) and Drucker (1971) on internalized beliefs and values in culturalist accounts are too great and, it is suggested, unwarranted by the texts which are available to Japanese scholars themselves (see Ishikawa 1982; Urabe 1979). Culturalist accounts require replacement with a greater emphasis on a more organizationally materialist context (see Marsh and Mannari 1977; 1980; 1981).

At the centre of de-differentiated specialization of functions and the growth of organizational rather than occupational commitments are technical aspects of production. Technique is not simply a commodity to be bought, but a vital aspect of organisation. This is clear in the sense that applied technique includes the human organisation or system that sets equipment to work. Equally importantly the concept includes the physical integration of a new piece of equipment into a production process and its subsequent refinement and modification at the hands of the technically-skilled workforce. Many manufacturers have come to grief on the belief that technical solutions can be bought pre-packaged. This is to ignore, precisely, that in operation these are always socio-technical solutions. What is at issue is precisely the 'cultural' context in which these solutions
have to work. Studies have shown that equipment users rather than makers develop major process innovations (thus stealing a march on their competitors) and that small, imperceptible ‘everyday rationalisations’ account for the lion’s share of productivity gains in an on going manufacturing business. Ergas (1987) has referred to this a ‘deepening’ model of technological development, in which ‘learning by doing’ and making the best organisational and technical use of ‘what you’ve got’ is far more important than acquiring the latest ‘state of the art’ process technology (Ewer et al, 1987, ch. 4). A ‘deepening’ model of technological development may be contrasted with those discontinuous models of technological development which stress the production of novel technological principles. Discontinuous conceptions of technological change may be termed a ‘shifting’ model. Kenney and Florida (1988: 140) suggest that in Japan ‘the close linkage between production and innovation and a more general legacy of organizational flexibility has resulted in the integration of shifting with deepening’. The achievement of successful integration is very much an institutional question. Where employees have a rooted substantive knowledge of what they are doing, rather than one which is simply a certified mastery of some abstract occupational or analytical techniques, then the institutional conditions appear to be most appropriate for such an achievement.

Japanese organizations achieve integration of research and production through deliberately designed overlapping teams which work in the production complex. Such integration appear to be the key to the simultaneous achievement of ‘shifting’ and ‘deepening’. ‘As a result, technologies not only diffuse rapidly and help to rejuvenate mature sectors but large enterprises can quickly penetrate emerging areas either through invention, successful imitation, or knowledge acquisition’ (Kenney and Florida 1988: 140). The complex of cross-cutting relations within enterprise groups are used to facilitate this technological innovation. ‘Component companies in the corporate family are able to launch joint projects, transfer mutually useful information, and cross-fertilize one another’ (Kenney and Florida 1988: 140) using networks which incorporate markets rather than vertical integration.

Deepening requires the combination of technical constraints and complexities on the one hand, with the constant need to adapt to and anticipate changes in processes and products on the other. One particular organisational feature which facilitates this process is a degree of flexibility in work practices and a skilled and constantly reskilling workforce (Hoshino 1982c). The organization of enterprises dominated by the modernist characteristics of Fordism, in terms of functional specialization, task fragmentation and assembly-line production, are inimical to these requirements. The overlapping work roles, extensive job rotation, team based work units and relatively flexible production lines which characterize Japan are far more facilitative.

At the centre of this emergent mode of rationality was the negotiation of long-term employment tenure in the immediate postwar years. It was this which minimized many of the employment inflexibilities which were endemic to modernist bureaucratic and Fordist organizations. Tenure guarantees reduce the rational basis for worker and union opposition to moves to automation or work redesign by management. Where the jobs of members are guarantied then the rationality of opposition retreats. In such a context, then it is not surprising to find that skill sharing will occur more
frequently and easily, and that job-rotation may be used both to facilitate formal skill-sharing and informal learning amongst employees (Koike 1987). Long-term employment also allows management to rationally decide to make large scale investments in upgrading the skills of their workforce and in training them, secure in the knowledge that the investment will earn them a return, rather than accrue to someone else who succeeds in poaching the labour away. Where these guarantees are not in place it is always easier and certainly cheaper not to train and not to rely on a production system which requires highly skilled workers. Instead one would work to the lowest common skill denominator - the basis of modernist organization - and minimize the costs of labour turnover not through minimizing the labour transfers but through minimizing training costs, through minimizing skills.

Arranging functional alignments

Typically, in Weberian bureaucracies, relationships have been settled by hierarchy, giving rise to many of the most characteristic aspects of organizations as they are currently understood. In the case of the Japanese enterprise groups many of these hierarchical relationships are arranged through complex sub-contract arrangements and the extensive use of quasi-democratic work teams (in the Japanese case). This is to use horizontal relationships to substitute for functional arrangements which more typically are hierarchical in the modernist bureaucracy.

Whitley (1990: 63) has suggested that enterprise structures which are premised on producing a relatively concentrated range of related products will tend, of necessity, to resort to market relations in order to complement this narrow base. Uncertainty will typically be dealt with by a flexible and evolutionary approach to strategic change. Internally, one way of achieving this is to emphasize greater elements of democracy and self-management, albeit within structural parameters, in organizational work-teams. By contrast, those more oriented to hierarchy will handle organizational change 'by reallocating resources to new activities as opportunities arise' (Whitley 1990: 63; also see Kagono et al 1985: 57-87), thus contributing to differentiation and further specialization.

Unlike a large divisionalized Western corporation Japanese enterprises are far less likely to practice vertical integration of their component suppliers, in order to minimize transaction costs. Instead, they are likely to use the 'just-in-time' (JIT) system where complex market relations with component sub-contractors are used to ensure that supplies arrive on the premises where they are needed at the appropriate time. Large inventory stocks are dispensed with, and the circulation of capital in 'dead' buffer stock minimized. In Japan there are large JIT production complexes spatially organized so that subsidiary companies, suppliers and sub-contractors are in contiguous relationships with each other, extending through to tertiary sub-contracting relations. Quoting Cusumano (1985), one may note that with respect to Toyota there are as many as 30000 tertiary sub-contractors, 5000 secondary sub-contractors and 220 primary sub-contractors. Of the latter, 80 percent of them had plants within the production complex surrounding Toyota in Toyota City.

Kenney and Florida (1988: 137) see a number of distinct advantages flowing from the JIT system. One is that it displaces wage costs out of the more expensive core to the somewhat cheaper periphery; another is that it leads to stable long-term relations with suppliers which opens up multidirectional flows of information between the partners in the sub-
contracting network. Personnel as well as ideas are freely exchanged. Innovations can be accelerated through the system.

Japanese work organization is premised on self-managing teams rather than workers striving against each other under an individualistic and competitive payment and production system. In Japanese enterprises the functional alignment of activities is achieved by extensive use of the market principle through sub-contracting and a (quasi-) democratic principle through self managed teamwork. Within the self-managing teams work roles overlap and the task structure is continuous, rather than discontinuous, in which the workers themselves allocate the tasks internally (see Schonberger 1982). Production is not accelerated by redesigning work downwards in its skill content, by simplifying it further and separating the workers more one from the other, as in the classical modernist organization under Fordism. This is clear from studies of Japanese organizations in other countries, such as the research by Lincoln et al. (1978) into 54 Japanese controlled Californian organizations, which found an inverse relationship between functional specialization and Japanese control. Within Japanese organization practices, work in the internal labour market seems to be designed with an eye to the collective worker rather than in opposition to the collective worker. It appears to be designed to facilitate such collective work:

With work teams, the pace of production can changed by adding or removing workers, and management and team members can experiment with different configurations for completing specified tasks. In contrast to U.S. mass production where work arrives on a conveyor belt, Japanese workers often move with the production line...

Work groups perform routine quality control. This allows Japanese quality control departments to focus on nonroutine aspects of quality control, such as advanced statistical measurement or even work redesign. There is substantial evidence that work groups detect and remedy mistakes much more quickly than designated "inspectors", saving considerable rework and scrappage. Japanese work organization has led to the integration of quality control and shop floor problem solving. (Kenney and Florida 1988: 132)

Quality circles have been seen as a major achievement of the Japanese system. It is not only that they serve as a substitute for quality surveillance as a separate management function. It should be noted that they include both operatives and staff specialists such as engineers in the same circle, oriented towards not only reducing the wastage rate, but also to improving technological and process improvements. Once more this is relayed to the 'deepening' of technological development. Quality control is not 'externalized', nor is maintenance, to anything like the same degree as in more traditional modernist organizations. Much of the routine preventative maintenance is done by the operatives who use the machines. Kenney and Florida (1988: 132) note that 'down time' is considerably less on machines in Japan compared to the United States (the figures cited are 15 percent compared to 50 percent down time). This confirms Hayes' (1981) view that the Japanese succeed because of meticulous attention to every stage of the production process.

The greater flexibility of workers extends to the technological design of work itself. Production lines in Japanese enterprises are organized to be more flexible than the simple linear track of a Fordist factory. They can be easily reconfigured between different product lines (Cohen and Zysman 1987: ch. 9) and do not necessarily conform to the linear layout. Kenney
and Florida (1988: 132-133) note that in some industries the lines may be 'U'-shaped or modular, so that operatives can 'perform a number of tasks on different machines simultaneously while individual machines "mind" themselves'. As they note, for such a strategy to succeed, multi-skilling is essential.

Mechanisms of coordination and control

Mechanisms of coordination and control of the different functions and alignments of the organization depend, in part, on the strategies of power pursued. There are two aspects to this: power in the organization and power around the organization. We shall look at power in the organization first. In Japan superiors are expected to make their subordinates accept the practice of 'groupism' so that 'trust' is constituted which transcends particularisms, binding each person to the universal love of the enterprise. According to Rohlen (1973), drawing on fieldwork in a Japanese bank, about a third of Japanese organizations give their employees 'spiritual training', akin to techniques of religious conversion, therapy and initiation rites, which emphasize social cooperation, responsibility, reality-acceptance and perseverance in one's tasks. Tanaka (1980) also describes similar phenomena of socialization and indoctrination in company goals. Organizational commitment would not appear to be left to chance in many cases. In the case of Japan organizational commitment is of most moment for those workers who are secured by the golden chains of the internal labour market. These core employees are securely incorporated as members with benefits. Such benefits are not typically approached where there is a much greater reliance on the external labour market as a source of recruitment. (In some instances, as in the case of skilled labour in New Zealand and Australia for much of the post-war era, this reliance on the external labour market led to a positive neglect of questions of skill-formation). Where skill-formation has not been marginalized, as in the Japanese case of the core internal labour market, then it is important to remember that the benefits are not spread throughout the industrial system. Those workers who are subject to domestic outwork or seasonal working, or extended sub-contracting, will secure none of the benefits of the much vaunted core workers (Dore 1973; McMillan 1984), yet it is upon their 'flexibility' that the system rests. It is a system which works well in securing loyal commitment, by virtue of low turnover and dissent, even if it does not produce markedly more satisfied workers than elsewhere:

Empowerment on the shop floor appears to be more widespread in Japanese enterprises than it does in the bureaucratically conceived Fordist structures of western modernity. This is achieved through mechanisms like extensive firm-specific basic training and learning. In part, this is accomplished through being involved in the work teams with more experienced workers. Job rotation also facilitates this learning. Such rotation takes place not only within the work teams but also more widely in the enterprise. Workers sequentially master the complexities of different tasks and grasp the interconnectedness among them. By breaking down the communication barriers among work groups, rotation enhances the flow of information between workers and across functional units. Rotation generates a storehouse of knowledge applicable to a variety of work situations and enhances problem-solving capabilities at the enterprise level (Kenney and Florida 1988: 133).

The empowerment strategies of Japanese enterprises have been identified in a generalized commitment to 'learning by doing' (Kenney and
Florida 1999: 133-135). The kanban system, which is used to coordinate work between different work teams, has been seen as a part of this empowerment. Instead of top-down coordination of the workflow in the form of superordinate commands and surveillance, the kanban system allows for communication flows which coordinate horizontally rather than vertically. Work units use work cards (kanbans) to order supplies, to deliver processed materials and to synchronize production activities. Communication is through the cards, laterally rather than vertically, reducing planning and supervision, creating empowerment as workers 'do' for themselves.

Empowerment through widespread use of communication of information has been seen by Clark (1979) to be a key feature of the ringi-ko decision-making system, where printed documents circulate widely through the enterprise for comment and discussion. Consequently, when decisions are made after this exposure, then invariably snags and sources of opposition will have been 'cooled-out', often in ways which are organizationally quite productive. Much the same can be said of the widespread use of 'suggestions schemes', which although not compulsory, are so widespread that employees feel obliged to participate in them. (For instance, Kamata (1982), in his expose of Toyota in the early 1970s, suggested that workers who chose not to 'empower' themselves in this way were punished for it through criticism and smaller bonuses).

Flexibility and empowerment extends throughout the organization structure. There is a far wider use of management 'generalists'. Managers will not usually be specialists in accounting or finance, for instance, but will more likely be generalists who can rotate between positions (Kagono et al 1985). 'Management rotation', state Kenney and Florida (1988: 134), 'results in flexibility and learning by doing similar to that experienced on the shop floor. This blurs distinctions between departments, between line and staff managers, and between management and workers'. It is through this rotation that the commitment to a tenure principle and the prevention of organizational arteriosclerosis are maintained simultaneously. Managers who never leave do not have to wait for other managers to retire or die so that they can fill their shoes. Typically, the enterprise will always leave some management slots vacant. Nominal subordinates may discharge managerial tasks. Job titles are thus denotive of seniority not function. Because of rotation and the fact that promotion of a subordinate is not threatening to the status of a superordinate, internal managerial competition is far less than in the Weberian bureaucracy. Managers tend to cross boundaries and share knowledge far more in the normal course of doing their work where the quite rational anxieties induced by more explicitly 'face-threatening' systems are present (Kagono et al 1985: 116).

Where the traditional Weberian bureaucracy and Fordist production relations are characterized by highly specialized divisions of formalized power and authority, maintained by highly compartmentalized information flows, the situation is quite different in tendencies towards postmodernist organization:

Long-term employment and extremely low rates of labour mobility ensure that shared knowledge remains internal to the enterprise and that leakage is minimal. This provides firms with large collective memories. The Japanese remuneration schedule sets up sizable disincentives to careerism based on information hoarding. Since bonuses hinge on overall corporate performance and wage increases take into account group performance, the ability to share information, and the development of multiple skills, there are very
strong incentives for interaction and cooperation. The Japanese firm thus becomes an information-laden organization with problem-solving and regenerative capabilities far exceeding its fordist counterparts (Kenney and Florida 1988: 135).

Japanese enterprises have not only derived some productive ways of organizing power internally; they are also somewhat different in terms of their power 'around' the organization, to use Mintzberg's (1983) phrase. Power around the organization concerns the way in which enterprises are inter-connected between their strategic apices. In the West this takes place primarily through the mechanisms of 'interlocking directorships' (see Clegg, Boreham and Dow 1986: ch. 5) and the share market (see Ingham 1984; Morgan 1989). In these capital market based systems long term horizontal linkages, other than of cross-ownership or predatory behaviour oriented towards that end (or associated strategies), are rare.

Japanese enterprises operate under relatively stable capital market conditions compared to the highly volatile share-transactions of bundles of 'ownership' which characterize British, United States and many other western stock exchanges. Surprisingly, perhaps, to advocates of 'free' markets this does not result in a lack of dynamism or a neglect of issues of coordination and control at the strategic apices of industry in Japan. In fact, it is the facility to achieve high degrees of such coordination and control in its complex inter-market organization and state facilitated integration which many commentators have seen as the strategic edge of Japanese capitalism. In Japan the role of MITI has been of particular importance in vertically coordinating enterprises in the achievement of longer-term, macro-economic, industry-wide planning (Dore 1986). Much of the market uncertainty which has to be organizationally buffered in the West is displaced outside the organization in Japan. The system of financial ownership does not generate as much risk in the first place while the state handles much of that which does occur. Consequently there is no necessity to devise strategies to handle risk and uncertainty management which is not likely to occur: resources can be better invested in core activities.

6 Questions of managing state-enterprise relations also arise with respect to power around organizations. No matter how well an organization's strategic actors perceive leadership issues and pursue solutions they must secure organizational dominance and consensus, or at least obedience, for their goals. Moreover, they will have to depend on a national institutional environment if their strategy for the organization is to succeed. The most urgent need will invariably be for sources of long-term credit to finance major new investments, to maintain debt-to-equity ratios consistent with minimal capital costs, and to cushion the inevitable destruction of capital that flows from basic innovations in organizational practice. Public policy also enters into this general picture. Financial assistance may be required to meet the 'front end' costs of marketing and establishing distribution and service networks, as well as their being policies to protect the domestic market from other governments' predatory trade strategies, such as dumping and the provision of credit packages on tenders for major development projects. Industrial relations systems that do not put arbitrary limits on technological innovation and the upgrading of work practices will also be required (Williams et al. 1983: see the introduction). Finally, technical inputs of equipment and components, as well as the maintenance of markets, will depend upon insertion into a diversified manufacturing sector in which public policy plays a coherent role in establishing and maintaining linkages. Despite frequent classically economic liberal claims that government should not be in the business of picking winners, the institutional arrangements for achieving this do seem to work smoothly enough in some countries. The issue is whether or not there should be a strong framework and organizational commitment to instruments of public policy or whether or not there is a belief that such interventions are illegitimate and best left to the mysterious movements of market forces.
Constituting accountability and role relationships

Management involves accountability for role-related actions which it is the managers responsibility to produce and facilitate in others. The division of labour which achieves this may be more or less complex, and more or less individuated. In Japan there is evidence to suggest that both the level of complexity and the degree of individuation of labour are less than is typically the case in a classical Weberian bureaucracy. De-differentiation appears to be operative. This is in part because of the way in which skill formation is more intra-organizationally than individually achieved, and thus located in the context of the overall skilling of work groups rather than just the human capital of a competitive individual. Further supporting this sense of group accountability and relationships is a reward system more oriented to team than individual work. All this is only possible where multi-skilling and flexible-skilling is the norm, rather than restrictive, skill defensiveness. Where there is a high degree of skill division then more formalized and externalized coordination and control will be required. Individual role relationships will tend to be normalized in the calculations which organization agencies make and so management control will be expressed far more in terms of the accountability of individuals.
Institutionalizing planning and communication

Whether one is ‘sticking close to the knitting’ (Peters and Waterman 1982; Redding 1990) by focusing only on what one knows well, in a family business, or whether one is involved in imperatively coordinating only a fairly specific range of business-related activity, as in typical Japanese enterprises, leaving the broader picture to the inter-market relations and to state planning, one is certainly involved in a far more restricted and less audacious exercise of planning than one would be in trying to plan the twenty or thirty unrelated businesses of the typical conglomerate.  

In the manufacturing sectors of Britain, USA and Australia, conglomerates predominate as a major loci of internalised planning and communication. Whatever the structure a manufacturing firm’s facilities, workforce and distribution network impose their own focus on its technologies and markets, and thus their own limits on rational diversification. Recognising those limits is a matter of fine judgement; expensive mistakes, resulting from uncoordinated manufacturing strategies and managerial distraction, can occur even in the cases of integration and diversification motivated solely by manufacturing considerations. They occur much more frequently in the case of mergers and takeovers that represent a second-best to internal expansion, and the situation is much worse in the usual case where businesses are acquired with no manufacturing rationale at all. Thus arises the typical conglomerate of, say, 20 or 30 unrelated businesses presided over by a single head office which, however, bears ultimate responsibility for their strategic decision-making. Merger and acquisition do not necessarily produce rational reconstruction on divisional lines but can produce conflicting authority structures based on disparate organization cultures and systems resistant to the new loci of control.

In such a situation the head office’s necessary lack of insight into the dynamics of the individual businesses is compounded by its over-reliance on the major formally rational means of control over local management and assessment of business prospects: that is dependence upon financial calculations and accounting techniques premised on the divisional form. The degradation of subsidiary businesses to ‘profit centres’ in contemporary managerial jargon tells the tale plainly enough. Centralised cost-accounting and capital-budgeting systems are the new organs of control to whose simplistic quantifications all complex technical and organisational questions, as well as future production and marketing imponderables, have to be reduced (Standish 1990). ‘Profit-centre’ managers in their turn submit to the iron law of quarterly or annual return-on-investment (ROI) calculation, which hardly encourages them to become farsighted captains of industry. Thourow’s (1984) investigation of a conglomerate with 30 subsidiaries revealed an average time-horizon of 2.8 years, hardly adequate for planning investments in processes with life-spans covering several product-generations! Analysts of manufacturing decline almost unanimously pinpoint the rise to prominence of ROI calculations as the immediate cause of the sharp decline in expenditure on new process technologies, facilities and research and development.

The adoption of one or other accounting convention as the basis for planning has real material consequences (Standish 1990). The most important general example is the use of modified historic-cost accounting in Britain and Australia which systematically overstates profits by understating the value of real capital, and this in turn may lead to inadequate retention of operating surpluses and the winding down of the assets of the business. Another arbitrary - if formally rational - aspect of accounting practice is the choice and weighting of time-frames. Profit is struck on an annual basis, and the time-frame and weighting of anticipated returns can vary greatly. The financial institutions’ separation from, and domination of, manufacturers gives yearly accounts a much greater salience than in countries where financial institutions are made more receptive to manufacturers’ requirements, and this in turn highlights the artificial distinction between operating costs and capital outlays.

Current ROI calculations and capital budgeting techniques bear a heavy inherent bias to conservative investment behaviour and short-term management of manufacturing enterprise. The quarterly or annual ROI calculation presents an unambiguous case and a very strong influence on local managerial behaviour because it is the main - and often only - form of control of it which is available as well as the measure of its success. It is much easier to improve ‘performance’ on such measures by decreasing the denominator, than by increasing the numerator, which can take a long time, involves risk and has to be discounted for taxation. A profit-centre manager can achieve quicker, surer and easier results by delaying replacement of old or worn-out equipment, replacing equipment eventually with technologically dated or inferior substitutes, skimping on maintenance, research and development and personnel development - in other words, by disinvestment and technological stagnation (Hayes and Garvin 1982: 74; Hayes and Wheelwright 1984: 11-13). In the seventies, for
Planning and communication can take place through abstracted techniques of management control but it is by no means clear that the technical reason implicit in the use of these techniques serves to substitute for more substantively based judgements and planning. The greater degree of substantive as opposed to formal rationality evidenced in Japanese organization, in particular, seems to be an important consideration. Under conditions of more stable enterprise relations the forms of short-term economic calculation which are predominant in western enterprises do not prove so necessary. Knowledge of the business is more rooted in substantive criteria of operational intimacy rather than merely rational techniques. Practitioners of such technically adept management, the new 'professional managers' of United States business schools, have recently been lambasted both for their failure to conceive strategies and to implement them, as well as for their systematic choice of self-defeating strategies (Hayes and Abernathy 1980; also see Hayes and Wheelwright 1984; Hayes, Wheelwright and Clark 1988). Unlike their predecessor who typically worked up through the various functional departments and divisions of the enterprise gaining 'hands on' experience, the new manager cultivates a 'fast track' career by job-hopping and scoring up quick symbolic 'wins'. Knowledge of the specific business grounded in its local culture is replaced with an analytic detachment borne of de-contextualized and portable skills gained at business, accountancy or law school. Apart from the formal accomplishments of law, accountancy and financial management, these skills restrict themselves to formalised consumer analysis, market survey technique, matrices and learning curves. Ignorance of technical contingency is supplemented with 'technology aversion' and an elitism that prevents either being remedied (Pascale 1984). Institutionally cultivated individual career strategies for organizational dominance contribute to organizational decline.

instance, robots did not meet ROI criteria in either Japan or U.S.A. in the car industry. The Japanese introduced them anyway, and thereupon gained market dominance through the much higher quality achieved. As a result, robots were paying for themselves within two and a half years (Thurow 1984).

Even more insidious, perhaps, is the rapid acceptance of capital-budgeting techniques which involves discounting calculations for assessing strategic investments. The amount and timing of future cash flows resulting from a proposed investment, are estimated and then they are discounted by the estimated return on an alternative, external investment of the same size, and aggregated to produce a 'net present value'. This procedure provides plenty of room for fudging the figures and building in arbitrary assumptions. In particular it relies on estimating the final cost of the investment, the amount and timing of returns, the rate of return on the alternative investment (the 'hurdle rate') and the rate of real deterioration of items of productive capital. Even if used sensibly, capital-budgeting procedures will tend to discourage major initiatives and indicate strategies aimed at short-term returns. In practice, hopelessly unrealistic assumptions and expectations are often built into these 'analyses', like payback periods of three years or less, and very high, rule-of-thumb hurdle rates that bear no relation to the real cost of capital to the business or actual rates achievable from external placements.

Two prominent analysts of the Harvard Business School, Hayes and Abernathy (1980: 74) have branded these new managers as 'pseudo-professionals' who systematically mismanage a manufacturing business. They regard plant as an embarrassing constraint on financial manoeuvrability and try to buy pre-packaged solutions, commonly on an inappropriate and grandiose scale. But what they do well is more damaging than what they do badly. 'Managing by the numbers' collapses time frames: individual businesses have to show quick returns on minimal outlays or be deliberately run down and liquidated as 'cash cows'; in conglomerates, individual businesses are reduced to bargaining chips, quickly acquired and shed. 'A "successful" American manager doesn't plant or harvest', Thurow (1984: 23) comments, 'he is simply a Viking raider'. Clearly, such individuals are
In Japan long term planning based on market research has been vital in those areas where innovation, and not just importation, of technology have occurred, such as the consumer electronics industry (Fox 1980). The role of the government in supplying information and technological forecasts has been stressed by Eto (1980), sharing the emphasis which Holden (1980) places on MITI's national industrial policy. In addition, she also stresses the institutional freedom which Japanese firms have to plan long-term as well as their emphasis on quality-control in the actual production process. (The 'cultural homogeneity' of the workforce is also stressed as being important). Other writers, such as Hoshino (1982a; b; c; d; especially 1982c and 1982d), while sharing the stress on technological innovation, argue that it is characteristics of the organization structure which enable long term research planning to occur easily, notably the flexibility of the specialist work force.

Relating rewards and performance
Performance and reward imperatives may be more or less related. Now, this can be achieved in one or other of two contrasting ways. It may be achieved through complex processes of individualization in effort-related bonus systems. Alston (1982), for instance, has noted how these arrangements may give rise to jealousy and rivalry. Alternatively, it may be done through linking rewards not to individual efforts but to organizational success and service. It is the latter strategy which has characterized Japanese management systems. The payment system has been oriented primarily to improving overall organization performance, by tightly coupling length of service to frequent promotion up a ladder of many small gradations. The seniority based nature of the wages system in Japan, the nenko system, has been the major focus of much discussion of the relation between rewards and performance in Japan (see Sano 1977). It should be clear that nenko seido, the combination of lifetime employment and seniority-based wages systems, applies only to the core employees, who will be almost entirely males (Matsuura 1981). In common with Matsuura, other writers such as Takeuchi (1982) have argued that the ease of dismissal, low wage and fringe benefit costs, and the frequent part-time provision of female labour are important in buffering and stabilizing the stable employment situation of core workers. The basis of flexibility is disproportionately shouldeered by female patterns of labour force participation.

strategically ill-equipped to address the substantive issues of manufacturing management, and obsolescence, lack of fit, quality and labour problems result. For many writers, the investigation of manufacturing decline stops here, and they propose solutions accordingly. At the most extreme, Pascale (1984: 65) suggests that rationality as such is an ethnocentric cul-de-sac, and the standard business-journal exercise of learning-from-the-Japanese for him boils down to a flight from rationality and emulating the inspired but erratic hit-or-miss business behaviour of Soichiro Honda. 'The givens of organisation', he reminds us, 'are ambiguity, uncertainty, imperfection and paradox'; he thus follows the organization theory of March and his associates (Cohen et al 1972) towards the conviction that strategic and structural responses carry their own falsehood. The more common remedies are no less fanciful and voluntarist, from exhumation of the Schumpeterian entrepreneur to proposals for corporate cultural revivalism (see Ray 1986) and an evangelical faith in the explanatory purchase of 'economic culture' in its post-Confucian mode, an explanation to which can be attributed both the 'decline of the West' and the rise of East Asia. By contrast, this paper is recommending consideration of the specificities of substantive practice.
Wages in Japan are not simply based on age alone. Performance elements do enter into the equation. However, they do so in a distinctive way. Bonuses are related to overall group or organizational performance (Dore 1973: 94-110). It has been suggested by Koshiro (1982), for instance, that wages in Japan are determined by mechanisms based largely on profit maximization, while Matsuzaka (1967) has pointed to the closely related variable of organization size in determining wage disparities, as well as age and duration of employment service. One aspect of this size function seems to be that the nenko system is surviving in larger firms while it is being eroded in the smaller ones (Tachibanaki 1982). This stress on organizational aspects in wage determination is picked up by Nakao (1980) in the emphasis given to the correlation between high wages and market share (which is itself related to advertising expenditures).

Alston (1982) has suggested that in practice there are two guidelines or rules at work relating rewards and performance in Japan. First, a single individual is never rewarded alone, but the reward is distributed as equally as possible within the work group. Secondly, he has pointed to the expressive dimension of the reward system, in addition to its instrumental qualities. Group rewards of a symbolic kind like a group photograph or company shield with the groups name on it are important devices used to build up the sense of practical ideological community. However, it is easy to over stress how these rewards relate to job satisfaction. The implicit suggestion is that they do - that non-instrumental rewards are of importance in securing greater commitment, involvement and satisfaction from workers. On these criteria one would anticipate that Japanese workers would exhibit high levels of job satisfaction in comparative surveys. Despite the popular image of Japanese employees as happy and harmonious group workers the reality seems to be that they are not. As Lincoln and McBride (1987: 304) suggest on the basis of their extensive survey of the research literature, (citing work by Odaka [1975]; Azumi and McMillan [1975]; Dore [1973]; Pasquale and Maguire [1980]; and Cole [1979]), a particularly perplexing but strong and consistent finding from numerous work attitude surveys is the low level of job satisfaction reported by the Japanese. This suggests caution in imputing too much in the way of intrinsic superiority from the actors point of view to Japanese management practices, irrespective of the reasons for this low satisfaction. Interestingly, Cole (1979: 238) suggests that the low rates of Japanese satisfaction are due to the fact that they expect more from work than other nationalities! In view of the available evidence from the questions expressly asked there is little chance of disconfirming this view although one may be inclined to regard it with a degree of scepticism.

Achieving effective leadership

The global success of not only Japanese enterprise in the 1980s, but also the other NICs of East Asia, has been seen by some commentators such as Blunt (1989: 21) as a spur to the renaissance of studies of effective leadership in recent times (eg: Biggart and Hamilton 1987; Conger 1989; Handy 1989; Kotter 1988; Muczyk and Reimann 1987). Leadership is usually defined in terms which relate a 'vision' of the future to some 'strategies' for achieving it, which are capable of co-opting support, compliance and teamwork in its achievement, and which serves to motivate and sustain commitment to its purpose (after Kotter 1988: 25-26). Biggart
and Hamilton (1987) have stressed 'institutional aspects' of leadership - that is, the societal 'principles' or 'values' around which the vision can coalesce.

Japanese organization is close in many respects to depictions of an 'organic' structure, where the flexible aspects of the latter are widely distributed over areas of the organization which elsewhere would be more mechanical. The fairly effective neutralization of countervailing sources of leadership from professional bodies and trades unions is an important component of this, as is the considerable attention paid to ensuring that leadership initiatives have broad-based support before they are adopted, through the mechanisms of the ringi-ko decision making structure, and the extensive use of generalist managerial job-rotation. The 'organic' qualities are clearly important in allowing the adoption of systems of management which, in the absence of less effective leadership in gaining commitment, would hardly be viable. Holding very little in the way of stocks and inventory and relying on components suppliers to supply these 'just-in-time' for use in production could not operate where supply was liable to frequent bottlenecks, disruption or downright 'guileful' dispositions to milk positions of strategic contingency for what they are worth. The achievement of a situation where this is not the case, in leadership terms, is clearly related to the whole institutional fabric of the enterprise, in terms of phenomena such as the labour market structure and system of rewards.

Some writers, such as Blunt (1989: 22), refer to these institutional aspects of leadership in terms of an extended medical metaphor. Leadership provides organizational values which can serve as a basis for the development of mutual trust and commitment. Organization life which lacks this, which is premised on mistrust, is riddled with cholesterol clogging and incapacitating the system, like an epidemic of modern organizational life. The metaphor is a little too colourful, perhaps, but the general point is quite clear. Those organizations whose members can find no good reason, whatever the basis of the bargain, to trust one another at a modicum, will find it extremely hard to work effectively with each other. If nothing else, leadership is about building this basis (Bartolme 1989).
Figure 1: Organizational dimensions of modernity/postmodernity

Modernity ← Modernity <arrow> Postmodernity

1. Mission goals, strategies and main functions

specialization ← specialization <arrow> diffusion

2. Functional alignments

bureaucracy ← bureaucracy <arrow> democracy

hierarchy ← hierarchy <arrow> market

3. Coordination and control

in organizations
disempowerment ← disempowerment <arrow> empowerment

around organizations
laissez-faire ← laissez-faire <arrow> industry policy

4. Accountability and role relationships

extra-orgnzl ← extra-orgnzl <arrow> intra-orgnzl

skill formation

inflexible ← inflexible <arrow> flexible

5. Planning and communication

short term techniques ← short term techniques <arrow> long term techniques

6. Relation of performance and reward

individualized ← individualized <arrow> collectivized

7. Leadership

mistrust ← mistrust <arrow> trust
Conclusions

It might be thought that the argument of this paper is in some respects a panegyric in praise of Japan. I would not want to leave you with that impression. On the contrary, there are other possible, more social-democratic choices in the construction of postmodern organizational futures which could enhance rather than restrict organizational and economic citizenship, although, as I have argued at length elsewhere, I am inclined to think that it is unlikely that these will prevail (Clegg 1990). For the future, organizational postmodernity appears likely to be one in which an enclave of privileged workers would be formed on highly exclusivist principles of social identity, such as gender, ethnicity and age, characteristics which were tightly coupled to the processes of skill formation. Japan stands as a practical example of how this might be organized through processes of 'Nipponization' occurring on a global scale.

These postmodern conditions might easily become generalized, particularly in economies and societies already marked by wide disparities in wealth and highly stratified life-chances. One might anticipate that privileged individuals would easily be seduced by the organizational benefits on offer in this version of the postmodern package. It would not be too hard for such privileged individuals to be relatively indifferent to the majority. Indeed, they would be fortunate that they too were not condemned to the margins of postmodernity. On these margins everyday life would be hard-pressed, compared to the enclave of privilege. Indeed, not only the returns from work but also the conditions of its pursuit would be an everyday struggle against the dark side of that dialectic which illuminates privilege as it blights indifference. Postmodernity would be a series of privileged enclaves stockaded within the bleak vistas of modernity. Their status would be utterly dependent on the exclusion of others from the prizes secured, precisely because such definitions of an exclusive good are 'positional' (Hirsch 1978): if they are widely available to all they cease to have any exclusivity for the few who once held them. Working within privileged and exclusive labour market segments, residing within a set of exclusive lifestyle options, commuting between them, briefly transgressing the boundaries which demarcate the sacred from the profane: is that life in the postmodern age for the fortunate few whom 'market forces' favour? Highly differentiated rights in work would be the basis of possibilities for participation in citizenship more generally, as one bought or was excluded from the options available.

Paradoxically, we are individually much freer to choose postmodernist seduction (and repression and exclusion for others, by implication) than we would be to choose postmodernist enlightenment: the latter demands far more than sustained individual effort in a fiercely competitive labour market for admission to the ranks of the organizationally seduced. It requires concerted political will to shape and transform the institutions of policy in which those relations of organization power are normally constituted. Realistically it may well be that such strategic initiative and momentum is far too idealist or too difficult to occur. Maybe it will simply lack sufficient institutional expression, even over the long sweep of possible futures. It is, after all, much more pleasurable for one to be seduced than to be spurned and disappointed, to enjoy ones rights. While one enjoys them, why should one presume to worry about those of others one doesn't know and, under the prevailing conditions, probably wouldn't care to know? Moreover, it is unlikely that those within the arena of privilege will be obliged to listen for as
long as any dissenting voices remain organizationally outflanked, outside the stockade. The very existence of fierce competition for admittance to enclaves of privilege, together with appropriate policies of containment for those who neither resign nor compete but who seek to change the rules of the game, should suffice to secure this outflanking. Postmodern organization, as a mechanism of outflanking, may well function rather more to define, confine and confirm limits rather than to transcend them.

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