

# Reversing Benchmarking : Japanese Management in a Stalemate ?

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It is a pleasure for me to contribute to this collection in honour of Professor Kazuyoshi Kawamoto. I met Prof. Kawamoto for the first time in East Berlin in the early 1980's. He came to the Department of Japanology at Humboldt-University to teach young people (including myself) Japanese language and Japanese Economics. Although I was not sufficiently aware of the importance of some of his messages at that time, at least two of them have proven to be of importance to me : first, Professor Kawamoto reminded us to underly our theoretical arguments with empirical facts. This may sound trivial, but recalling the circumstances at that time (the

wall still existed and the authoritarian state ideology of Marxism-Leninism was still uppermost in our minds) makes clear, how essential this advice really was. Second, Professor Kawamoto reminded us of the theoretical achievements of Max Weber and their worthiness in order to overcome (our) mechanistic, monolithic and teleological philosophy.

### 1. Prologue : Reversing Perspective

Japanese management style was considered to be essential for the remarkable success of Japanese big business in the automobile and electronic industries in the world-wide competition of the 1980's. But, of course, the view of Japanese management and its transferability abroad from Japan was strongly influenced by the interests of the respective stakeholder parties. In the first stage of reception, European management considered Japanese management as a convenient argument against cost-inflating union demands. European unions condemned Japanese management style as social dumping and backlash from democratic forms of interest regulation between management and labour in Western Europe (Dettloff/Kirchmann 1981). Despite of these different standpoints, the views of management and labour on Japanese management style were corresponding on one point : Japanese management style and the discussion of its transferability were mainly used as arguments in the regulation of interest within the existing structures of production, and concentrated more on distribution of added value into wages and profits than on restructuring.

Only a few years later, after overcoming their cultural ignorance under growing pressure from Japanese competition, European business leaders changed their point of view from simple instrumentalization to global benchmarking : They tended to see Japanese management as a blueprint for managerial restructuring in European enterprises in the late 1980's, and, to a certain degree, until the beginning 1990's. Unions, also under pressure from worsening labour market conditions and other more structural factors began (were forced) to recognize, that corporate restructuring is inevitable for survival in global competition, and that it may be instructive to take a closer look at how Japanese management works. This doesn't mean that Japanese management style became unconditionally accepted or thought to be a cure-all model. Especially in Germany, management, labour (unions) and scientists are commonly emphasizing the necessary to search for their own (new) way to cope with structural changes (Juergens 1992 ; Schumann et al. 1992/1994 ; Lecher 1994 ; Heidenreich 1994).

Nevertheless, Japanese management style, after emerging to catch up with the leading industrial nations in Europe and America and their large enterprises by adapting and integrating elements of modern management to Japanese conditions, became a catalyst or a strategic benchmark for corporate restructuring in Europe and America.

## 2. Problem : Reversing Reverse ?

Since 1990, the so-called Bubble Economy has collapsed and the Japanese economy and its enterprises have been suffering from the longest depression after World War Two without reliable signs for a substantial recovery within the next few years. Under such conditions, the prospects of Japanese management style are becoming uncertain. There is no doubt, that Japanese enterprises, considered to be all-mighty and in good shape to cope with challenges of the next century as global leaders, are in trouble.

### 2.1. Polarization on the Prospects of Japanese Management

Outlooks on the future of Japanese management (on how severe the trouble really is) are divided into two contrary positions (in Japan). There are those who are voting for a return to the roots, and those who are pleading for a fundamental structural reform towards free competition and a dominance of capital suppliers and respectively subordinated management interest (as it is found in the Anglo-Saxon management style). The first are seeing the structural flexibility of Japanese corporate organizations (based on harmony between management and labour) sufficiently capable of responding to environmental changes (Chuma 1994 ; Takanashi 1993 ; Nakazawa 1994) The latter are arguing that Japanese management style was efficient only under those structural conditions, which are finally fading away during the Heisei Depression (Musha 1994). This bipolar constellation seems to be the classical confrontation between conservatives and reformists. But rather, both views are mainly nothing more than lobbying arguments. The first supports the Japanese business leaders in charge and the silent majority who are escaping from fundamental change and conflicts in the hope that they will overcome until the "good old times" of common growth return. The latter are backing the interests of those who feel overrestricted and hindered in exerting competitive power under the logic of selective evolution.

### 2.2. Overcoming Polarization : Recognition of Stakeholder Interests

Both views are providing managerial prerogatives in decision-making on structural changes and preferring a problem solution by strengthening or implementing existing structures (models). By doing so, they are ignoring the need for new compromises and are underestimating the possibility that the interests of other stakeholders have been already changed or could change under continuously changing circumstances. This paper will deal with the implications of present environmental changes for Japanese management labour relations. It will vote for a new deal between both parties reflecting also the interests of other stakeholders. It will raise potential fields for strategic negotiations and new compromises in the areas of working time, work organization, and employee stock ownership schemes.

### 3. A Changing Environment for Japanese Management

#### 3.1. What is Japanese Management Style ?

Describing the characteristics of Japanese management style only by emphasizing lifelong employment, seniority wage and promotion, and enterprise unions is very popular. But this is not only misleading. It can't really explain the way how Japanese management style functions. Of course, Japanese management is to be seen in contrast to the classical Fordian system of production and distribution. The latter was based on the institutionalized link between mass production, mass consumption and class compromise between management and labour on distribution of added value. Labour accepted the Taylorist work organisation in turn for wage increases linked to productivity trends. This scale driven economy did not stand open for Japanese enterprises. Lacking in capital to be invested in large equipment (fixed capital), and an domestic market with a growing demand (purchasing power), Japanese enterprises had no other choice than to exploit their human capital, but without provoking classical class conflicts. They had no choice than to build up an extremely cost- competitive and capital-accumulation-orientated system of production. That is the economic (hard) core of Japanese management. Therefore, the Japanese management system was developed to internalize and control the total reproduction cycle of the core labour force in the areas : a) circulation (supply of labour force), b) consumption (in the production process), c) (re-)production (in the consumption process), d) competition between the workers for jobs, wages and promotions (as the principle of behaviour) and e) organized interest representation (by enterprise unions). This internal management was combined with the external labour market for a supplemental labour force and the highly organized use of suppliers. By doing this, Japanese large enterprises were enabled to regulate flexibly the working volume (due to working time, work intensity, number of people in the workforce), the content of work and its costs. This was only possible by combining the usable workforce, comprising not only the core workforce of permanent employees in the big enterprises, but also of contingent workforces and the majority of workers in supplying medium- and small- sized enterprises.

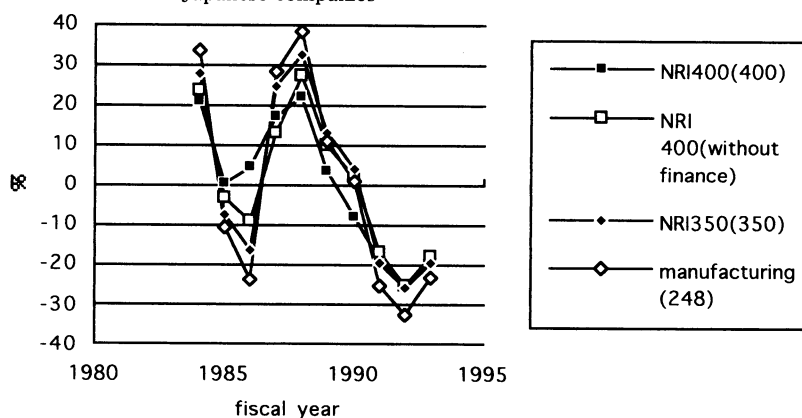
High flexibility in the workforce, a heavy investment in modern equipment, and a relatively low level and highly flexible cost structure of labour and capital were the decisive factors giving Japanese big business in the car and electronic manufacturing industries the edge over their American and European competitors. As a result, Japanese large enterprises and the Japanese economy could regain and sustain stable economic growth after the oil crises in the 1970' s and the early 1980' s as well as after the yen-shock in 1985. On the other hand, the silent deal between all stakeholders in the Japanese corporate community (the base for harmony and strength) was and is based on the expectation of stable growth. In that sense, Japanese management should be interpreted more as a side road (a different, more flexible way) of mass production than as an alternative highway into the future beyond mass production.

### 3.2. Has Japanese Management Style Already Changed ?

Of course, Japanese management has been changing. It is the outcome of the historic development and strategic dominance of management over labour as a result of the harsh class conflicts in the 1950's. The question is whether the presently continuing changes are still remaining within the structural frame, which was described above, or not.

The leading Japanese companies have been facing a serious overflow of equipment investment (production capacity), an increasing level of the break-even-point and a continuing decline in current profits since 1990 (see figure 1). The average return on equity (ROE) for the leading manufacturing companies reached 3.1% in 1993, the lowest level after World War Two (Watanabe 1993 : 73).

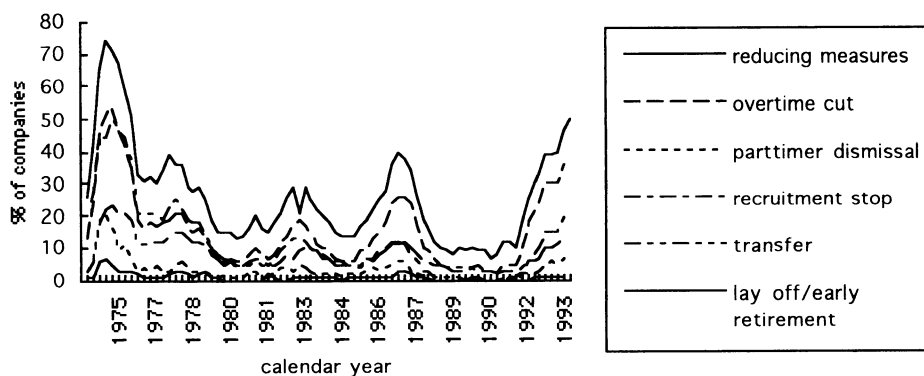
**Figure 1 :** Annual rate of current profit increase for the leading listed Japanese companies



Source : Nomura Research Institute, Zaikaikansoku

Under such circumstances, the majority of large Japanese enterprises began to reduce a) working volume (by stopping outsourcing, cutting overtime work, introducing short time work, and prolonging vacations), b) the employed working force (by dismissal of part-timers, transferring employees into subsidiaries and affiliated companies, reducing and stopping recruitment, enforcing early retirement) and c) labour costs (by suspending wage increases and cutting bonuses) (see Figure 2). This itself does not differ fundamentally from reducing regulation carried out by Japanese companies during former cyclical downswings.

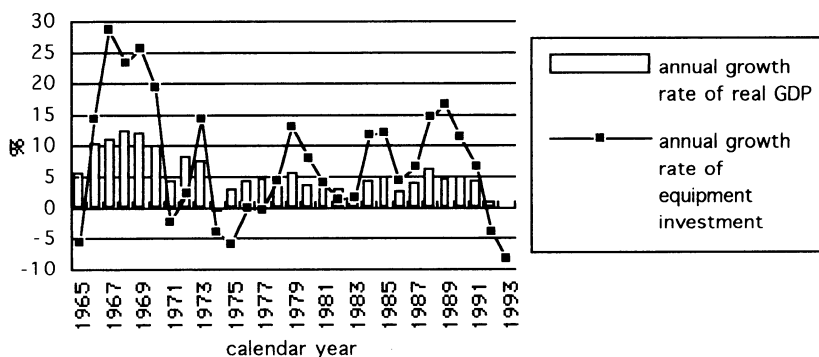
However, no clear conclusions can be drawn only by looking at traditional indicators for the labour market in Japan or changes in payment and promotion systems, which had already started in the late 1970's. It is obviously necessary to verify more medium- and long-term-orientated indicators or factors of environmental change, possibly causing pressure on structural reforms of the Japanese management system.

**Figure 2 : Labour reduction measures by Japanese companies**

Source : Ministry of Labour, White Book on Labour

### 3.3. Is Business Environment Fundamentally Changing ?

In the course of the beginning 1990's, signs indicating structural changes in the business environment, are becoming clearer. First, Japan and its large enterprises are obviously entering a stage of lower economic growth (see figure 3). This is not due to a temporary extension of the cyclical downswing. Economic development, based on the continuous growth of mass production and mass consumption, is no longer sustainable. Be it the third wave, the information society, demarking line between to two long waves or what ever : a shift to a new mode of economic development is indicated.

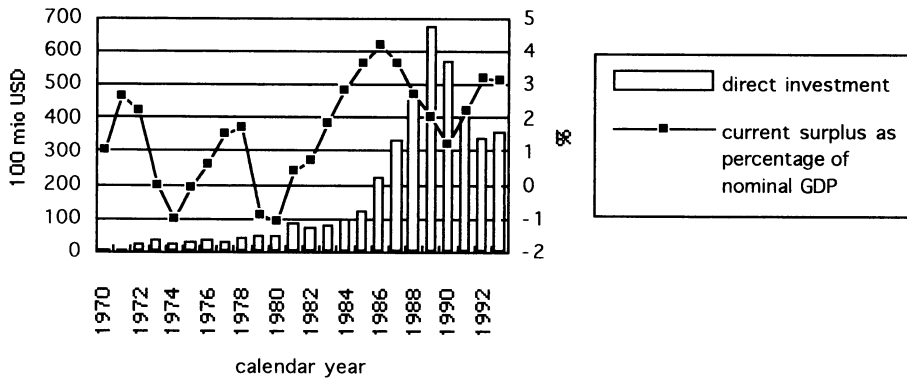
**Figure 3 : Growth of real GDP and equipment investment in Japan**

Source : Economy Planning Agency, Tōyō Keizai

Second, Japan can no longer afford to increase its export of goods and capital (investment), while it continues to protect its national market from foreign competition and hopes to satisfy its trade partners by following direct investment as the price for further market access for Japanese export. Foreign markets won't be used any longer as emergency exits for overflowing production capacities in Japan as it has become once again evident since 1990 (see figure 4). This is not due primarily to political pressure especially from the present U.S. government. The trends in global integrated markets themselves are reflecting more and more such unbalances,

pressing for adjustment (by upvaluing of Japanese currency) and forcing Japanese companies to allocate their resources globally (outside Japan) in order to maintain their competitiveness. The traditional Japanese way of monocentred (Japanized) internationalization is to be changed into cooperative globalization of business activities by Japanese enterprises. This has consequences not only for balance of flow of goods, production, and capital investments, but also for corporate structures, personnel management, and individual behaviour.

Figure 4 : The trend of Japanese direct investment and current balance surplus

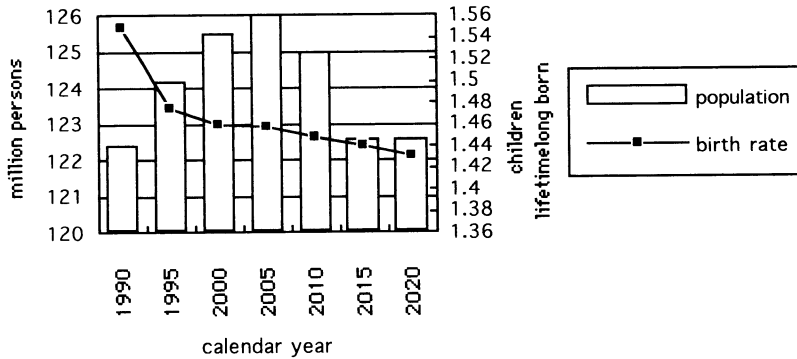


Source : Ministry of Finance, Tōyō Keizai

Third, information technology will be implemented increasingly. This will affect the way of living and working fundamentally. Present work will be made more effective. Without creating new businesses, jobs and working tasks, without changing the present status of worktime and work organization, a tremendous number of present workplaces will simply become redundant. On the other hand, knowledge work will be the decisive battlefield of global competition, demanding a new type of social and corporate organization and individual behaviour.

Fourth, closely related to the trends mentioned above, the trend towards individualization will continue. Traditional values, social hierarchies, etc. will be questioned. Under increasing uncertainties and growing risks, individuals will face difficulties in expecting lifelong protection and welfare from corporate organizations. Widening the scope of individual decisions implies also to the search for an alternative mode of social integration in contrast to the corporate-dominated system in present day Japan.

Fifth, pressures to move in the same direction will come from an increasing percentage of older people and declining birth rates (see figure 5). These developments are also reflecting the borders of the present social and economic system, based on automatic extension of former trends and developments. Also in Japan, the silent accepted treaty between the generations will no longer be affordable. This will affect the central regulation principle of seniority in Japan. Japanese companies can no longer rely on a steady supply of young, cheap and malleable workers in Japan.

**Figure 5 :** The trend of population growth and birth rate in Japan

Source : Japan Center for Economic Research

### 3. 4. Fundamental Environmental Changes. A Pressure for Structural Reform and A New Deal Between All Stakeholders

The decisive question is again whether the above described factors of environmental change will be absorbed by the existing structures of Japanese management (utilizing once again its internal capability to adapt to changing circumstances) or if they will lead to structural reform. Of course, Japanese companies are already (still slowly, but with increasing speed) adapting their personnel management systems by introducing performance driven payment, alternative (multi-route) promotion courses and flexible work time. But these adaptations are introduced in a one-way-style by top management as part of so-called restructuring activities to improve corporate performance without discussing the changing interests of all stakeholders and resetting strategic compromises between them. In this sense Japanese enterprises and their stakeholders are staying in front of a strategic choice : searching for a new strategic deal between all stakeholders or a silent managerial revolution under the dominance of return- driven-interests of investors towards a more short-term-profit orientated management system like the existing American and Anglo-Saxon system are supposed to be.

## 4. In Search of a New Deal

I suppose, that the present transitional vacuum (the nonexistence of discussion on changing interest and new arrangements between the stakeholders) is mainly caused by the hopes of the silent majority in Japan, that the “good old times” return. But providing that a new deal will be inevitable, where could fields or subjects for new arrangements between management and labour in the light of structural change be ? I would like raise three potential items for strategic compromise : working time, work organization, and employees stock ownership schemes.

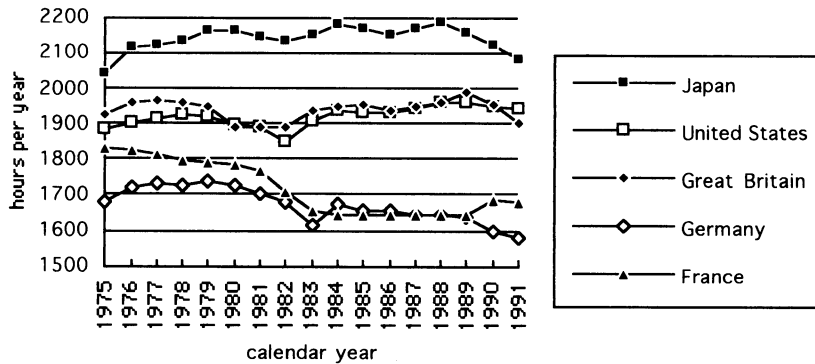


4. 1. Working Time

4. 1. 1. Structural Implications of the Present Status of Working Time in Japan

It is well known that the average working time in Japan, compared to other industrial countries, has been extremely long (see Figure 6).

Figure 6 : Average annual working time in manufacturing industry of several countries

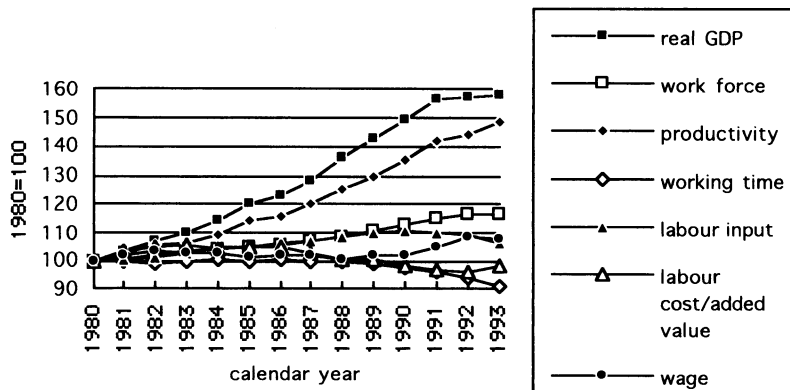


Source : Japan Productivity Center/Ministry of Labour

A look at macroeconomic statistics shows that economic growth in Japan from 1980 onwards is closely correlated with increasing productivity, but also with increasing labour input (see Figure 7). The latter is mainly caused by a growing workforce, because average working time is nearly unchanged (long). This again was supported by the stable supply of young workers and a managerial system where young employees are underpaid and employees unconditional commitment to corporate goals are enforced.

But these conditions are no longer seen as stable because of declining birth rates, the declining importance of seniority-related experience and knowledge in the work process, and changing behavioural patterns.

Figure 7 : Economic growth and labour input in Japan

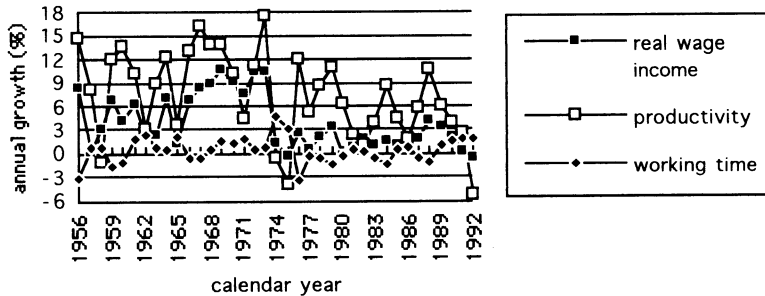


Source : Tōyō Keizai

Taking a closer look at the relationships between productivity, working time, and real wage income in the Japanese manufacturing industry, makes clear that (excepting periods of cyclical downswings) productivity growth has not led to a decline of working time and/or an increase

of wage income to the same extent (see Figure 8). In other words, increasing production volume has not been fully covered by a respective growth in domestic demand (purchasing power). However, given the theoretical option between wage increases and a reduction in working time as labour's participation in productivity growth, labour has "preferred" wage increases, which resulted in increasing domestic consumption under the above mentioned structural restriction.

Figure 8 : Productivity, real wage income and working time in Japanese manufacturing industry



Source : Japan Productivity Center

Comparing the structure of working time between the leading industrial countries reveals another characteristic of Japanese management. While the average daily working time is nearly the same, Japan has the most overtime work, the highest number of working days, and the shortest vacation (see Table 1). Production flexibility and low prices of Japanese large enterprises became possible in an extremely cost saving (individual-strain-causing) way. Instead of recruiting additional staff, overtime is expanded and reduced in demand, additional fringe benefits are not necessary, and by giving up to half of their vacations, employees are providing their companies with worktime for free.

Japanese large enterprises obtain flexibility of production with low cost, first of all, by making the production factor labour flexible, while keeping the cost of labour down. The same fact could be verified by seeing Table 2, which shows working times and operating times of several leading car manufacturers.

**Table 1:** Comparison of working time structure as of 1991  
(manufacturing industry, production worker)

	Japan	USA	GB	Germany	France
annual working time (hours)	2080	1943	1902	1582	1682
regular	1876	1756	1739	1499	—
overtime	204	187	163	83	—
nominal working days	250	233	229	221	227
day of absence	3	6	11	11	16
paid annual vacation	9	19	24	29	26
work free days	106	113	112	115	112
weekends	85	104	104	104	104
daily working time	8.42	8.56	8.72	7.53	7.97
regular	7.60	7.74	7.98	7.14	—
overtime	0.82	0.82	0.74	0.39	—

Source : Japan Productivity Center

**Table 2:** Comparison of working and operating time of several leading car manufacturers as of 1990

company plant	country	annual working time	annual regular work	annual overtime work	annual operating time	daily shifts	annual operating days
Mazda	Japan	2392	1800	496	4912	2	246
Mitsubishi	Japan	2364	1800	513	4946	2	245
Nissan	Japan	2357	1808	461	4548	2	246
Toyota	Japan	2323	1808	457	4850	2	246
Honda	Japan	1938	1800	112	4144	2	246
Nissan Sunderland	GB	1911	1778	133	3931	2	235
Ford Dagenham	GB	1786	1778	8	3666	2	234
GM Zaragoza	Spain	1773	1724	49	5434	3	231
Fiat Cassino	Italy	1680	1665	15	5175	3	230
VW Wolfsburg	Germany	1648	1616	32	3964	2	233
BMW Regensburg	Germany	1548	1548	0	4608	2 shifts 3 teams	256

Source : Institut fuer Arbeit und Technik

#### 4. 1. 2. Growing Pressure for Change

I have already mentioned factors for business environmental change, pressing also for a change in the amount of working time. How does this pressure become manifest? It is not only political pressure from abroad, demanding for correction of a chronic Japanese trade surplus and protection for domestic suppliers from foreign competitors. Japanese public opinion has identified (over-)long working time as a severe internal problem, as one reason for the dominance of corporate interests in Japanese society, and as an indicator for the relatively low level of living quality in Japan (compared to its economic power).

Further, the decline in economic growth and the worsening of corporate performance are so severe and long lasting that decline in demand for workforce is becoming unlikely to be absorbed in the traditional multi-stage-way of adjusting of work volume without making unemployment a social problem.

#### 4. 1. 3. Reasons for Putting Working Time onto the Agenda in Japan

Especially in Germany, where unemployment has been increasing and the traditionally strong union movement has been demanding work time reductions, new deals on working time between management and labour are on the way in an increasing number of large enterprises : working time will be further reduced to save jobs by job sharing, while management is gaining wage cuts and increasing operating time by the introduction of flexible working time systems. There is hope not only to sustain social harmony, but to find a new production alliance between management and labour (strength), which enables German companies to overcompensate high labour costs by productivity increases, high motivation, and a high efficiency of equipment (fixed capital). Of course, there are (too) many differences in corporate and social structures, power balances among stakeholders, and cultural backgrounds between Germany and Japan, which forbid a simple benchmarking (application). But the above mentioned structural problem is also existing in Japan. For the following reasons Japanese stakeholders cannot escape from examining the status quo of working time :

##### 4. 1. 3. 1. Reallocation of Employment

Creating jobs is and will also be a problem for Japan. The traditional way of gaining growth from growing labour input and creating more and more jobs from this economic growth (mainly organizational growth of existing enterprises) has been closed. Simple deregulation has been seen as a miracle drug. Apart from the question of whether this therapy will finally bring enough new jobs to compensate disappearing jobs at all, the flexibility and mobility of the labour force is to be supported institutionally and the transitional shocks for the labour market are to be absorbed. In this sense, work sharing (combined with working time reductions and flexible time systems) are worthy of discussion.

##### 4. 1. 3. 2. In Search of New Competiveness

It is clear that Japanese enterprises can no longer compete with production facilities located in Japan against low labour cost competitors from East Asia. Therefore, labour intensive production processes have been transferred in these areas by Japanese corporations with an unexperienced speed. But what about Japan as a business location? What about the Japanese workforce? Capital investment (equipment) and innovation (intelligence)-intensive industries are to

be developed. This implicates fundamental changes in working attitudes, working organization and not least in working time. We should not forget that after utilizing working time reduction to absorb the overflow of the workforce, attractive (individual interest respecting) working time systems could become a plus in the competition for intellectual human assets, when the decline in birthrates results in a shortage of young working force.

#### 4. 1. 3. 3. Political Decentralization and Reviving of Local Communities

Japanese society is facing a bulk of social problems like environmental pollution, underdeveloped medical (health) care for the elderly, and unbalanced regional development. These problems could not be solved by a highly centralized public bureaucracy, once established to concentrated a few resources nationwide to achieve economic power. No doubt that decentralization of public administration is inevitable. But this will only work if the Japanese male will also be able to act as citizens (not only as members of their corporations), actively taking part in local administration. Therefore time is needed. In increasing individual engagement for local matters, there lies a chance to break through from the circle that equals free time with consumption, resulting in continuing pressure to spend more and more time on paid work (to get income).

#### 4. 1. 3. 4. Lifelong Education

Lifelong education is becoming inevitable as a means to cope with the accelerating progress of technology, continuing globalization and an increasing volatility of markets. Customer professionalization is forcing corporate suppliers to ask for professional staff and to invest in human assets. Of course, this trend is conflicting with increasing cost pressure, stepping up of outsourcing and a resisting belief in an all-mighty market principle (where you can get what you want, providing you can pay it). But seeing it from an individual point the first mentioned trend of a need for lifelong education (training) is evident. Also in this sense, a reduction in working time to support individual re-education is likely to become important.

#### 4. 1. 3. 5. Equal Rights for Women and Men

Equal rights can not be guaranteed (only) by law. Working time reductions should not be considered as one measure to enable women to balance traditional housework and outside (commercial) work. This is likely to produce an unattractive outcome: restriction will result in circumstances, where nothing of both could be done intensively. Working time reductions should be considered as one important measure to equalize men's and women's roles in both areas, in the home and outside. Otherwise, another cycle will remain unchanged or escalating: long working time forces men to spend most of their lives outside for doing paid work and women into the role of private supporters, doing housework and other functions. A declining family income (purchasing power) and uncertain labour markets force women to seek jobs. But most of the available jobs are limited to peripheral tasks with low payment. While still shouldering the burden of housework, their prospects on the outside work are still restricted and unequal. Not to mention that this means a waste of human resources and (given increasing consumer power and the women's movement) could cause heavy damage in the public standing of companies underestimating the problem of equal rights of men and woman (also of minorities, foreigners and so on).

#### 4. 1. 3. 6. Urban Development and Environmental Protection

Japanese big cities are suffering from overcrowded commuter systems and increasing environmental damage from increasing traffic. Highly centralized state administration, asset driven corporate management and credit expansion against correlated real estate by the city banks led to an urban structure, separating working and living places over increasing distances. Most Japanese employees are commuting more than 3 hours a day under unbelievable circumstances. A solution to these problems and a considerable improvement of living quality could not be expected from an increasing supply of traffic capacity, already facing financial, technological and environmental borders. Also here reduction and adaptation of working time could bring improvements not only for communities, but also for corporations, which should gain from a more refreshed workforce.

#### 4. 1. 3. 7. The Interests of Stakeholders

The above-mentioned facts are raised as reasons for a growing need to discuss working time among the Japanese stakeholders. This discussion can have many different outcomes, can result in many different methods and varying agreements, reflecting nothing more than the expected increase of differentiation of values, interests and conditions and the power balance among the stakeholders. However the detailed outcome will be, to rely on the status quo will lead straight into a stalemate. This applies to managers (who have to seek for new corporate structures, to make them functionable and profitable), to unions (who have to cope with a lethal decline in organizational power), to investors (realising the important role of human centered management strategies for reaching stable and high corporate performance), to the public (expecting an active engagement of the citizens to enforce decentralization), and to suppliers of a workforce (seeking for more individual choice to balance individual preferences with growing demands for social and corporative engagement).

### 4. 2. Organization of Work

Fundamental changes in the business environment are likely to enforce changes in work organization. A decline in economic growth and further globalization will intensify competition. Besides price and quality, the capability to respond quickly to individual needs and volatile markets will become decisive and with it decentralization of information flows and decision making are already seen as inevitable. This is supported by the increasing scope of choice in designing information technology systems, not only resulting in the fading away of middle management. Keywords in this discussion are empowering, horizontalization, action driven management, and so on. But decentralization is only one side and one option. New forms and levels of integration (control) are also on the agenda. Managerial preferences (strategies) and stakeholder interests (power balance among them) will decide on which way among many options will be chosen finally in the scope between hightech grounded Taylorism and a democratic linkage of self-controlled working groups.

#### 4. 2. 1. Teamwork : Made in Japan as Benchmark ?

Teamwork was seen as essential part of Japanese management and thought to be one reason for the organizational flexibility of Japanese enterprises (in contrast to inflexible Taylorist divi-

sion of labour in American and European big corporations). This aspect was broadly raised in the discussion on Toyotism as one form of Postfordism. So there seems to be no reason for re-examining the Japanese way of work organization as it was obviously so successful in the 1980's and benchmarked by U.S. and European companies within their restructuring efforts. It is really so ?

The discussion between Masami Nomura and Kazuo Koike on the main features of Japanese work organization reveals some doubts about its unconditional benchmarking : Nomura sees no fundamental alternative to Taylorist work organization in the Japanese division of labour. Polarization between low and high skill jobs, between decision making, control and execution is continuing and only corrected by job enlargement and rotation within the same skill segment and intensive group communication (Nomura 1993a, 1993b, 1994). In contrast, Koike argues that flexible work organization and job enlargement within empowered cooperative working teams has led to a multi-skilled worker type in Japan, enabled to cope with a broad variety of function and changing situations and overviewing whole processes (Koike 1991). As far as the reality in manufacturing or core processes in big Japanese enterprises are concerned, the summarizing qualification of Japanese work organization by Eiji Kyotani as Flexible Fordism seems to be the most appropriate (Kyotani 1993). Even though there are features of Japanese work organization differing from typical Taylorist forms, decision making tends to be limited on how to solve a given task under strong direct control. Definition of strategic tasks and decisions on budget frames and personnel management have been still the privileges of an inner circle of formalized and informalized power groups up from the middle management. The question is not, whether strengthening group centered organization and individual behaviour is effective or not. The question is, how to organize group (team) work as an empowered form of direct cooperation with broader choices for individual interests and self development, or as a vehicle for reaching primarily external interests more flexible.

If it is so, also the Japanese way of work organization is likely to be re-examined. Difficulties in recruiting young workers for blue collar jobs in Japanese large manufacturing enterprises may be one indication (Kamii 1994 : 244/245 ; Nomura 1993 a : 109/110). Research on employees participation and its relation to corporate performance in the U.S. and Germany (Cotton 1993 : 173-199 ; Davenport/Noriah 1994, Matthies et al. 1994 : 64) may be seen also as evidence for a needed restructuring of work organization in Japanese enterprises. And the possible (somewhere already undergoing) fundamental change in working time systems and the respective striving for balancing more individual choice with the need for a productivity increase also require a change in work organization.

#### **4. 3. Employees Stock Ownership Schemes**

Given the changes in labour markets, and increasing risks for all stakeholders, a rethinking of the role of stock ownership schemes in Japan seems to be required. A continuous growth of wage income and increasing job security for the majority of labour suppliers are unlikely to occur in Japan. But on the other hand, Japanese employees will be asked increasingly for more engagement, for more managerial behaviour and result-orientated risk-taking. Increasing em-

employees' participation and individual choice on working time, organization and content seem to be inevitable to overcome the above-mentioned contradiction. Additionally, a reviving of employees stock ownership could be potentially effective to hedge wage income with dividend income and to strengthen labour staying in front of management from the position of an active (demanding) stockholder. At the same time, the Japanese stock market is facing a structurally caused crisis and with it the need to reorganize the market toward a place of reflecting and combining the further diversifying interests of investors and fund raising corporations under transparent rules.

## 5. Final Remarks

The political scene in Japan is tumbling. This is becoming accepted as the inevitable outcome of the end of the so-called 1955's political system. Even though Japan's economy and enterprises are facing an equally dramatic change in their business environments, there is still the hope of a silent majority prevailing that the Japanese economy will recover without harsh conflicts and heavy damages. This is likely to prove a dangerous illusion. Structural change in the Japanese economy, affecting not only corporate organizations, but also individuals, will be (become) inevitable.

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