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*Part I*

A context for studying work

# 1 The Japanese at work

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## 1.1 Japanese-style management and the interest in Japanese at work

Over the last twenty years, a huge literature has emerged about work in Japan. The interest in Japan has followed that country's success as a national economy. Although economists had been aware of Japan's steady rise to economic prominence over the hundred years following the Meiji Restoration in 1868, from around 1970 Japan's large balance-of-payments surpluses drew wider attention to "the Japanese miracle." A number of books appeared to suggest that Japan had overnight become a new economic superstate that would challenge or even threaten Western economic supremacy. Their titles were often couched in ethnocentric terms that connoted not only warnings, but also condescending surprise, that a non-Western nation so severely beaten in 1945 could achieve so much within twenty-five years.

To explain Japan's sudden emergence as an economic superstate, many writers, including the futurologist Herman Kahn (1970), attached great importance to the Japanese mindset. They alleged that cultural remnants or feudalistic values – such as group loyalty, a motivation to achieve based on duty and the fear of shame or losing face, and Confucian frugality – and a special sense of community or national consensus were the wellsprings of Japan's economic success. Two underlying concerns marked much of that literature. One was a resentment of Japan's success in selling manufactured goods in the markets of the advanced industrialized economies. Many writers sought to assess the likelihood that Japan's success would be shortlived and not result in a long-term "threat." This focus underscored a fear and often encouraged a belief that there was a need for protective measures to counter the Japanese invasion. The second concern arose from the ideological position taken in many Western countries during the cold war. In the West a high value had been placed on free trade and there was a very real rationalist interest in how Japanese goods had become so competitive in terms of price and quality.

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This emphasis served to counter the first concern and opened the door for the “Japan guru” and others associated with the “learn-from-Japan campaign” which emerged in the late 1970s.

As Japanese exports continued to make inroads abroad, and Japan’s balance-of-payment surpluses ballooned in the 1980s, American and European managers began to visit Japan in large numbers to learn about quality control and bottom-up management techniques. An early stimulus to the interest in Japanese-style management was Dore’s *British Factory – Japanese Factory* (1973). Taking the theory of late development as a starting point, Dore argued that Japan had leapfrogged ahead in the design of industrial relations systems because it had been able to circumnavigate many of the problems associated with earlier efforts to industrialize. He suggested that Japan had avoided the strong antagonistic class relations between workers and managers which had characterized the industrialization process in many Western societies. Dore argued further that corporate welfarism had resolved many of the social justice issues in Japan. In 1979 Vogel published *Japan as Number One*, in which he too argued that Japan had actually moved ahead of the US and many European countries in a number of critical areas. He praised the Japanese approach to organizing work, the maintenance of high levels of cultural cohesion and social stability, the functioning of a highly effective bureaucracy, and the achievement of generally high levels of literacy. By the early 1980s the “learn-from-Japan campaign” was in high gear. One book after another appeared which extolled Japanese approaches to maintaining law and order, to supplying high-quality education, to fostering meaningful social interaction, and to developing satisfying and productive industrial relations or management styles. It became fashionable for academic writers to conclude research reports on Japan with a chapter on lessons for others.

The interest in learning from Japan was quite pronounced in the area of management. Something about Japanese-style management was seen as accounting for high levels of productivity. The quality of Japanese products and the low level of industrial disputes were seen as evidence of the success of Japanese management, low levels of worker alienation, and a distinct work ethic. Ouchi’s *Theory Z* (1981) and Pascale and Athos’s *The Art of Japanese Management* (1981) were two of the earlier volumes seeking to explain Japanese-style management to English-speaking managers around the world. The 1980s saw an outpouring of volumes on all aspects of Japanese-style management. Throughout this period Japan’s experience became a major point of reference for many who were writing about management and global capitalism. Writers such as Thurow (1983, 1992 and 1996) and Drucker (1993) typify this interest in Japan.

By the late 1980s many observers, such as Kenny and Florida (1993), were proclaiming that Japan had developed a truly post-Fordist or post-modern approach to organizing work.

Much of the literature on Japanese management assumed that the Japanese worker's commitment to work and to his place of work had been integral to the superior performance of the Japanese economy. That commitment was seen as overriding the adverse conditions which many workers had to put up with, including long hours and excessive regimentation. It was commonly argued that Japanese management had worked with and fostered a cultural paradigm that was quite different from the one found in most Western countries. The assumption was that Japanese culture resulted in workers and managers sharing similar values, which underpinned Japanese work practices and an unusually strong commitment to doing work. The conclusion was often that Western managers needed to alter their managerial style. The corollary was that a kind of cultural revolution was required in many Western societies so that antagonistic class relations formed during earlier stages of industrialization would give way to more cooperative relations at work and in society at large.

## 1.2 Reassessing Japanese-style management

Given the general enthusiasm for Japanese-style management, linked to the functional requisites for high productivity, other aspects of work organization have tended to be pushed aside. This was especially true outside Japan. North American scholarship had traditionally veered away from Marxist themes. As the cold war progressed, traditional perspectives on industrial relations which emphasized conflict and its resolution through power relations tended to give way to optimistic assessments concerning the manageability of human resources and the ability of progressive management to preempt conflict.

Countering that predilection, Kassalow (1983) argued that Japan's approach to industrial relations would not be a serious model for organizing work elsewhere unless three conditions were met. The first was that the system produced high levels of national economic competitiveness. Second was that all the stakeholders in Japan agreed the model was a satisfactory way of organizing work. Third was that members of the society generating the model desired to export it. The second and third conditions have been least satisfied and require close examination.

As for consensus, conservative governments and employers' associations have since the early 1950s attacked left-wing unionism and the Marxist-inspired scholarship associated with it. Two successive

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“oil shocks” in the 1970s fostered a renewed seriousness about national economic competitiveness and discipline at work. As socialist regimes abroad increasingly came to confront various contradictions in the 1980s, conservatives made headway and seemingly emerged victorious by the end of the 1980s, by which time militant left-wing unionism had also lost out in the unification of the labor movement. As the bubble years of the 1980s gave way to a new consumerism, dissident scholarship relevant to the understanding of work in Japan ebbed, and the interest in critiques of work organization in Japan waned. This gave the impression that consensus had been achieved and that the second condition seemed to have been met.

However, after Japan’s economic bubble burst in the early 1990s, thirty-five years of conservative rule came to an end. In the 1990s successive financial crises, the frequent turnover of national governments, rising unemployment, multicultural pressures, and the incursion of foreign-made goods underlined the need for a fundamental questioning of the work-related institutions previously seen as the wellspring of Japan’s postwar economic success. Many Japanese began to face a certain dilemma: three decades of hard work and Japan’s very high per capita incomes had not produced a commensurately high standard of living. This led to questions about how hard to work and the even more basic question: how wealthy is wealthy enough?

By the 1990s many Japanese were feeling a great national tiredness and frustration in not knowing how to convert the nation’s economic prowess into a better quality of life. There was a growing awareness that mammoth changes were required to alter a system that had been geared to putting production first. As Shimada (1995) put it, there were problems in having a system which produces more than can be consumed: Japan’s huge balance-of-payments surpluses were symptomatic of serious economic anorexia. Japan’s economy had come to be structured in ways that made it difficult for ordinary Japanese to enjoy the wealth it generated. It was an economy built on lean production. Such an economy, Shimada argued, had serious health problems.

Reflecting on this systemic problem, Sato (1993) wrote about Japan’s new spiritual refugees who were migrating to Australia to escape the Japanese system. These Japanese differed from the economic emigrants who left Japan at the beginning of the twentieth century. At issue was the dysfunctioning of the Japanese system as a whole. For such Japanese the high material standard of living was offset by high levels of stress. This perspective is presented in the recent writings of Kumazawa (1996 and 1997) and by those who write about *karoshi* (death from overwork). Those writing about these aspects would argue that Kassarow’s consensus was

to be found more in the form of an awkward silence than in a resounding cheer for the benefits of Japanese-style management. Overseas, Japanese firms came to be known for their hostility to unionism, for their failure to incorporate local managers, women or the aged into the upper realms of management, for a lack of seriousness in dealing with certain social issues such as sexual harassment, for implementing just-in-time systems that overly disciplined workers in a vast array of hierarchically aligned sub-contractors, and for the tightness with which it withheld from the public information on in-house dealings and other socially relevant matters.

These considerations mark the extent to which official and unofficial interpretations diverge and the “labeling” by which certain ways of organizing work are presented to the public as “respectable” and others are not. Because the engineering of work organization inevitably involves social change, management in leading firms must constantly engage in public relations exercises to implement change. For this reason, a full analysis of work in Japan requires that attention be paid both to the manifest and to the latent ways in which work is organized.

As for the third of Kassalow’s conditions, Japanese management and the government have been equivocal about the transferability of Japanese-style management. Prior to 1980 most of Japan’s investment overseas had been by small firms seeking to save on labor-intensive processes. From the late 1970s Japan’s large firms began in a concerted manner to manufacture abroad within tariff-protected or regulated areas and to counter mounting criticism of the negative effects their large-scale exports from Japan were having on other societies. For this reason there was sensitivity to local work practices. However, as Japanese multinational enterprises (MNEs) became more confident in their own labor processes and more familiar with the foreign settings, many encouraged their leaner subcontractors to follow them abroad, and Japanese managers began to introduce some Japanese practices while leaving others at home.

On the home front, partly as a result of direct pressure through the Structural Impediments Initiatives that came to be built into US–Japan bilateral relations in the late 1980s, many Japanese became more aware of the benefits of aligning practices in Japan with those found in other major economies. Steps to deregulate the Japanese economy have also coincided with social changes in Japan over the past ten to fifteen years. New developments in global capitalism have made the export of Japanese-style management and Japanese-style industrial relations practices in toto less pertinent. Japanese who want to say no to Western demands are now much less likely to do so on cultural grounds or to invoke parochial notions of cultural relativism in order to justify the introduction of allegedly Japanese ways of managing.

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As the evidence on Japanese-style management overseas accumulated during the 1980s, Japanese management increasingly came under the scrutiny of local communities. In North America and Europe many have a greater appreciation of the social consequences of Japanese-style management. Japanese managers now seem less enthusiastic about implementing the Japanese approach to industrial relations abroad. Another factor undermining the confidence of Japanese managers and depressing interest abroad in learning from the way work is organized in Japan has been the inability of the national economy to perform at levels achieved prior to 1990. During the 1990s the Japanese model lost its edge in meeting Kassalow's first criterion.

**1.3 A general perspective on postmodernism and the organization of work: post-Fordist or ultra-Fordist?**

The Japanese experience poses some hard questions about the nature of work. Four decades of rapid economic growth from the 1950s took Japan far beyond industrialization. In the late 1980s it was commonly argued that in becoming post-industrial Japanese society had also gone beyond modernization and the processes of rationalization which led to standardization, not just in work processes but also in life processes more generally. With the emergence of a national labor market and mass society, many came to the view that 90 percent of the Japanese identified with some amorphous "middle class." Nevertheless, although one can point to standardization in the education system, in the mass media, in the language, and in the rhythm of commuting, serious questions remain concerning the homogeneity of the Japanese in terms of a shared consciousness or ethos at work. These doubts were systematically detailed by Mouer and Sugimoto (1986). During the late 1980s and early 1990s debate focused on whether Japanese-style management actually represented a new post-Fordist system of production or was only a logical extension of the Fordist production system. Various contributions to that debate were later brought together in a volume edited by Kato and Steven (1993).

*1.3.1 The dilemma of modernity*

Modernization challenged social theorists with its emphasis on choice and liberation. Some time ago, Apter (1966) wrote that the essence of being modern lies in the willingness and the ability to make strategic choices. The dilemma of choice was especially apparent in societies that

came late to industrialization and required disciplined efforts to “catch up.” For them modernization became an exercise in the mobilization of entire populations to ward off outside control. This produced a tension between (i) the ability of individuals to make rational choices in their pursuit of individual freedom and autonomy, and (ii) the capacity of societies to make collective choices which were rational in terms of achieving self-sustaining development and national independence. Developmentalist ideologies sometimes blurred the distinction between internalized cultural values and politically supported policy objectives. Today some write about an Asian mode of democracy, whereby the national development needed to win new freedoms for Asian societies results in strategic restrictions being placed on the choices available to the individuals who constitute those societies.

The debate on Asian values highlights ambiguities and tensions created by modernity and by notions of universal economic rationality. Greater physical comfort and new standards based on universalistic principles are products of modernization and the drive for economic rationality. Beyond a certain point, however, further development requires more open flows of information that in turn allow individuals to disengage themselves from the state and its narrowly defined goals. This gives rise to postmodernity and to multiculturalist values that challenge many of the assumptions built into work when it is organized solely in the service of modernity and national development. As Japan continues to develop and the Japanese begin to enjoy the fruits of modernity, many of the tensions between modernity and postmodernity emerge at work.

For some time now, the nature of Japan’s postmodernity has been debated. While the general consensus seems to be that Japan’s culture has been able to incorporate contrasting elements, doubts remain about the extent to which Japan’s social structures demonstrate a similar tolerance or flexibility. This was certainly the view of American policymakers intent on Japan removing various structural impediments in the late 1980s, and structured change did result in changed behavior and new patterns of consumption. Although structural inflexibility in the economy was highlighted by Japan’s hesitancy to improve transparency in its financial sector, the Structural Impediments Initiatives also directed attention toward Japan’s rigid system of centrally controlled education, segmented labor markets, and other facets of social organization. Change in these domains over the past decade reinforces the view that many structures in Japan have operated independently of a coherent national culture and can be further altered in response to political realignments of power relations.



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1.3.2    *The question of flexibility at work*

From the early 1990s the flexibility of the Japanese system with regard to work has been questioned in three areas. One concerns questions of choice and multiculturalism at work. Here “multiculturalism” refers not only to the level of tolerance shown toward newcomers and Japan’s different ethnic minorities, but also to flexibility in recognizing or accepting different work patterns to accommodate the handicapped, those with special family responsibilities, those at different points in their life, those with different sexual preferences, and those with different work–leisure ethics. Much of the discussion of these matters by business interests in Japan has correctly pointed out that this kind of flexibility is often very expensive in terms of a firm’s economic competitiveness. Chapters 5 and 6 discuss the labor market and suggest that Japan’s system for organizing work still appears to be rigidly modernist and assimilationist (i.e. monocultural), although internationalization and various internal forces for postmodernism seem to be producing greater flexibility at work than has been the case in the past.

A second area of concern involves the shift from the clearly defined and easily measured goal of income maximization and more national GDP per capita to the nebulous goal of improving the standard of living and lifestyles. Workers have come increasingly to reassess their goals at work, both materially and psychologically. Those in the modernist mode tend to conclude that the younger generation, spoiled by affluence, has lost the work ethic. Modernists may also push to widen the scope for individual choice, but relate workways and lifestyle to fairly predictable stages in life. However, the Japanese now access vast information about the outside world via the media and the internet. A growing number tour, study, and do business abroad, often accompanied by their families. During the bubble years many came to see irony in Japan having the highest GNP per capita and the most advanced electronic gadgetry in the world while many citizens experienced circumstances associated with the early stages of economic development: substandard housing, long hours of work, and poor infrastructure for leisure-time activities and for medical care.

The third set of choices relate to the nature of the work ethic, the commitment of the Japanese to their work organizations, and the balance between voluntarism and regimentation or between self-discipline and institutionalized discipline. The distinction between institutional structures and culture is important in assessing the extent to which the Japanese approach to work still relies on structures rather than on culture or shared values. This is odd, given that much of the literature on work in

Japan has traditionally placed heavy emphasis on uniquely Japanese cultural traits or values as major factors facilitating Japan's past economic achievements at the enterprise level. Structures exist at several levels, and behavior in the firm is often shaped by institutions at the national level, and increasingly by global arrangements.

### 1.3.3 *Corporatism and the free market economy*

Questions concerning the locus of power or decision-making in Japan have been at the center of debate on contemporary Japan for some time (e.g. Stockwin 1980). Numerous observers such as van Wolferen (1990) and McCormack (1996) have argued that decision-making in Japan is diffused in a complex network of interconnected interests. These descriptions, while sometimes intended as a means of delineating the peculiarity of Japan's approach to social organization, are often consistent with those found in writings about power elites and strategic elites in other societies. Pluralists (such as Sone 1989) point to a wide range of participants in Japan's political process. Contributors to Inagami (1995) describe work organization in corporatistic terms as a form of centralized democracy.

This view had appeared earlier in Okochi, Karsh, and Levine (1973), who argued that the organization of work in Japan and in other industrialized societies can usefully be understood in terms of the institutional framework earlier advanced by Dunlop (1958). They posited that work organizations are shaped by arrangements that incorporate and balance the interests of big business, big government, and big labor. This understanding was also the starting point for Kenny and Florida (1993), who saw Japan's strong union movement immediately after the war as a defining influence on work organization.

Developments of the past decade, however, lead one to question the corporatist framework. The influence of the national peak organizations for labor, including Rengo, has greatly declined. As noted below in chapter 9, the unionization rate has dropped considerably over the past two decades. Rengo's influence on social policy relevant to the wellbeing of many in Japan's labor force has also declined. Once the major political vehicle for organized labor in Japan, the Japan Socialist Party (now the Social Democratic Party) survives in a very shaky manner after a brief taste of coalition power with the Murayama cabinet (1993–6). As Shimizu (1997) and others have suggested, the inability of Japanese unions to affect policy has led many to question the need for Japanese unions to exist at all – a view at odds with the notion that there is a corporatist balance of power.