

Learning from New U.S.-based Neighbors

Japanese Management of American Work Forces

By Audrey Freedman

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"Japanese managers are operating in an entirely different culture—that is the main reason for their high productivity and efficiency." "Well of course, it is much *easier* for Japanese managers to get cooperation from the Japanese work force—their society fosters it."

These are the very human defenses that some U.S. managers have raised against learning from the Japanese. However, it is much harder to use the "different culture defense" when the Japanese bring new management ideas and applications right into downtown Forrest City, Arkansas, and Smyrna, Tennessee. When some novel ideas are put into action in our own country, with our own workers, "Japanese management" becomes less esoteric. U.S. managers begin to look for information because they realize that the process of adaptation to the U.S. is going to produce new insight and custom-fitting. American managers are curious about the results of these new arrangements.

The Japan External Trade Organization (JETRO) surveyed Japanese manufacturing operations in the U.S. in fall, 1981, and concluded that management of employees was "of crucial importance" to these firms.¹ It is also of great importance to American management. Therefore, the labor economist for the Conference Board (a nonprofit, management research institution based in New York) arranged with JETRO a conference on Japanese Management of U.S. Work Forces. At the meeting, representatives of several of

these firms described specific measures they are taking to develop a trained, diligent and involved work force. They spoke to an audience of 250 high-level American managers, including several chief executives. In the weeks that followed the April 20, 1982 conference, parts of the Japanese managers' talks were broadcast nationwide,² and press coverage of the meeting yielded many in-depth stories. Further dissemination directly to American managers will be accomplished with a Conference Board report in late September.³

Perhaps because they did not want to "lecture" their American peers, most of the managers of Japanese companies spoke of significant incidents, of a detail, of one action that was undertaken to promote an atmosphere. This way of describing what they are doing was in contrast with what a U.S. management audience is more accustomed to hearing: descriptions of formal systems and "models" complete with charts; discussions of structures, strategies, options, and "control."

New Management Ideas

Within the small incidents recounted were major principles and objectives, of course. An example can be found in this quote from Tanemichi Sohma, vice president, administration, of Sanyo Manufacturing Corporation:

"I walk around the factory every day so that I get to know people and people get to know me. In the beginning, they thought that I was checking on them, that I thought the American work force may be slower than the Japanese. Actually, I was not checking on them. I was looking around to see that they were working comfortably. If I saw something wrong, then I responded immediately and sent the maintenance man to cure the problem. Finally, they realized why I was so inquisitive.

"I often go out of town for business; sometimes I have to go to Japan. When I come back, I go to the factory immediately. People say: 'Where have you been? What did you do?' That reflects a very warm feeling and I enjoy it. Be-

cause people are now with me, and we are with them."

In the management literature, this is called "management by walking around"—and is not found in any of the U.S. models of participative management.⁴

Academic literature has identified, in general terms, major distinguishing elements of Japanese management style. At the conference, speakers described specific measures that might be matched with the abstractions of theoreticians. The speakers are, however, practitioners—managers—so their descriptions are more operational and practical. Moreover, they conveyed a feeling of delight and conviction: "You must try these ideas yourself: they really are effective."

They also made it clear that Japanese management is not a "system" to be "installed" and established. Each described some shift of operating concept and framework within the manager himself; each emphasized "the little things," the minutiae of working relationships that comprise the recipe of Japanese style.

The pervasive theme was *information-sharing* among all employees. This element is fundamental to the involvement of the work force in U.S. operations at Sanyo, Sharp, Auburn Steel (Japanese-owned). It is a precondition for consensus decision-making at Kikkoman, and to the development of esprit and energy at NEC Electronics. It is a planned deviation from standard U.S. practice at Nissan.

Marvin T. Runyan, president & chief executive officer of Nissan Motor Manufacturing Corporation USA, described quality circles in Japan, and then observed:

"One of the reasons that they work very well in Japan is that they are given all of the information they need to solve the problems they raise. They ask management questions like: 'How much does this piece cost?' 'And how much time does it take to do the job?' 'How much does a minute of labor cost?' They are immediately given that information.

"That is a very strange thing to me. In my U.S. management experience,



"They are given all of the information they need to solve problems they raise," says Marvin T. Runyan, president & chief executive officer of Nissan Motor Manufacturing Corporation U.S.A.

you would not give the information to a production worker who asked: 'What is my time on this job?' American management would respond: 'You have enough time to do the job.' 'And how much does the material cost?' Response: 'It's none of your business, you know, just put the part on.'

"For quality circles to be effective, people have to know material cost; they have to know labor costs; they have to know tooling costs. Because, if they are working on something, they need to know what it is they need to work on. If the material cost is the big thing, then they work on material."

Management on the Shop Floor

Another theme present in nearly every discussion was the *presence of management among the work force*—on the shop floor, in meetings and discussions, at informal social events. In fact, there seems to be a busy, "talky" interrelation-

ship going on among all individuals. Segmentation of work groups, hierarchies and fiefdoms are not mentioned because they cannot grow in such an environment of management by walking around. The abstract term for this might be "communication," but the speakers clearly understood their actions as practical, common-sense measures—not as concepts or systems.

Questions from the audience suggest the territory in which Japanese practice baffles American managers. For example, the audience wondered whether the extensive training costs borne by Nissan could be reconciled with the "usual high turnover" of American workers. The questioners were placing one element of Nissan operations in a context in which all other elements would be standard and usual. This isolation of elements prevented a few from recognizing that Nissan is taking concerted action to keep turnover very low, and multi-skill training plus job breadth are *part* of that plan.

The audience focused many questions on pay. This may reflect a heavy, if not

exclusive, emphasis on the monetary incentive in American industry. Nearly every company representative was asked "Does participation include financial participation?" "Do you motivate with pay?" and so forth. For some American managers, there has been complete acceptance of the union slogan "more" (meaning "more money"). It is difficult for some managers to imagine that American workers could be motivated by accomplishment, public and peer group notice; or that workers might be substantively involved in their jobs. So when Japanese managers describe some of their actions that are directed toward intensifying employee involvement, they are met with surprise: "Well, you must have linked pay to work effort: this is what gets results with American workers." Throughout the conference, however, speakers used anecdote and detail to show how job involvement, pride, and constructive peer group pressure can be fostered—even in America.

Some questions suggested a sense of conflict between the hierarchical structure of management and the openness, information-sharing, and nurturing relationships being described. For example, one question was: "Is the effectiveness of middle management undermined by top management's direct contact with workers?" Each American's hierarchical position may be rationalized, in a fundamental way, by the possession of *more information* (or broader information) than the people working one level below. If the underpinning of hierarchy is knowledge about the enterprise, then each level has an "investment" in the relative ignorance of those beneath. Now come the Japanese managers and advocate *sharing* information—on production costs, on quality, on future plans. That means, for some traditional American managers, giving away the source and reason for their "power."

An American manager, now executive vice president of the Electronics Arrays Division of NEC Electronics USA Inc., said:

"This confidentiality excuse is one I've been fighting in every corporation I've ever worked for, for the last 20 years. Everybody hides behind it; every corporation I've ever been affiliated with hides behind it. We refuse to tackle it; we shy away because it is not in our culture to fight it. But we have to fight it because it is so keyed to creating trust.

"A lot more data can be shared a lot more openly if management wants to do it. We Americans just don't want to do it. Data have to be shared openly in order for people to understand what the facts say. Your supervisors have to get used to being able to post results on what is happening and quit going around with it on the back of their cuffs

"I walk around the factory every day so that I get to know people and people get to know me," Tanemichi Sohma, vice president, administration, of Sanyo Manufacturing Corp. stresses.

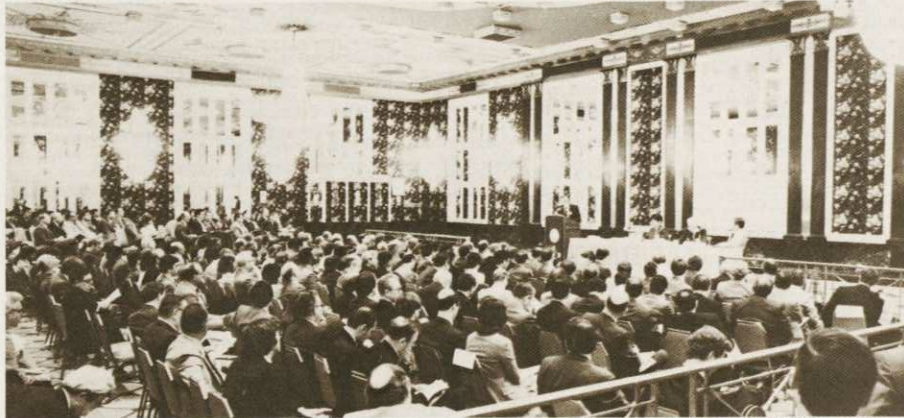


because they don't want anybody else to know."

Gaining Employees' Understanding

Takao Tominaga, chief executive director of the Japan Trade Center, reported from the JETRO survey that a number of "Japanese-type" practices appear to be fairly common. These include:

- Frequent meetings to gain employees' understanding of company goals and to improve communication and morale;
- Introduction of suggestion systems and quality-control procedures;
- Emphasis on work flexibility as a means of motivating workers and raising productivity;
- Somewhat greater company expenditures on recreational activities than is typical of U.S. firms.



A conference on Japanese Management of U.S. Work Forces participated in by some 250 high-level U.S. managers.

A conscious effort to avoid layoffs was also evident: Many firms indicated that it was their policy to minimize layoffs as much as possible.

None of the six companies represented at the conference promised lifetime employment (a policy that applies to men in some Japanese firms). However, all of them manage in such a way as to avert man-hour reductions, or spread them evenly among the employees. Planned job flexibility helps, too. For example:

"The manufacturing operations at Sharp cross product lines; one microwave oven line, one color television line. Fortunately, the economic pressures on both lines are not exactly the same at the same time. Therefore, we can transfer some workers between the TV division and microwave oven division.

"It is management's responsibility to fulfill the hiring commitment: When we hired the employee, we had a job for that person. We have had them repainting areas of the building. We have had certain employees go into special train-

ing, such as an all-day training session on the consumer electronics market for the past 20 years in the United States. By the way, this gave employees information that was totally unheard-of for hourly employees in the past. We try to teach them what the industry is like. We even had a course in cardio-pulmonary resuscitation when we did not have enough work in the production schedule to occupy them.

"We have not laid off any workers. It is management's responsibility to take care of the employee for the long run—and the employees will repay the company with loyalty in the long run."

A steel mini-mill in upstate New York, Japanese-owned, uses techniques that might be found in small American business. The purposes and conjunction of several elements, however, may be "new" to the U.S. steel industry. Martin Fanning, vice president for industrial relations at Auburn Steel Co., said:

"We only have five pay classifications

at Auburn Steel, compared with twenty-eight or thirty in a typical mini-mill. In such classic mills, individuals work within a graded hierarchy of jobs, each with definite responsibility and varying pay rates. Auburn Steel intentionally has no job descriptions, thus deemphasizing salary groups and avoiding the 'that's-not-my-job' syndrome. Each employee has an opportunity to learn and perform all the jobs performed by each team. Since our employees are cross-trained, we have greater flexibility. And to everyone's advantage, it creates a reservoir of promotable talent.

"The teams are small work groups, with the supervisor as the leader responsible for the workers' welfare and for the resolution of their problems. Daily personal contact at work is supplemented by informal meetings off plant site. Workers are continually made to feel appreciated as an integral part of the company. At weekly meetings with foremen, the first question asked by a superintendent typically concerns em-

ployee morale.

"When a team achieves a production record, we take the whole team out and have an open bar and a dinner. Some may say: 'Well, that's a pretty steep price to pay.' But when you look at the production records and what they have achieved, it is really insignificant.

"The first element of reward is personal pride. Then, there's the esteem of the other teams. And the team that set the record knows full well that the others are coming up right behind it. We feel it is genuine; we have tried not to make it manipulative. The thrust is: the better a team does, the better the department does, the better the company does."

American management culture is challenged by three elements raised at the conference: employee involvement; information-sharing; and the presence of management on the production floor, among the work force. In many ways, American corporations have moved away from these three themes as they became "professionally managed," complex organizations. In the past decade, we have begun to notice that however sophisticated our corporate structure, strategic planning, and financial management has grown—none of this "supermanagement" has restored productivity and efficiency. During the 1970s, as our productivity began to stagnate, some thoughtful observers noticed these concurrent symptoms: management disinterest in the production operation itself, the denigration of competence at the production level, and finally the "disappearance" of management involvement in the heart of the enterprise—the plant floor.

In the past two years, American concern with our loss of competitiveness has raised manufacturing operations to prominence once again. American managers are looking for ways to turn the recent record around. Since Japanese manufacturing is so successful, we are hoping to learn from these new U.S.-based neighbors. ●

- 1) Japan External Trade Organization (JETRO), *Japanese Manufacturing Operations in the United States: Results of the First Comprehensive Field Study*, September 1981, (various pagings). Available from the Japan Trade Center, 1221 Avenue of the Americas, New York, N.Y. 10020.
- 2) On the Public Broadcasting System's "All Things Considered."
- 3) Audrey Freedman, *Japanese Management of American Work Forces*, Research Report No. 119, the Conference Board, New York, September 1982.
- 4) James L. Hall and Joel K. Leideckes, "Is Japanese-style Management Anything New? A Comparison of Japanese-style Management with U.S. Participative Models," *Human Resource Management*, Winter, 1981, pp. 14-21.