JAPANESE MANUFACTURERS IN THE UK ELECTRONICS SECTOR: THE IMPACT OF PRODUCTION SYSTEMS ON EMPLOYEE ATTITUDES AND BEHAVIOUR.*

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ABSTRACT OF THESIS

Recent research at Japanese manufacturers in the UK has tended to simply focus on their employee relations practices, arguing that where they operate effectively they result in a loyal and highly productive workforce. It often goes on to point out that there is a link between these practices and the companies' production systems, suggesting that employee relations practices are an integral part of the production system at a Japanese company. However, the research fails to adequately show the implications of this link. Its attempts to examine the issue have remained descriptive, devaluing its results and conclusions. This research remedies this deficiency.

The research's central argument and findings are that production systems vary considerably between Japanese manufacturers in the UK and that contrary to popular belief some of these companies' production systems display serious shortcomings. It argues that employment relations practices at these companies though an integral part of their production systems are only one of several sets of characteristics necessary to the successful operation of the company. It is also important to consider a company's organizational structure and managerial effectiveness.

Strengths and weaknesses in these other production system characteristics affect employee responses to a company's employment relations practices, impeding or assisting the intended improvement of individuals in the performance of their work. Either a vicious or virtuous circle can therefore emerge since employee responses to a company's employment relations practices will further contribute to its production performance.

Testing this argument involves the design and use of an innovative model that identifies the key characteristics necessary for the production system at a Japanese manufacturing transplant in the UK to perform efficiently. Identification of these characteristics allows the model to be used as a benchmark against which to compare the production systems of Japanese manufacturers.

The research applies the model to the production systems of nine Japanese companies in the UK's consumer electronics sector and identifies a number of differences in their production system characteristics. Two of these nine companies are then selected as case studies and their production systems are examined in detail. In addition, workforce reactions to the employee relations practices at these two companies are also measured using questionnaire and interview data. The results confirm the research's argument that the closer a company's manufacturing system comes to displaying the model's full set of production system characteristics, the more likely it is that its employee relations practices will elicit workforce attitudes and behaviour desired by the company.

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LIST OF ABBREVIATIONS

ACAS	Advisory Conciliation and Arbitration Service
AEEU*	Amalgamated Engineering and Electrical Union
AEUW/AEU*	Amalgamated Engineering Union
AJEI	Anglo Japanese Economic Institute
CAW	Canadian Autoworkers Union
EEC/EC	European Economic Community
EETPU*	Electrical Electronic Telecommunication and Plumbing Union
EIAJ	Electronic Industries Association of Japan
GMBATU/GMB	General Municipal Boilermakers and Allied Trades Union
HRM	Human Resource Management
IRRR	Industrial Relations Review and Report
IRS	Industrial Relations Services
JETRO	Japanese External Trade Organization
MITI	Ministry of International Trade and Industry
MSF	Manufacturing Science and Finance Union
NIR	New Industrial Relations
NSA	New Style Agreement
OJT	On the Job Training
UAW	Union of Autoworkers

* The AEU and EETPU merged in 1992 to form the AEEU.

PART 1

GENERAL ISSUES SURROUNDING JAPANESE
MANUFACTURING TRANSPLANTS IN THE UK.

CHAPTER 1

EMPLOYMENT RELATIONS AT JAPANESE MANUFACTURERS IN THE UK

1) INTRODUCTION: EVIDENCE OF SERIOUS SHORTCOMINGS

As the scale of Japanese inward investment into the UK
has increased, so has the number of studies of employment
relations practices adopted at the resultant new Japanese
enterprises, particularly manufacturing operations.

The Japanese approach to employment relations has
resulted in their manufacturing operations portrayed as being
at the forefront of the implementation of New Industrial
Relations (NIR) practices in the UK. These companies are
presented as exemplifying the successful use of new and
innovative techniques in British industrial relations during
the 1980s. (Bassett, 1986; Wickens, 1987; White & Trevor,
1983) Several commentators have further embellished the idea
of Japanese manufacturers as the initiators of NIR practices in
the UK, by arguing that many UK companies have been compelled
to "Japanize" their management of production, in order to
survive both the direct challenge of Japanese competitors and
the economic climate of the 1980s. (Oliver & Wilkinson, 1988;
Ackroyd et al, 1988.)

Definitions of NIR have been constructed around the basic
premise that it attempts to change certain underlying employee
attitudes deemed to restrict the ability of the production
process to achieve its full potential for output. If

successful, it is expected to alter employee behaviour and actions at work and lead to a corresponding improvement in the performance of their production tasks.

This research does not dispute the generalisation that Japanese manufacturers are at the forefront of the implementation of NIR practices in the UK. However, it shows variability among Japanese manufacturers in the UK - variability that affects the extent to which some are considerably more successful than others at altering employee attitudes to the benefit of their production processes. In identifying the key dimensions of this variance and their causes the research parts ways with earlier studies of employment relations at Japanese manufacturers in the UK.

Earlier studies have tended to simply focus on Japanese manufacturers' employment relations practices and their intended outcomes. They invariably, and not incorrectly, characterise employment relations strategies at these companies as a key element of management's overall production strategy. For example, Reitsperger notes that the Japanese desire to achieve "the ideal production situation", necessitates management practices that encourage the development of a reliable, dedicated, flexible and loyal workforce. (Reitsperger, 1986) Similarly, Takamiya and Thurley suggest that many Japanese manufacturers in the UK use a management style where the personnel function "... is not seen as an exclusive specialization, but rather as an integral part of the running of every department". This is in contrast to UK

management attitudes that "tend to see it as an additional overhead cost not related to the production process." (Takamiya & Thurley, 1985, p.139) However, though much of this earlier research points out the link between employment relations practices and the production process it is unable to adequately show its implications. Attempts to examine the issue have remained descriptive, devaluing their results and conclusions. The research presented here begins to remedy this deficiency.

The research shows that employment relations practices at Japanese transplants in the UK are an integral part of their production systems, but are only one of several sets of characteristics necessary to the successful operation of the company. It concludes that other production system characteristics related to the management and organization of a company also affect workforce responses to the company's employment relations practices. They either impede or enhance the work performance of individuals and therefore the performance of the company overall.

Testing this argument has involved the design and use of an innovative model that identifies the specific characteristics necessary for the production system at a Japanese manufacturing transplant in the UK to perform efficiently. This identification of these characteristics allows the model to be used as a benchmark against which to compare the production systems of Japanese manufacturers. In short, the closer a company's production system comes to

displaying the model's full set of characteristics, the more likely it is that its employment relations practices will elicit workforce attitudes and behaviour desired by the company.

2) THE CASE OF JAPANESE MANUFACTURERS IN THE UK CONSUMER ELECTRONICS SECTOR

The research that follows concentrates on employment relations practices adopted at Japanese manufacturing companies involved in the UK consumer electronics industry. The research's definition of this sector of industry includes both the manufacturers of end products and their components suppliers. Included in this definition are manufacturers whose principal product falls into one of the following three categories:

> 1) Consumer electronic goods. (Including power tools, microwave ovens, audio equipment, televisions and video cassette recorders.)
>
> 2) Office electrical goods. (Including telephones, facsimile machines and photocopiers.)
>
> 3) Personal Computers and printers.

Suppliers whose principal product falls into one of the following four categories are also included in the research's definition of the UK consumer electronics sector:

> 1) Semiconductors. (Including associated components.)
>
> 2) Electrical components. (Including wire harnesses, printed circuit boards, switches and capacitors)

3) Non electrical components. (Including plastic mouldings and precision metal fitments.)

4) Other suppliers. (Including special chemicals necessary for the production of consumer electronics components and final products.)

Companies included in the definition are required to fall into the category of "greenfield site". This means that when they first commence production management have the opportunity to implement an innovatory industrial relations strategy and associated set of work practices. Such plants are often located away from major manufacturing centres. (Beaumont & Townley, 1985; TUC, 1988.)

The definition does not include the following:

- Manufacturers of heavy electrical machinery and other non consumer electronic products in the engineering sector.

- Suppliers whose principal product is for manufacturers outside of the research's stated definition of the consumer electronics industry.

- Joint venture companies financed with a mixture of local and Japanese capital. (This does not exclude companies where the share of stock is distributed between two or more Japanese companies.)

- Existing local companies taken over by Japanese companies.

All further references to Japanese companies in the UK consumer electronics industry are based on this definition unless otherwise specified. The production systems of Japanese firms within this particular sector of UK industry

have been selected for study because, as this chapter will demonstrate, they make up a significant block of Japanese direct investment in UK manufacturing industry. This is most apparent when comparing the total number of all Japanese manufacturing operations in the UK to those confined to the consumer electronics industry.

Figures released by the Japanese External Trade Organisation (JETRO), and those collated by the Anglo-Japanese Economic Institute (AJEI), show that at the end of August 1991 there were 205 Japanese manufacturing enterprises in the UK employing 83,899 UK workers. If existing UK companies taken over by the Japanese, research and development operations and joint ventures with local companies are excluded, the totals drop considerably. (For example, ICL now jointly owned by Fujitsu and Northern Telecom and AVX, owned by Kyocera Corporation, employ 23,611 UK workers between them.) The revised figures produce a total of 167 manufacturing operations employing a total of 49,316. Just over a third of these companies (56) fall within the research's definition of consumer electronics manufacturers and suppliers. They employ a total of 21,557 UK workers. This represents 43.7% of local workers employed at the 167 Japanese manufacturing operations in the UK.

Table 1.1 lists these 56 companies and the number of local workers they each employ. It clearly indicates that Japanese companies in the UK consumer electronics sector are

COMPANY NAME	PRODUCT	STARTED MANUFACTURING OPERATIONS	UNIONISED	NUMBER OF LOCAL EMPLOYEES	
SCOTLAND					
Manufacturers					
JVC Manufacturing	TVs and Monitors	1988		670	
Mitsibushi Electric (UK) Ltd	TVs VTRs	1979		1200	
Oki (UK) Ltd	Computer Printers	1987		425	
Seiko Instruments (UK) Ltd	Micro Thermal Printers	1990		50	
Alps Electric (Scotland) Ltd	TVs VCRs	1991		240	
Apricot Computers Ltd	Computer Hardware	1990		422	
Suppliers					
NEC Semi Conductors (Europe) Ltd	Circuit Manufacturers	1981		725	
Shin Etsu Hangotai Europe Ltd	Semi Conductor Wafers	1985		104	
Tamura Hinckley Ltd	Transformers and Power Supplies	1989		311	
Terasaki	Circuit Breakers	1971		107	
Tenma	Plastic Components	1988		130	4384
N.E. ENGLAND					
Manufacturers					
Citezen Manufacturing (UK) Ltd	Computer Printers	1987	EETPU	223	
Pioneer Electronics Technology (UK) Ltd	Audio Equipment	1990	EETPU	70	
Sanyo Electric Manufacturing (UK) Ltd	Microwave Ovens	1988	EETPU	310	
Suppliers					
Fujitsu Microelectronics Ltd	Semi Conductors	1990		1500	
Mitsumi (UK) Ltd	TV & VCR Components	1987		207	
SMK (UK) Ltd	Electronic Components	1988		167	
Tabuchi Electric UK Ltd	Transformers and Power Supplies	1985		600	3077
N.W. ENGLAND					
Manufacturers					
TEC (UK) Ltd	Weighing Machines, Cash Registers & Typewriters	1988		10	10
MIDLANDS INCL. TELFORD AND MILTON KEYNES					
Manufacturers					
Epson Telford Ltd	Printers and PCs	1988		650	
Hitachi Power Tools	Power Tools	1986		Figures Not Available	
Makita Manufacturing Europe Ltd	Power Tools	1991		" "	
NEC Technologies (UK) Ltd	PCs, Printers and Mobile Telephones	1988		724	
Ricoh UK Products Ltd	Office Automation and Copiers	1984		650	
Suppliers					
Accuromm UK Ltd	Plastic Components for Electronics	1988		4	
Alps Electric (UK) Ltd	Electrical Components	1985		600	
Enplas (UK) Ltd	Plastic Components for Audio/Visual Industry	1988		35	
Murasawa Telford Ltd	Precision Metal Components for Electronics and Telecommunications Equipment	1989		42	
Omren Electronics (UK) Ltd	Electrical Components	1988		85	
Showpla UK (Ltd)	Plastic Components	1989		150	
Tamura Kaken	Electro Chemicals for PCBs	1981		15	2955
WALES					
Manufacturers					
Aiwa (UK) Ltd	Audio Equipment	1980	GMB	500	
Brother Industries (UK) Ltd	Consumer Electricals	1985	EETPU	634	
Hitachi Consumer Products	Consumer Electricals	1984	EETPU	1000	
Kyushu Matsushita Electric (UK) Ltd	Typewriters/Printers/ Telephone Systems	1987	EETPU	509	
Matsushita Electric (UK) Ltd	Consumer Electricals	1974	GMB	1621	
Orion Electric (UK) Ltd	TVs and VCRs	1986	EETPU	550	
Sharp Manufacturing Co of the UK Ltd	Consumer Electricals	1985	EETPU	1200	
Sony Manufacturing Co of the UK Ltd	Consumer Electricals	1973	AEU	1800	
Star Micronics Manufacturing (UK) Ltd	Computer Printers	1988	GMB	360	
Suppliers					
Diaplastics	Plastic Mouldings	1988	GMB	200	
Electronic Harnesses	Harnesses	1988	EETPU	110	
Matsushita Electronic Components	Electrical Components	1988	EETPU	160	
Matsushita Electric Magnetron Corp (UK) Ltd	Magnetrons	1990	EETPU	18	

TABLE 1.1 Cont'd

	COMPANY NAME	PRODUCT	STARTED MANUFACTURING OPERATIONS	UNIONISED	NUMBER OF LOCAL EMPLOYEES	
	Optec DDI (UK) Ltd	Magnetic Wire and Harnessing	1988		165	
	Tsuda (UK) Ltd	Precision Plastic Mouldings	1988		170	8997
EAST ANGLIA Manufacturers	Sansui Mission Sanyo Industries (UK) Ltd	Hi-fi Equipment CTVs	1981	EETPU	598	598
S.W. ENGLAND Manufacturers	Clarion Shoji (UK) Ltd	In-car Entertainment	1980		60	
	Tashiba Consumer Products (UK) Ltd	Consumer Electricals	1981	EETPU	696	
Suppliers	Murata Manufacturing (UK) Ltd	Capacitors	1990		65	821
S.E. ENGLAND Manufacturers	Matsushita Communicator Industrial (UK) Ltd	Cellular Telephones	1988	EETPU	170	
	Matsushita Graphic Communications Systems (UK) Ltd	Fax Machines	1990	EETPU	63	
	Nittan (UK) Ltd	Fire Alarm Systems and Electronic Circuit Boards	1972		89	
	Pulnix Europe Ltd	Video Cameras and Optical Servers			Figures Not Available	
Suppliers	Hosiden Bevon Ltd	Telecommunications Components	1990		393	715

Total Number of Companies = 56

No. Unionised 21
% Unionised 37%

Sources: Anglo Japanese Economic Institute
JETRO. IRS No. 442 1989. IRS No. 470 1990.
IBB
Does not include Japanese buy-outs of
existing local companies e.g. AVX of
Northern Ireland or ICL PLC.

Total No. of Employees = 21557

-24-

crucial to any discussion related to Japanese inward investment in the UK, not least discussion concerning its impact on UK industrial relations.

The remainder of this introductory chapter discusses key issues related to Japanese inward investment while emphasising its presence in the UK consumer electronics industry. It is the intention of this first chapter to familiarise the reader with Japanese companies in this particular sector of UK industry since they form the sample from which the research draws its conclusions.

3) JAPANESE DIRECT INVESTMENT IN UK MANUFACTURING INDUSTRY

3.1) Levels of Japanese Direct Investment in the UK

In the late 1980s the scale of Japanese direct investment in the UK increased dramatically. The Japanese Ministry of Finance (MITI) reported that up until 1987 a cumulative total of US $4.1 billion had been invested in the UK representing just over 4% of total Japanese overseas investment. By comparison, $2.4 billion Japanese investment was attracted to the UK in 1987 alone and by the end of 1990, the cumulative figure stood at $22.5 billion, representing over 7% of Japanese overseas investment. These figures include investment in both manufacturing and non manufacturing sectors of industry. As can be seen in Table 1.2, by 1989 the UK was established as second, behind the USA, in a league of top ten destinations for Japanese direct overseas investment.

TABLE 1.2
Top Ten Destinations for Japanese Overseas Direct Investment in 1989.

Country	Amount (US $m)	% of Total	Ranking in 1988
USA	32,640	48.2	1
UK	5,239	7.8	2
Netherlands	4,547	6.7	5
Australia	4,256	6.3	4
Panama	2,044	3.0	6
Singapore	1,902	2.8	9
Hong Kong	1,898	2.8	7
Caymen Islands	1,658	2.0	3
Canada	1,362	2.0	13
Thailand	1,276	1.9	8

Source: AJEI

Furthermore, Table 1.3 shows that the UK attracts more Japanese investment than any other European Community country.

In global terms the proportion of Japanese direct overseas investment devoted to manufacturing industry has tended to be significantly less than that allocated to other sectors. The cumulative total up until the end of 1990 for manufacturing industry was $81.6 billion as compared to $223.1 billion for other sectors. (See table 1.4) By far the largest amount of investment in manufacturing has been devoted to what MITI terms Electric Machinery. (Electrical related manufacturing sectors including consumer electronics.) The cumulative total for this sector of industry was $10.3 billion up until the end of 1990. This is nearly twice that of chemicals, the next largest sector. (See Table 1.4)

Japanese direct investment in the UK has mirrored this pattern. In 1989, Japanese manufacturing investment in the UK totalled US $1,174 million as compared to the US $4,065 million devoted to other non-manufacturung industrial sectors. MITI figures do not allow identification of the proportion of manufacturing investment that is allocated to consumer electronics, nevertheless it is clear that Japanese investment in the UK consumer electronics sector has proceeded at an exceptional rate. In 1990, the Electronic Industries Association of Japan calculated that investment in the UK by Japanese electronics companies stood at a cumulative total of £1.3 billion and that it would rise to £1.7 billion by 1994.

TABLE 1.3
Japanese Direct Investment in the EC.

Country	For the Year 1989	Cumulative Total 1951 - Sept 1990 (US $m)
UK	5,239	18,402
Denmark	24	50*
Germany	1,083	4,016
Greece	0	96*
France	1,136	3,617
Ireland	133	600
Italy	314	798
Netherlands	4,547	11,749
Belgium	326	1,468
Luxembourg	654	5,481
Spain	501	1,664
Portugal	74	160
TOTAL FOR EC 12	14,030	48,101

Sources: MITI & AJEI
* To March 1990

TABLE 1.4
Japanese Direct Overseas Investment by Industry

Industrial Sector	Cumulative Total to end of 1990. (US $m)
MANUFACTURING	
Food	4,085
Textiles	3,999
Lumber & Pulp	2,969
Chemicals	10,940
Ferrous & Non-Ferrous Metals	10,308
Machinery	7,932
Electric Machinery	20,360
Transport Machinery	10,880
Others	10,138
SUBTOTAL	81,613
NON-MANUFACTURING	
Agriculture & Forestry	1,358
Fishery & Marine Industries	739
Mining	16,539
Construction	2,389
Commerce	31,315
Banking & Insurance	65,319
Services	34,667
Transportation	17,438
Real Estate	45,849
Others	7,523
SUBTOTAL	223,136
TOTAL	310.808

Source: Miti

(Independent 28.02.90)   The cumulative figure had already

reached over £1.5 billion by May 1991.

3.2) Reasons for the Attraction of Japanese Direct Investment to the UK

There appear to be many diverse factors which make the UK

the first choice for Japanese direct   investment in Europe.

Manufacturing investment from the early 1970s to the present

day can be divided into two separate periods using the mid

1980s as a watershed.

The initial period of investment is discussed by Dunning.

(Dunning, 1986) It is also characterised by factors highlighted

at an AJEI conference on Japanese inward investment in 1988.

Here management of several Japanese companies suggested that

most, if not all, the following factors, also exposed by

Dunning, determined their decision to locate in the UK during

this period.   Firstly,   the UK offered one of the largest

domestic markets in Europe for their products and was,

subsequent to the UK entry in to the EEC,   seen as a

springboard for other European community markets.   Secondly,

the UK offered well developed transport and communications

infrastructures. Thirdly, labour and operating costs, compared

to those of other European countries, were, at this time,

highly competitive. Fourthly, overseas inward investors, not

only Japanese, were enticed to the UK by the availability of

investment   incentives   provided   by   national   and   local

government, especially in those regions which by the early

1980s were experiencing high unemployment. Finally, Japan's second language is English. (AJEI 1988.)

Factors relevant to the growth of Japanese inward investment up to the mid 1980s also apply up to the present day. However, the post 1985 period is distinguished by its incorporation of three other newly emerging factors. The first and most important of these concerns the Japanese desire to compete effectively in the EEC after the creation of a single market in 1992. The approach of 1992 led to an acceleration of Japanese inward investment in the EEC as a whole, of which the UK has been the major beneficiary. (See Table 1.3) In the consumer electronics sector approximately two thirds of those Japanese companies present in the UK at the end of August 1991 arrived in the period 1986 onwards and just under half of those that arrived post 1985 arrived in 1988. (See Figures 1.1 & 1.2)

Japanese fears that the new market could be protectionist and that they needed to be established within it before 1992 have been validated by recent policies emanating from the European Commission. For example, products made and sold in the EEC now need to achieve a target percentage of European component content to be regarded as non-imported goods. The percentage is based on the cost value of each component. In the case of, say, a compact disk player the target is 45% of component content.

FIGURE 1.1

Date of Commencing Manufacturing Operations at Japanese
Companies in the UK Consumer Electronics Sector :
Up to 1991

No. of
Companies
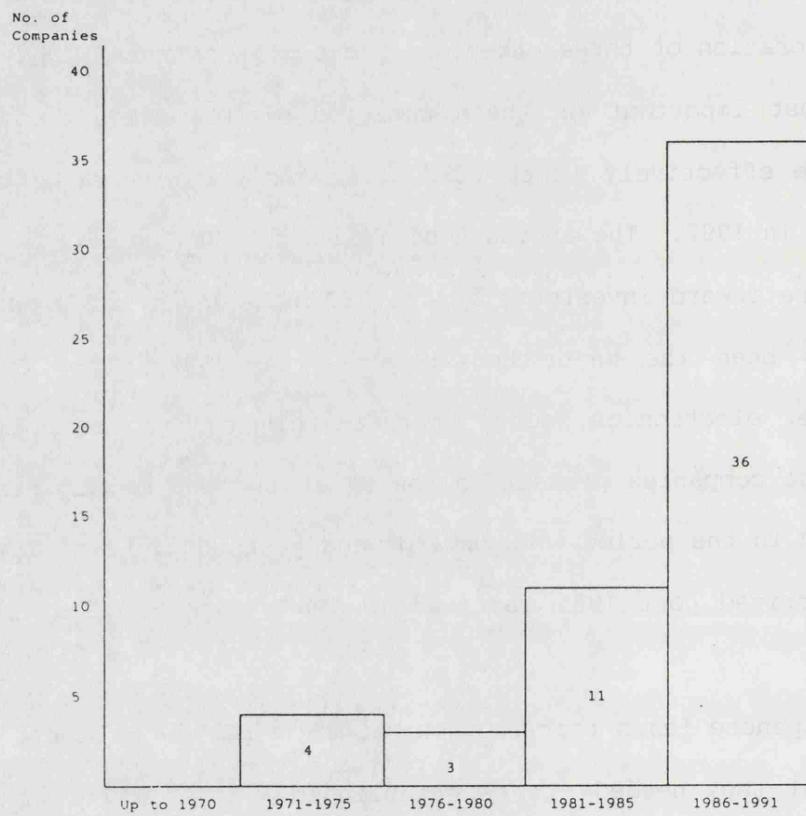
N = 54   Does not include joint ventures.

FIGURE 1.2

Date of Commencing Manufacturing Operations at Japanese
Companies in the UK Consumer Electronics Sector :
1986 - 1991

No. of
Companies

```
25 ┤

20 ┤

15 ┤

10 ┤                          ┌─────┐
                              │  17 │          ┌─────┐
 5 ┤                          │     │          │  8  │
   │        ┌─────┐           │     │  ┌─────┐ │     │
   │ ┌──────┤  4  │           │     │  │  3  │ │     │ ┌─────┐
   │ │  2   │     │           │     │  │     │ │     │ │  2  │
   └─┴──────┴─────┴───────────┴─────┴──┴─────┴─┴─────┴─┴─────┴──
Year      1986    1987        1988      1989     1990     1991
```
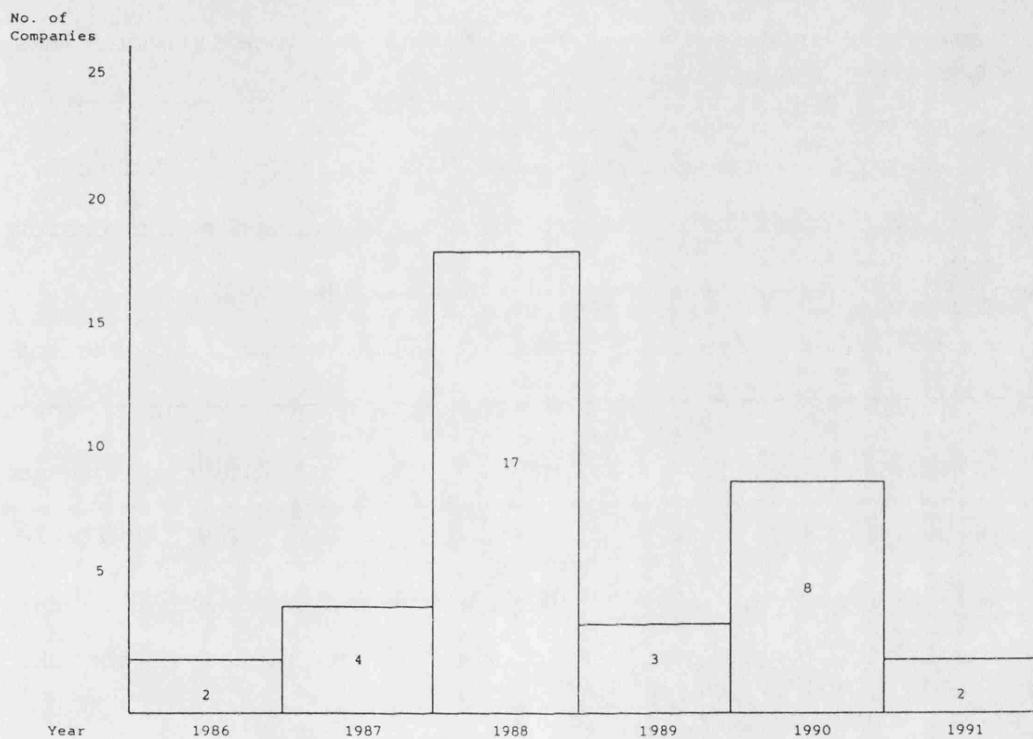
N = 36   Does not include joint ventures.

The Commission's policy on local sourcing of components has clearly contributed to a profusion of Japanese suppliers locating in the UK during the late 1980s. In the electronics sector the Commission has insisted that semiconductor chips must now be fully-fabricated rather than only assembled in the community or else they will not qualify as locally made. This would have a significant impact on end product local content assessment in the consumer electronics industry. Undoubtedly, Fujitsu's decision in 1989 to build a £57 million semiconductor plant in County Durham was influenced by this policy.

Another suggested reason for the sudden increase of Japanese suppliers locating to the UK is the belief that local suppliers may have failed to meet stringent Japanese requirements regarding quality and delivery. The inevitable result is that large Japanese manufacturers encourage their domestic Japanese suppliers to set up new plants in the UK. (Nichiguchi 1990, pp297-302.)

The growth in the number of Japanese suppliers post 1985 is apparent in the consumer electronics sector. As can be seen from Figure 1.3, growth in the number of consumer electronics suppliers during this period is slightly more pronounced than the growth in numbers of manufacturers in this sector. Growth for both manufacturers and suppliers peaked in 1988. It is also noticeable that of the 24 suppliers identified by the research, 18 commenced manufacturing operations in the post 1985 period. Clearly, the issues of local sourcing, the

FIGURE 1.3

Date of Commencing Manufacturing Operations at Japanese
Companies in the UK Consumer Electronics Sector :
Manufacturers Vs Suppliers 1986 to 1991

No. of
Companies

N = 36

—————— = Manufacturers (18)

------ = Suppliers (18)

Does not include joint ventures.
To August 1991.
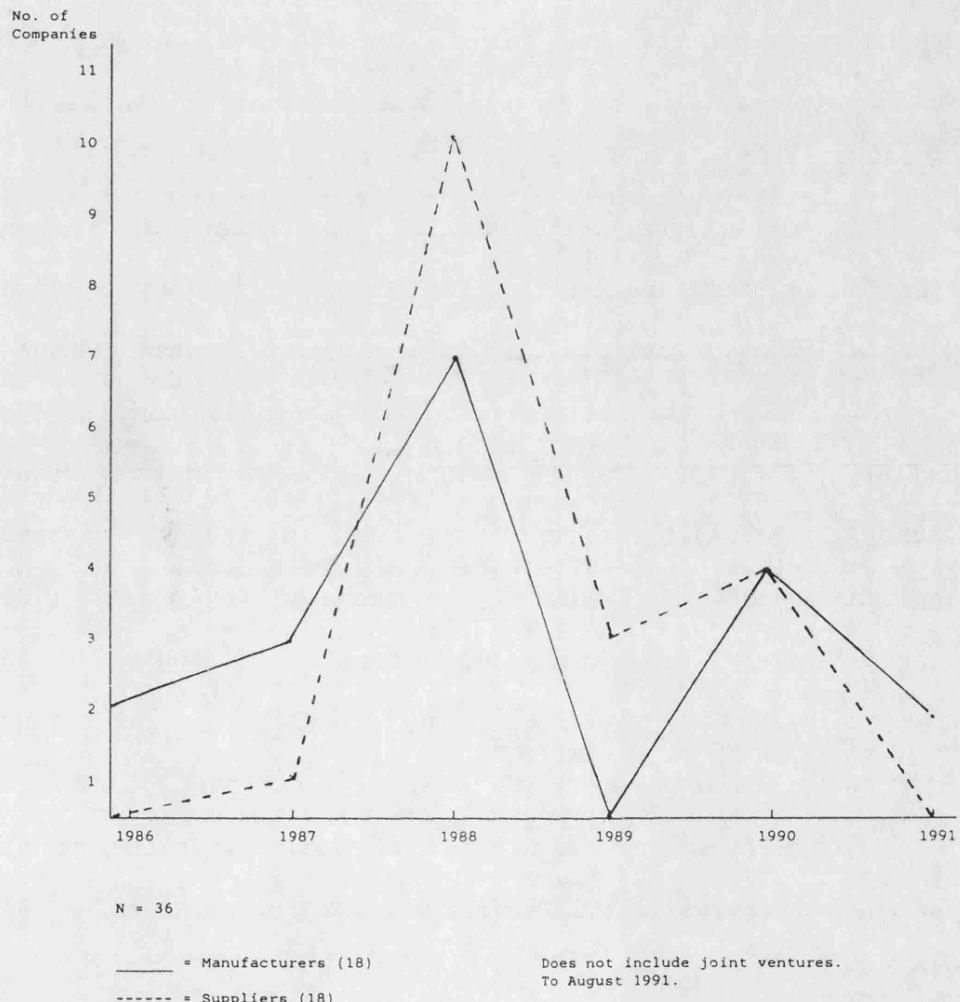
inability of many UK owned suppliers to meet the requirements of Japanese companies and the approach of 1992 all seem to have played their part in encouraging a second wave of Japanese inward investment in the UK post 1985. A significantly greater proportion of this second wave investment is dedicated to the establishment of Japanese owned suppliers than was the case before that date.

Despite a recent increase in the number of consumer electronics suppliers locating to the UK the number of local workers employed by them in relation to Japanese consumer electronics manufacturers remains small in comparison. By the end of August 1991, they employed 6063. This represents (28%) of jobs at Japanese companies in the UK consumer electronics sector. Manufacturers accounted for 15,494 (72%) (See Table 1.5) The manufacturing total is dominated by the number of local employees at companies whose principal product falls within the category of domestic electronic goods. At 11,149 this figure represents 52% of local employees at all Japanese companies in the UK consumer electronics sector. (See Table 1.6)

The second factor relevant to this period relates to post 1979 Conservative Governments welcoming Japanese investment and their attitude towards the labour market and trade union power. The UK Government's welcoming of Japanese investment is, argues Morris, a contrast to other EEC host Governments who were, "initially ambivalent, as in the French case, or even hostile - as in the West German case." (Morris, 1988a, p.34)

TABLE 1.5
Number of Local Employees at Japanese Manufacturers and
Suppliers in the UK Consumer Electronics Sector:
Regional and National Totals

Region	MANUFACTURERS		SUPPLIERS	
	Number of Companies	Number of Employees	Number of Companies	Number of Employees
Scotland	6	3007	5	1377
NE England	3	603	4	2474
NW England	1	10	0	0
Midlands(inc Telford & Milton Keynes	3 (5)*	2024	7	931
Wales	9	8174	6	823
East Anglia	1 (2)*	598	0	0
South West	2	756	1	65
South East	3 (4)*	322	1	393
Northern Ireland	–	–	–	–
Totals**	28 (32)	15,494 (72%)	24	6063 (28%)

*Actual number of companies but employee figures for this total unavailable.
** Bracketed percentages refer to the percentage of those employed out of the total number
of employees at all Japanese companies in the uK's consumer electronics sector.

TABLE 1.6
Principal Products of Japanese Companies in the UK Consumer
Electronics Sector and Number of Local Employees.

	Product Category	Principal Product	Number of Companies	Number of Local Employees
MANUFACTURERS	Domestic Electronic Goods	(Including power tools, microwave ovens, audio equipment, televisions & video cassette recorders.)	20	11149 (52%)
	Office Electronic Equipment	(Including telephones, typewriters, facsimile machines & photocopiers)	5	1402 (7%)
	Computers & Printers		7	2854 (13%)
SUPPLIERS	Semiconductors	(Including associated components.)	3	2329 (11%)
	Electrical Components	(Including wire harnesses, printed circuit boards, switches & capacitors.)	13	2877 (13%)
	Non Electrical Components	(Including plastic mouldings & precision metal fitments.)	7	731 (3%)
	Other suppliers	(Including special chemicals necessary for the production of consumer electronic goods & components.)	1	15 (1%)
		TOTALS	56	21557 (100%)

N = 56
1) As at end of August 1991
2) Bracketed percentages refer to the percentage of local employees employed in a product sector in relation to the combined total of those employed at all Japanese consumer electronics companies in the UK.

Certainly, there is evidence that potential Japanese investors perceive the post 1979 Conservative Governments as increasingly safeguarding the effectiveness of their investments in the UK and EEC. This is due to the Conservatives' industrial relations policies. Joe Kidano, Japanese Advisor to the Milton Keynes Development Corporation, believed that Conservative industrial relations legislation had been a crucial determining factor in the decision of several of the 11 Japanese manufacturing companies to locate in Milton Keynes. For him:

> "The recent Conservative Governments' ability to implement
> legislation that has altered the British industrial
> relations climate by curbing trade union power and
> reducing the individual's rights at the workplace has
> encouraged Japanese companies to invest. We, in Milton
> Keynes have seen the benefits of this legislation. It has
> made Japanese investors feel far more positive about
> locating in the UK. They no longer come to us talking
> about their fear of British workers striking. The new
> legislation has given them a feeling of security."

(Interview: November 1991)

The aim of the Conservative's legislation is best described as a commitment to a "laissez faire" labour market structure. Attempts by the EEC to enact legislation that would interfere with this objective have sometimes led to UK resistance and on occasion, the use of its veto over the proposed legislation.

This UK resistance culminated in its opting-out of the signing of a revised social chapter to the new European Treaty at the Maastricht Summit in December 1991. Instead, while the

other eleven member states enact and operate legislation giving, for example, enhanced consultation at the workplace, and extended terms and conditions of employment for part-time workers, the UK will adhere to the provisions of the old social chapter of the Treaty of Rome. Mr Michael Howard, the then Employment Secretary, argued that this stance would aid and encourage further inward investment, since UK labour costs would remain low and it would free companies from potentially restrictive EEC employment legislation in the future.

There should be no doubt about the Japanese perception of the UK Government's stance at Maastricht and in the EEC in general. Masaki Fukui, Director of JETRO's London office saw what happened at Maastricht as typifying the UK Government's positive attitude towards Japanese inward investment. He also believed that it was indicative of why Japanese companies continued to invest in the UK:

> "Japan has for the last ten years regarded the UK as the right European 'wife' or 'partner'. The UK Government has often pursued policies within the community that have protected the interests of Japanese inward investors within her borders. For us, Maastricht represented a positive outcome. Japanese business feared that the proposed social charter was regressive. They believed that in the UK it would have led to a return of the sort of industrial relations that existed before 1979. I cannot definitely say that acceptance of the social charter would have discouraged Japanese inward investment into the UK, but by not accepting it the UK Government has shown the importance it attaches to Japanese inward investment and that will be appreciated by potential future Japanese investors."

(Interview: December 1991)

The third distinguishable factor of this period concerns the "pull" effect of existing Japanese inward investment in the UK on newly locating Japanese companies. An IRS survey in 1990 of 25 Japanese companies in the UK found that; "...Japanese firms in Britain appear to be 'clustering' in certain areas of the country." (IRS, 1990.)

The IRS survey appeared to isolate two reasons for this, Firstly, newly arriving components manufacturers were likely to locate near their main Japanese customers. For example, Hashimoto, a components manufacturer for the motor industry chose to locate in the North East so that it would be near to Nissan's motor manufacturing plant in Sunderland. Secondly, the survey showed that the very existence of a core of Japanese companies in the UK by the mid 1980s, meant that newly locating companies were using them as a ready source of information about national or regional issues likely to affect their operations before deciding whether to locate in the UK and which region to chose.

Masaki Fukui explained that because of this core of existing companies JETRO's London office found that by 1985 it was no longer necessary for it to send regular information back to Japan that might help companies considering locating in the UK. As an extreme example, Matsushita Graphic Communications which located to the UK in 1990 would have had six other Matsushita electronics plants in the UK to glean information from.

One of the most important issues prospective Japanese investors seek information about is the local or national employment or industrial relations climate. The IRS survey cited above found that 66% of respondents believed the local employment or industrial relations climate to have been either "quite important" or "very important" when originally deciding where to locate. Similarly, 56% believed the national employment or industrial relations climate to have been either "quite important" or "very important". This would help explain the clustering of Japanese companies around new towns such as Milton Keynes or Telford where there is no tradition of union membership among the local workforce and where it is therefore easy to avoid recognising a union. It is also clear that where companies have chosen to locate in (or have been pulled to) regions where workers have a tradition of union membership they have often followed the example of existing local Japanese companies by opting to recognise a union.

This pattern is particularly clear in the consumer electronics sector. Of the twelve companies in the Midlands, which includes Telford and Milton Keynes, none are unionised. Conversely, of the fifteen companies in Wales fourteen (93%) are unionised while in the North East the figure is three companies out of seven (43%). For the trade unions the figure for unionisation in Wales is especially pleasing, since it is the region where Japanese companies in the consumer electronics industry have created the most jobs and therefore offer the greatest recruitment potential. Consumer electronics companies

in Wales employ 8997 local workers representing 42% of all local workers employed by Japanese electronics companies in the UK.

Interestingly, Scotland does not fit this pattern (See table 1.7). There is a strong tradition of unionisation in Scottish manufacturing industry overall, yet the eleven Japanese companies located in Scotland (which includes Livingston) appear to share the tradition of non-unionisation which prevails in Scotland's Electronics sector.

The causes of this non-unionisation are unclear and none of those suggested in the literature seem particularly convincing. For example, MacInnes and Sproull identify two possible causes. Firstly, they suggest that most Japanese plants in the Scottish electronics industry were established in the 1980s. This was a period in which political and economic factors altered the UK industrial relations climate and undermined the ability of trade unions to secure recognition. We could however apply this rule to anywhere in the UK during this period not just Scotland.

Secondly, MacInness and Sproull's work finds that non-union plants in Scotland appear to out-bid unions in what they can offer workers. Plants which had all their employees on single status terms and conditions of employment were less likely to recognise a union The results suggest that this seems to have been a deliberate strategy among Japanese consumer electronics firms locating in Scotland. However, given the sample size, the statistical significance of these results

ought to be questioned. Moreover, even if they are valid they do actually tell us why this has only happened in Scotland and not elsewhere in the UK. (MacInness & Sproull, 1989, p.44) The issue of non-unionisation in Scotland's electronics industry clearly requires further research before it can be properly explained.

A sharing of information between existing and locating Japanese companies may well influence issues concerning union recognition. The Japanese perception of unproductive and unco-operative UK workforces (especially those that are unionised) has been undermined by the successful implementation and operation of industrial relations strategies at several unionised Japanese companies since the early 1980s. Many of these are in the UK consumer electronics industry, the most cited example being Toshiba Consumer Products (UK) Ltd.

The apparent success of industrial relations at companies such as Toshiba undoubtedly helps pull newly locating Japanese companies to the UK. They then often proceed to emulate these strategies. To return to a previous example, it is no coincidence that six of the seven Matsushita plants in the UK chose to recognise the same single union, the Electricians (EETPU). Nor is it coincidental that 16 of the 21 Japanese consumer electronics companies unionised in the UK chose to recognise the same union - again the EETPU. (see Table 1.1) Japanese inward manufacturing investment's attitude towards the issue of unionisation at greenfield sites is discussed more fully in Chapter 4.

TABLE 1.7
A Regional Breakdown of Japanese Companies in the UK Consumer
Electronics Sector

Region	Number of Companies	Number of Companies Unionised	Number of Local Employees
Scotland	11	0	4384
North East England	7	3 (43%)	3077
North West England	1	0	10
Midlands (inc. Telford & Milton Keynes)	12	0	2955
Wales	15	14 (93%)	8977
East Anglia	2	1 (50%)	598
South West	3	1 (33%)	821
South East	5	2 (40%)	715
Northern Ireland	-	-	-
TOTALS	56	21 (38%)*	21557

$N = 56$
As at end of August 1991.
* Percentage of all Japanese consumer electronics plants in the UK
that are unionised.

3.3) The Effect of Japanese Direct Investment on the Performance of the UK's Indigenous Industry

The impact of Japanese direct investment on the organization and performance of UK industry has attracted much controversy. By focusing on Japanese transplants in the UK consumer electronics sector, this study informs and influences the debate surrounding the issue. The controversial effect of Japanese transplants especially in the UK consumer electronics sector can be seen in television manufacturing.

In 1974, Sony set up a television manufacturing operation in Bridgend, South Wales. Its arrival marked the start of a period in which Japanese electronics companies have completely altered the structure of the UK's indigenous consumer electronics sector. Sony was able to challenge existing UK television manufacturers who were in a weakened state due to low levels of research and investment and their reliance on a profusion of small inefficient plants. UK companies were also unable to compete with advances by Japanese and Korean manufacturers into their domestic and Western European markets. By 1978, a National Economic Development Council Working Party was advocating the encouragement of Japanese direct investment into the UK' television manufacturing industry. (Takamiya & Thurley, 1985, pp 113-114.)

Following Sony, and by 1980, three of the four other leading Japanese consumer electronics companies had set up manufacturing operations in the UK. Their arrival was in part designed to pre-empt any possible trade restrictions resulting

from the newly formed European Community. Two of these early arrivals, Hitachi and Toshiba opened joint ventures with existing UK producers. (GEC and Rank respectively) However these collapsed and were taken over by the Japanese partners. By 1985 Japanese electronics companies were to completely dominate the UK's television production industry. In July 1991 the last non Japanese television manufacturer in the UK ceased production. It was owned by the French company Thompson.

The experiences of the UK television industry can be cited as a classic example of the effects of Japanese inward investment in a product market. Japanese consumer electronics companies were able to capitalise on weaknesses in the UK's television manufacturing sector which UK producers seemed unable to rectify. Quite simply, and for reasons discussed elsewhere in this study, they produced better quality and cheaper televisions than their UK competitors.

Critics of the effects of Japanese inward investment on the UK economy would see the experiences of the television manufacturing sector as an example of how transplanted Japanese manufacturing operations contribute to the erosion of indigenous industry. There seem to be two basic arguments.

Firstly, those such as James (1988) and Morris (1988b) suggest that most Japanese manufacturing investment in the UK, especially where it is in consumer electronics sector, has created "screwdriver" operations, assembling imported components and requiring low skilled local labour. They argue that the research development and manufacture of new products

remains confined to Japan. To them, "screwdriver" plants and low inward investment in research and design are indications of the Japanese simply using the UK as a "Trojan Horse" with which to find ways through EC trade barriers.

It is significant that James and Morris were writing in 1988. Their argument regarding the quality of Japanese investment in the UK have since that date been somewhat undermined. As we have seen 1988 is the year in which the growth of Japanese inward investment in the UK peaked, especially in the consumer electronics sector. Many of those investing in this sector during and subsequent to 1988 were suppliers of high technology components such as semiconductors, magnetrons and printed circuit boards and as has been discussed their arrival was, in part, due to EEC directives concerning local component content. Consequently, as local component content of consumer electronic goods has increased so the label of "screwdriver" assembly operation can no longer be applied to many Japanese consumer electronics manufacturers. With regard to research and development facilities in the UK James' and Morris' arguments were again a little premature. By August 1991, there were 16 Japanese research and development sites in the UK. 7 of these sites were owned by consumer electronics companies. (Sources: JETRO & AJEI)

To be fair on those such as James and Morris, while they appear to have been incorrect in their assessments of the quality of Japanese inward investment their "Trojan Horse" argument clearly has some validity. For the Japanese, 1992

marks the creation of a market that can only be effectively penetrated if manufacturing operations are located within it. Hence the rush of Japanese direct overseas investment to Europe and especially the UK in the late 1980s. The tone of criticisms such as James' and Morris' suggests that this is a covert and underhand strategy rather than any real attempt to internationalize business. In reality it reflects an open and pragmatic business reaction to the need to alter manufacturing organization to compete in a new market situation.

A second argument is that there is too high a price to pay for attracting Japanese manufacturing operations to the UK. A proponent of this argument is Garrahan. Garrahan's analysis of the arrival of Nissan's car manufacturing plant in North East England suggests that its impact on other UK motor manufacturers far outweighed its creation of 2,700 jobs. As a starting point he notes that Nissan's new plant was expected to cost £350 million, but this was subsidised by a Regional Development Grant and Selective Financial Assistance totalling £100 million. Garrahan's blunt assessment is that: "The 2700 jobs to be created at Nissan do not come cheap..." (Garrahan 1986) But this is only the first stage of his criticism He goes on to explain that job gains in the North East will be offset by the loss of jobs at existing UK car manufacturers. It is this that forms the core of Garrahan's argument.

Writing in 1986, Garrahan was forecasting that UK car manufacturers would not be able to compete with Nissan's levels of labour efficiency and would be forced to cut their workforce

levels or close. He was correct; by 1991 the Society of British Motor Manufacturers was estimating that for the year up to July, Nissan's new UK plant had produced 21.7 cars per employee and was the most productive in Europe. In contrast, Rover could only manage 6.7 cars per employee. (Financial Times 11/10/91.) In September 1991 it emerged that Toyota's plans to produce cars at its new manufacturing plant in Burnaston Derbyshire relied on production methods, that if implemented by Rover, would mean that it would need only 14,000 of its then 36,000 workforce to produce its annual output of 500,000 cars. (Independent, 03/09/91.) In the same month, Rover announced that it wished to implement a new set of Japanese style working practices at its plants. (Financial Times, 18/09/91.) Ford meanwhile, announced a total of 2000 redundancies from its 29,000 workforce and placed the workforce at its Halewood plant on half time working. (Financial Times 28/11/91.) Further redundancies and short-time working at Ford have continued into 1993.

Though it is reasonable to point out that some of these actions can be attributed to the effects of a deep recession in the motor industry at this time, that is not the only explanation. The real issue was the inability of UK manufacturers to remain competitive with the Japanese. The recession only served to emphasise this. It is significant that Nissan's performance during the recession allowed it to announce that it would be taking on an additional 1000 workers at its UK plant to meet export demand. This was double the

number it had originally planned to recruit at this stage of the company's development. (Financial Times 6/9/91)

Garrahan's work offered criticism but no simple remedy to the effects of Nissan and other Japanese motor manufacturers setting up plants in the UK. His argument that jobs created at new Japanese firms in the UK displace jobs at existing firms in the same manufacturing sector appears correct. However, his work fails to take account of two other relevant factors.

Firstly, though the UK was Nissan's major export market in Europe its primary concern was to find a European rather than UK location in anticipation of 1992. The implication of Garrahan's argument is that more jobs would be saved by Nissan locating outside the UK than would be created by its location here. This is highly dubious and difficult to prove. Had Nissan located its plant in any other Community country it would have remained in competition with them. It is hard to see how this would not have compelled UK car manufacturers to react in the same way as they have to Nissan (and now Toyota) locating in the UK.

Secondly, Garrahan's assessment of Nissan's impact looked only at its competition with UK manufacturers in the domestic market. He failed to appreciate that the locating of Nissan and most Japanese manufacturing operations in the UK is also based on their export potential to the European market and other countries. The result of this strategy has been a highly beneficial narrowing of the UK trade deficit. The Nomura Research Institute estimates that Japanese plants in the UK

export an average of 75% of their output and that this will result in a net annual improvement in the UK trade balance of £4 billion by 1995. (Sunday Times, 08/09/91)

The effects of Japanese companies' exports on the UK's trade deficit are highly apparent in a number of product areas. The trade deficit on cars has been sharply reduced already. In 1990 the deficit was £4.98 billion. For the three months up to September 1991 the deficit was only £239 million. Although some of this improvement can be related to the effects of the latest recession, much of it can also be attributed to Nissan's emergence as a major car exporter as its manufacturing output has steadily increased.

Japanese domination of the UK consumer electronics sector also appears to be consistent with UK trade surpluses on a variety of electronic goods. For example, for the year up to September 1991 the surplus on televisions stood at £256 million compared with a deficit of £6 million in 1989. In 1989 the UK ran a deficit of £47 million on video cassette recorders, but in 1990 this was turned into a surplus of £48 million. Recent export figures for microwave ovens repeat this pattern. In 1989 there was a trade deficit of nearly £10 million, but in 1990 this was turned into a surplus of £38 million. (Sunday Times, 08/09/91)

Nomura's figures suggest that Japanese inward investment in manufacturing has already narrowed the UK's trade deficit by 15%-20%. Such figures serve to underline the significant and apparently successful presence of Japanese manufacturing

companies in the UK - not least those in the consumer electronics sector.

4) SUMMARY AND OUTLINE OF THESIS STRUCTURE

This introductory chapter has served two purposes. Firstly, the chapter has outlined the main theme of the research. This is that production system characteristics other than employment relations (NIR) practices in use at a Japanese transplant will also impact on employee attitudes. It suggest that these attitudes will affect the individual in the performance of their work, and therefore the performance of the company overall.

Secondly, it has familiarised the reader with the issues surrounding, and the importance of, Japanese investment in the UK with special reference to the characteristics of Japanese companies in the UK consumer electronics sector. These companies form a significant proportion of Japanese manufacturing transplants in the UK. Their significance is further emphasised when considering the number of workers they employ, the amounts of Japanese inward investment that they represent and their contribution to UK manufacturing output and trade. Because of these factors a study of this particular group of Japanese companies assumes added importance, and it is this group of companies that the research draws its sample from.

The rest of Part 1 is devoted to providing a conceptual framework as the basis of the research. In Chapter 2 the

failure of much of the earlier UK research to identify the main characteristics of a production system at Japanese manufacturers in the UK is discussed, as well as its inability to adequately identify the link between the production system and NIR practices at these companies. The chapter goes on to show how the research aims to redress these deficiencies. It argues that a basic model of the Japanese production system for operation in the UK can be constructed. This could then be used to identify the key dimensions of variability among the production systems of Japanese transplants in the UK and to link these key dimensions to the success or failure of these companies' NIR practices at achieving reductions in "them and us" attitudes.

Part 2 of the study provides the materials necessary to aid the construction of a model of the Japanese production system for operation in the UK. Chapter 3 discusses the essential characteristics of the domestic Japanese production system since they influence considerably the structure of the UK model. Chapter 4 surveys literature from both the UK and abroad and distinguishes the problems encountered by transplants attempting to transfer the Japanese production system to host countries. Using the literature it also identifies some of the remedies to these problems. Chapter 5 gives a detailed breakdown of how a model of the Japanese production system for operation in the UK is constructed; The chapter demonstrates the differences between the UK model and the domestic Japanese production system.

In Part 3, Chapter 6 commences with a summary of the research's hypotheses and the methodology. Chapter 7 uses this methodology to compare the production systems of nine Japanese companies in the UK consumer electronics sector alongside the research's model of a production system for operation in the UK. In Chapters 8 and 9 the research goes on to apply the model in greater detail to two case study companies. This allows it to assess the success of their NIR practices in altering workforce attitudes and to see whether that success has been impeded by failings in other production system characteristics.

Part 4 puts forward some general conclusions. It also considers the wider implications of the research results in subject areas such as NIR and Japanization.

CHAPTER 2

JAPANESE MANUFACTURERS IN THE UK: THE ISSUES RAISED

INTRODUCTION

This research focuses on Japanese transplants in the UK whose production systems incorporate the use of NIR practices. NIR practices are believed to affect employee attitudes and behaviour to the benefit of a companies' production system performance.

This chapter discusses a number of issues that inform and influence the research. It defines what the research means by the term "production system". It then discusses the the concept of the "Japanization" of British industry and shows how it overlaps with the debate about new industrial relations in Britain. Finally, it shows how the literature about both Japanization and NIR fails to identify some key managerial and organizational factors that, as well as NIR practices, can influence "them and us" attitudes among employees. The research hypotheses place considerable emphasis on the importance of these factors.

1) DEFINING THE TERM "PRODUCTION SYSTEM"

A central feature of this research is its discussion of a Japanese production system and how well it transplants to the

UK. It is therefore important to define what the research means by the term "production system".

In the context of this research the term "production system" is defined in a "broad" sense. The research does not take the approach of some commentators who have focused on one particular theme or characteristic of a production system. For example, a number have focused on how the production system is organized in the "narrow" sense of production technology. They have then gone on to assess the impact of production technology on employee tasks, attitudes and behaviour. (See as examples Trist and Bamforth, 1951; Woodward, 1958; Touraine, 1955). In one such study, Blauner sought to show how production technology alienated workers. He suggested that "..there are powerful alienating tendencies in modern factory technology and organizations." (Blauner, p.4, 1964) These alienating tendencies were described as: a loss of control over conditions of work such as pace and methods (powerlessness), a loss of significance of work activities (meaninglessness), a loss of the sense of community membership (isolation) and a loss of personal identity with one's job (self-estrangement) (ibid, 1964, pp 16-24).

Production technology is however only one characteristic of the production system. There are further characteristics to consider, such as those raised by industrial relations theorists (Clegg, 1979; Flanders, 1975). These studies of collective bargaining, job controls etc are also important to any interpretation of a production system's performance.

Purcell (1981) provides a good example of a study of four British companies focusing on the importance management attached to using the institutions, procedures and processes of industrial relations as a means of trying to ensure the production system was not disrupted.

In effect, Blauner and Purcell reflect a Management/Organizational theory versus Industrial Relations division among studies of production systems. What is posited in this research is that it is not enough to see the production system purely in terms of one set of characteristics such as Blauner's analysis of technology or Purcell's examination of industrial relations. The two approaches need to be incorporated into a broader definition of the production system. This broader definition encompasses an acceptance that there are a number of characteristics all of which play a part in constraining or facilitating manufacturing output.

In this research a broad definition of a production system is constructed using four categories or "sets" of characteristics. To summarise, these are: managerial characteristics (control structures, decision making procedure and management style), organizational characteristics (the organizational structure of the company), personnel characteristics (the company's relationship with the employee as an individual) and industrial relations characteristics (the company's relationship with the employee as part of a collective).

Under the research's broad definition, the production system can be seen as a system of throughputs. The behaviour of those who manage the production system and of those who are employed to work it becomes all the more crucial because an action or decision taken under one set of characteristics may affect the actions or decisions taken under a different set of characteristics. In short, the production system is portrayed as holistic - the four sets of characteristics interacting with each other.

It is this broad definition that has generally been overlooked when analysing the strengths and weaknesses of the Japanese production system, especially where it has been transplanted to a host country. For the rest of this research, the term production system is used in the broad sense unless otherwise specified.

2) THE ISSUE OF JAPANIZATION

The now significant presence of Japanese manufacturers in the UK is linked to the issue of the "Japanization" of British industry. Oliver and Wilkinson's work suggest that the concept of Japanization operates at two levels. It can be used to describe either the actual "process and impact" of Japanese inward investment in the UK, or to describe "the attempts of British companies to emulate Japanese practices." (Oliver & Wilkinson, 1988, p2)

A more refined definition of Japanization is presented by Ackroyd et al. They identify three types of Japanization,

"direct, mediated and full". (Ackroyd et al, 1988, pp.11-23.)
This cab perhaps be used to reply to the accusation of those
such as as Dickens and Savage who have argued that the concept
is a "bad abstraction..." that "lumps together the unrelated
and inessential..." and is not able to cope with the wide
variety of Japanese practices used either in Japan or overseas.
(Dickens & Savage, 1988, p.63)

Ackroyd et al's first type of Japanization is that of
direct Japanization. This refers to the arrival in Britain of
Japanese firms who bring Japanese practices with them. It is
companies who fall within this category of Japanization that
this research focuses on.

The second type of Japanization identified by Ackroyd and
his colleagues is that of mediated Japanization. They use it
to describe the use of Japanese practices by non-Japanese
firms and divide it into two sub-categories. In the first
case, "mediated Japanization 1", applies to British companies
attempting to emulate Japanese practices. This is based on the
belief that if Japanese companies enjoy higher standards of
business performance than their Western counterparts, then
copying their practices should result in a correspondingly
better business performance. The argument is simply that the
Japanese are doing something right and that British indigenous
industry is doing something wrong so it is of value to copy the
Japanese method.

Ackroyd et al's "mediated Japanization 2" discusses the
use of Japanese practices by emulating companies, as a means of

forcing through changes in production methods and working practices. The overall impression given by Ackroyd and his colleagues is that there is a greater urgency behind the emulation of Japanese practices by companies that fall into this category than at those which fall into mediated Japanization 1". The workforce is persuaded that the only way the company can survive in the face of Japanese competition is to adopt Japanese practices. Ackroyd and his colleagues argue that in fact what management are doing is using the threat of Japanese competition to legitimise the sort of changes that they may have wished to implement for some time. They take the UK car industry as an example of this approach citing Marsden et al's work which argues that processes such as Ford's attempt to introduce its "After Japan" campaign are more to do with getting the organization of production correct than with any real desire to obtain new levels of workforce commitment. Consequently, they conclude that: "Increasing the flexibility of workers has less to do with imitating Japan than with the need to improve productivity and maintain production levels with much reduced workforces and with the effects of the changing technology." (Marsden et al, p.117)

Ackroyd et al's final type of Japanization is that of full or permeated. In this instance, Britain could be seen to mirror Japan's economic structures by generating Japanese approaches towards investment and marketing as well as similar employment relations, production systems and organization of business.

Binding these definitions of Japanization together is the explicit belief that it offers an alternative manufacturing system to traditional British methods. This alternative production system is believed to include a set of specific employment practices. These employment practices are presumed to contribute to the successful performance of Japanese production systems. For example, Oliver and Wilkinson describe Japanization as "...not simply a matter of implementing total quality control and just-in-time (JIT) production processes – it entails the adoption of particular work practices and personnel and industrial relations systems as well..." (op.cit, p.4)

This dependency of the production system on employment relations practices is a feature of Turnbull's work on Japanization at Lucas Electrical, components suppliers in the motor industry. Turnbull argued that the success of the Japanese production practices introduced at the company was based on the social organization of the production process. These new organizational structures created a work environment in which "...workers feel obliged to contribute to the economic performance of the enterprise and to identify with its competitive success." (Turnbull, 1986, p.203) In a similar vein, White and Trevor's study of Japanese transplants in the UK argues that, in theory, their employment practices foster "... a stable workforce with a high level of commitment to the company: extremely co-operative in accepting change, extremely unwilling to enter into strikes or any other forms of conflict,

and generally putting the company's interests level with or even ahead of its own. The outcome is a high and rising level of productivity, and an altogether easier climate in which management can plan for changes in products and processes." (White & Trevor, 1983, p.5)

At one level these particular quotes from Turnbull's and White and Trevor's works can be seen as representative of discussion concerning the definition and concept of Japanization. At a second level they demonstrate the overlap of the debate surrounding Japanization with the issue of NIR in the UK. The overlap is highlighted by the importance such work attaches to the issue of committed and co-operative workforces who identify with the interests of their employing Japanese transplants or emulators. This, as will be shown in section three, directly relates to the definition of NIR.

3) THE ISSUE OF NEW INDUSTRIAL RELATIONS

In the context of British industrial relations NIR can be seen as a management attempt to attack and reduce underlying attitudes amongst employees that are best encapsulated by the popular expression "them and us". A social psychological definition of "them and us" (which is incorporated into this research) is given by Kelly and Kelly. They argue that employee attitudes regarding this issue are based on the perception that there exists a clear division between management and workers and that these two groups have conflicting interests. Their theoretical framework is based on

the argument that reductions in this division may be induced by any one, or a combination, of three mechanisms. (See Figure 2.1)

The first of these concerns intergroup contact. The argument runs that an increase in contact between the members of different groups (in this case management and employees) will result in a reduction of the importance of group membership and the development of interpersonal relationships. The outcome is a more co-operative and productive relationship at the workplace (Purcell, 1979; Hewstone & Brown, 1986). Greater management/worker contact means that the two groups begin to find common interests and realise that the negative perceptions they hold of each other are inaccurate. (Allen, 1986; Allen & Stephenson, 1983, 1985, Torrance, 1961)

Kelly and Kelly cite the use of quality circles and increased use of consultation as examples of NIR based intergroup contact. They also note that such contact has been found to be most successful where certain conditions are met. Firstly it helps if both groups enjoy equal status since participants will find they have more in common than where unequal status exists. (Allport, 1954) Secondly, the contact needs to be reinforced by institutional and social support if its effects are to be felt beyond the immediacy of the contact situation. (Hewstone & Brown 1986) Thirdly, all participants should agree to meet on a voluntary basis. (Brewer & Miller, 1984)

FIGURE 2.1
Three Possible Routes to Attitude Change

Increased
contact
across
group
boundaries

Discovery
of
similarities
and common
beliefs

Friendly
interpersonal
relations

Reduction
of
category
salience

Involvement
in NIR
initiatives

Perception
of a
superordinate
goal

Breakdown of
existing
social
categorisations

Group Fusion
(creation of
superordinate
identification)

Pressure for
dissonance reduction

Change in
behaviour

Realignment
of attitudes

Self perception

Source: Kelly and Kelly, 1991, p.33

The second of Kelly and Kelly's mechanisms is the creation of superordinate goals. A superordinate goal may be defined as one which supersedes the sectional goals of opposing parties and which cannot be achieved unless they co-operate with each other (Sherif, 1966). Examples of superordinate goals might include the use of reward systems based on Profit Related Pay or Employee Share Ownership. In effect the interests of the worker and the company merge into one based on the profitability or success of the company. For such goals to be perceived as superordinate there is a reliance on trust so that one group does not feel that its efforts to achieve the goal result in rewards that are primarily beneficial to the other.

The third mechanism discussed by Kelly and Kelly is based on the possibility of altering worker attitudes by changes in behaviour at the workplace. New participative or co-operative practices are implemented which conflict with old perceptions of the management/worker relationship being adversarial. This conflict is described as a state of dissonance. It may be resolved by altering attitudes so that they are aligned with the new behavioural requirements. (Cooper & Fazio, 1984)

Workforce reactions to the use of these three routes, along with two other indices of change in "them and us" attitudes will be assessed later by this research. Moreover, the research identifies the factors that influence these workforce reactions.

Two additional points need to be stressed in relation to attitude change. Firstly, it is possible to argue that such

change may take place simply because when workers find themselves co-operating with management due to the implementation of new practices they ..."infer from this self observation that they must feel positive towards management." Kelly & Kelly, 1990, p.35) This suggests workers feel that they "ought" to change their view of management and do so - a kind of hegemonic attitude change. Secondly, an individual must not believe that their behaviour is induced by various constraints surrounding them. Were this to be the case then behaviour could not be said to stem from attitudes. Rather it is a reaction to constraints placed on the individual by the environment in which they work (Bem, 1967). In effect, attitude change in relation to cognitive dissonance can only occur where the individual has a choice of whether to alter their behaviour or not. If constraints have been placed upon the individual then they can justify changes in behaviour while maintaining that their attitudes have not in fact changed. Where behavioural change is allowed by choice then the individual can justify such change by arguing that it must be consistent with their attitude. (Festinger, 1962)

The value of Kelly and Kelly's work is that it draws on a series of studies of NIR practices to identify what are described as "obstacles to attitudinal change". (Op.cit p.35) For Kelly and Kelly, these obstacles contribute to the failure of NIR practices to capitalise on any of the three mechanisms for attitude attitude change, hence the studies they cite

suggest that NIR practices have yielded poor results.   Four

obstacles are discussed. These are:

> 1) A lack of choice for workers over participation in NIR
> schemes.   Are they given the choice to opt out.?   Do
> workers have any say in the decision to adopt a NIR
> practice?   Kelly and Kelly note that such practices are
> often unilaterally introduced by management in response to
> competitive pressures.

> 2) A possible lack of trust between workers and
> management.   Do management have a track record of
> consulting with employees before implementing a decision
> that may affect them?   Moreover, do employees trust the
> ability of management to manage the workplace effectively?

> 3) An inequality of status and outcomes where intergroup
> contact is a key element of the NIR practices.   Is
> expected equality perceived by one or both parties as
> shallow? Is it confined to the contact situation?
> Finally, are the benefits of the NIR practices perceived
> to favour one group of participants more than another.

> 4) A lack of institutional support. Studies of NIR often
> emphasise the importance of support from senior management
> if NIR practices are to succeed. It is argued that
> workforce attitudes will not alter where senior management
> fail to show or maintain interest in NIR practices. This
> is believed to occur where management decide that either
> the practice is providing unprofitable results, or it is
> threatening their own power and expertise. The practices
> lose impetus since employees perceive that management do
> not take any notice of their initiatives.   Initial
> employee enthusiasm and interest withers.

> (Kelly & Kelly, 1990, pp.35-39)

There are two crucial points to be made about Kelly and

Kelly's presentation of the issue of NIR. Firstly, the overlap

between the issues of Japanization and NIR means that these

obstacles can be assumed to apply to employment practices

implemented at Japanese manufacturers in the UK.   However,

Kelly and Kelly's work demonstrates that in fact we know little

about whether such obstacles prevail at these companies.

(Something which this research begins to remedy.) Of the 19 empirical studies of NIR techniques they surveyed, none had been conducted at a Japanese manufacturer in a host country.

Kelly and Kelly were only able to draw some tentative results from the data they collated. Firstly, there was some evidence that worker attitudes were altered by NIR schemes where workers could see some personal financial gain (Op.cit, p 43). Secondly, there was little evidence overall of NIR practices altering workers' negative views of management's ability to manage, trustworthiness, and handling of union management relations.

Kelly and Kelly went on to suggest that where NIR schemes were in operation management appeared to have gained the most from any resultant improvements to the company's performance. This had had in fact undermined attempts to reduce "them and us" because a key condition necessary for such attitude change is that gains and rewards at the workplace must be perceived as shared fairly and not to the detriment of one side or the other. That this had not often occurred where NIR practices were in operation led Kelly and Kelly and Kelly to argue that: "In the light of these considerations, it is not surprising that ten years of 'new industrial relations' has so far made little impact on 'them and us' attitudes in industry." (Op.cit, p.44)

Several studies of employment relations practices at Japanese manufacturers in the UK paint a far more favourable picture of the NIR type techniques that have been implemented

at each company than Kelly and Kelly's conclusions would have us believe. They are discussed in some detail in the next chapter. (Wickens, 1987; White & Trevor,1983; Trevor, 1988; Bassett, 1987) However, the problem with these studies is that though they argue that the NIR techniques implemented can result in a loyal and highly productive workforce and suggest that 'them and us' attitudes have been positively altered, they are descriptive thereby devaluing their results and conclusions. What is needed then is an empirical study with two goals. Firstly, to identify whether any of Kelly and Kelly's four obstacles are discernable at Japanese manufacturers in the UK. Secondly, where the obstacles are apparent, the study needs to assess whether and how they were overcome. This study goes some way to fulfilling such goals.

The second point to raise concerning Kelly and Kelly's work is that it falls prey to two inter-related deficiencies, prevalent in much of the earlier literature concerning Japanization and NIR. The rest of this chapter discusses these deficiencies in more detail. The first deficiency is a failure to highlight the other essential managerial and organizational characteristics of the production systems into which NIR practices are introduced. NIR practices are only one set of production system characteristics. There are few earlier studies that indicate what these managerial and organizational characteristics are and their effect on the production system.. The second deficiency is the failure to recognise that the successful implementation of NIR practices may be influenced by

effective managerial and organizational characteristics within a company's production system being effective.

In contrast this research pays considerable attention to managerial and organizational characteristics and they are defined in the next section. The research posits that the managerial and organizational characteristics of a company's production system characteristics can act as an intervening variable where a company seeks to create a work environment conducive to a reduction in "them and us". Figure 2.2 therefore shows Kelly and Kelly's three routes to attitude change in amended form.

4) HIGHLIGHTING ALL THE CHARACTERISTICS OF THE TRANSPLANTED JAPANESE PRODUCTION SYSTEM

4.1) Studies Concentrating on NIR Practices

The previous section concluded that earlier literature about Japanization and NIR falls prey to two inter-related deficiencies. The first of these was that instead of looking at all the characteristics of the production system and how they interact to facilitate effective production, earlier studies have tended to concentrate only on NIR practices at the companies studied.

Studies of NIR practices at these transplants have covered both personnel characteristics of the production system (the employer's relationship with the individual worker) and industrial relations characteristics (the employer's relationship with the workforce as a collective). In line with

FIGURE 2.2

Three Possible Routes to Attitude Change Showing Managerial and Organizational Characteristics as an Intervening Variable
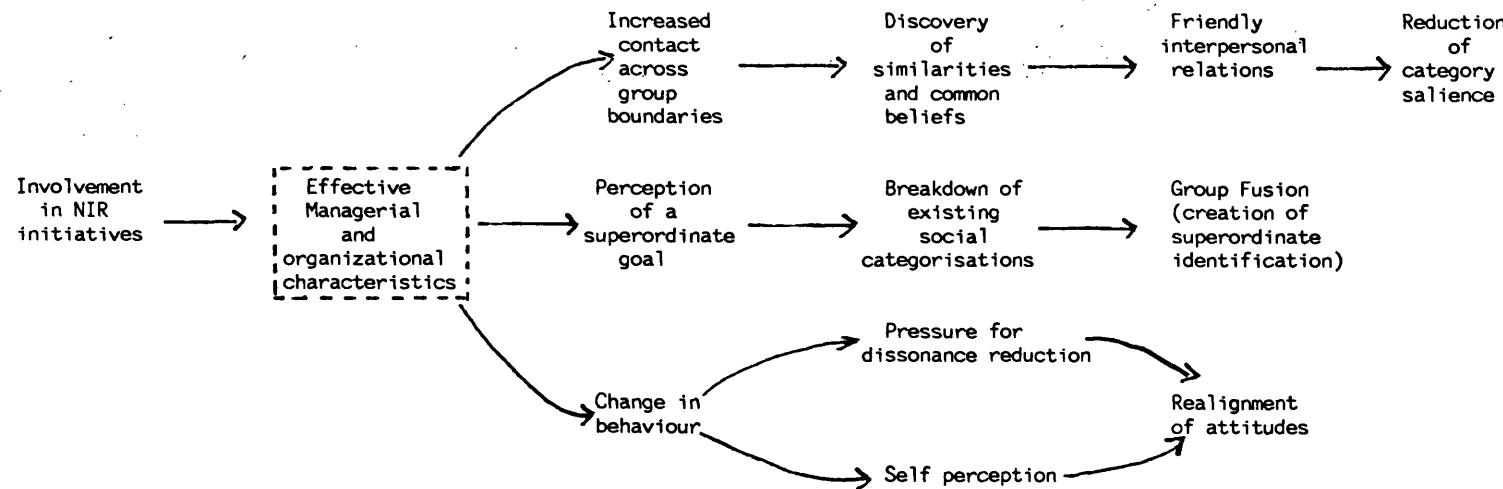
Source: (amended) Kelly and Kelly, 1991, p.33

these studies (and studies of NIR practices at non-Japanese transplants) the definition of NIR practices used in this research is that they comprise of the separate sets of personnel and industrial relations characteristics within a production system.

Though these NIR practices are often portrayed as an integral part of a production system defined in the "broad" sense at a transplant. The way the linkage works is generally ignored so that we get no idea of the structure of this "broad" system. The emphasis on NIR practices can be observed in Wickens' book which barely touches on the way production at the new Nissan motor manufacturing plant in the UK is organized and managed. Wickens' emphasis on what he describes as a "human resource strategy...integrated into the overall business plan" means that even his chapter on Japanese management in Japan concentrates on the management of employees rather than overall production. (Wickens, 1987, p190; pp.22-38) The work simply argues that the production system at Nissan in the UK operates successfully because it uses a Nissan developed "tripod" of flexibility, quality and teamwork combined with common terms and conditions of employment for all employees. (Wickens, 1987, p.38)

Other studies, for example that of White and Trevor, have focused on employee attitudes at Japanese companies in the UK. The attitudes examined concerned personnel management practices, employee satisfaction with the company, working practices (such as flexibility and teamwork) and

worker/management relations. Again, the implication is that

these are some but not all of the distinctive characteristics

of a Japanese production system. (White & Trevor, 1983)

Finally, there are several studies of unionisation   at

Japanese manufacturers in the UK. (Rico, 1987; Reitsperger,

1986; Bassett, 1987; Roberts, 1988) They place emphasis on

whether a role is or is not found for trade unionism within a

production system that is extremely vulnerable to any form of

industrial action and requires labour flexibility. Bassett's

work demonstrates that it is possible for a union to play a

role within such a system where it signs what has been called a

"new   style" (sometimes   called   strike-free)   collective

agreement. The provisions of these agreements are discussed in

detail in chapter 4. Bassett notes that such agreements aim

to avoid disrupting the production system arguing that:

"Stability in Japanese manufacturing is central to improving

performance and output, and it is here that the real link

between Japanese industrial relations practices and the strike-

free deals lies: what they hold out is the prospect of

stable, consensual industrial relations, and so of stable

company performance, allowing companies to concentrate on

production, not on ad hoc solutions to keep it going."

(Bassett, 1987, p.90) However, Bassett does not discuss in any

greater detail why the characteristics of the production system

require the stability provided by a new style agreement.

It seems then that where earlier studies of Japanese

manufacturers in the UK fall down is in their inability to

provide a clear guide as to what all the main characteristics are of the production systems in operation at these companies. A Japanese transplant's production system does not simply consist of a set of NIR practices in order to function. It is more complex than that, involving managerial and organizational characteristics. In addition, the failure of most earlier studies to identify these other characteristics means they cannot show how NIR practices fit into the production system, helping it run effectively.

4.2) Studies Indicating Other Sets of Characteristics

If one looks closely at the earlier literature, there are some indications as to what the total structure of a production system at a Japanese transplant might look like and how it works. i.e. what a transplanted Japanese production system defined in the broad sense comprises of. Three studies of Japanese manufacturers in the UK merit attention for this reason.

Firstly, Takamiya and Thurley's study of two Japanese television manufacturers in the UK in the late 1970s, argued that the better performance of the companies in comparison to two other television manufacturers in the UK, one US and one UK owned, could not be attributed to any one factor. Instead they attributed it to the "internal operations" of the Japanese companies exhibiting significant differences in three areas. The first was "production management techniques." Within this category fell factors related to the organization of

production by management - working practices such as teamwork, a dedication to quality and single status terms and conditions of employment that helped maintain employee flexibility. The second area was "inter-organizational coordination." The Japanese companies exhibited better inter-departmental coordination and management decision making structures. They also encouraged cross departmental job rotation so that individuals came to understand the requirements and organization of more than one department in the company. The third area of difference concerned "industrial relations". The Japanese companies demonstrated simplified collective bargaining procedures recognising only one union. This points to their pursuit of Bassett's production stability. (Takamiya & Thurley, 1985, pp.188-199)

Like Takamiya and Thurley's work, Trevor's analysis of Toshiba's UK manufacturing plant suggests that several areas of the production system in addition to industrial relations practices need to be explored and that they each contribute to a successful production performance. Two areas that particularly stand out are the company's relationship with its suppliers and its management style. In the case of the supplier relationship the company placed great emphasis on building a close relationship with its suppliers to ensure that it was sold quality components at a fair price that were delivered on time. This reflected a belief in "...the influence that the performance of suppliers can have on the total performance of the company." (Trevor, 1988, p143) The

company's management style was deemed to comprise of four key factors. These were "vision, leadership, pragmatism," and "the right people." (Op.cit, p234)

Trevor's and Takamiya and Thurley's work, indicate additional features of a Japanese transplant's production system but, they do not demonstrate how these features interact. As Wood has noted: "The distinctiveness of Japanese methods is not simply that a particular set of practices are followed but that they are devised and adopted in such a way that they are integrated and mutually supportive of each other." (Wood, 1991, p7) Only Oliver and Wilkinson's study of Japanization comes close to showing how this occurs by applying a theory of "dependency relations" to the management of Japanese transplants in the UK.

Oliver and Wilkinson's work presents a production system containing three vital sets of characteristics. The first relate to personnel management and industrial relations practices. Personnel management practices refer to the company's relationship with the individual employee, industrial relations practices refer to issues concerning the company's recognition or non-recognition of a union. The second characteristic is manufacturing practices. These include quality control, flexibility and organization of the work environment. The first two characteristics are described by Oliver and Wilkinson as internal dependencies. The third characteristic concerns supplier relations. As with Trevor's work, a premium is set on a close relationship that encourages

quality components delivered at the right time and right price. This is described as an external dependency. For the production system to succeed Oliver and Wilkinson argue that it essential that these characteristics integrate. For them,; "If there is a 'secret' to Japan's success, we suggest that it lies in the synergy generated by a whole system, and not, as some have suggested, in the specific parts of that system." (Op.cit, p.43)

5) THE FAILURE TO APPRECIATE THE POSSIBILITY OF A TWO WAY RELATIONSHIP BETWEEN NIR PRACTICES AND THE PRODUCTION SYSTEM

The second deficiency in NIR and Japanization literature is that it assumes that there is only a one way relationship between NIR practices and the performance of the production system. (See Figure 2.3) None of the studies so far cited consider the possibility of an alternative relationship. Their basic premise is that good NIR practices will facilitate the successful operation of the production system. That premise is not actually disputed by this research, but it is only part of the story. The research presents evidence to show that the production system's performance due to other managerial and organizational characteristics will affect the extent to which NIR practices are successful in reducing "them and us" attitudes at a Japanese transplant. This reflects what has already been described as the intervening variable of managerial and organizational characteristics where NIR

practices seek to change "them and us" attitudes. (see figure 2.2) In short, a two way relationship exists between NIR practices and the production system's performance.

FIGURE 2.3
Assumed Relationship Between NIR Practices
and the Production System

Effective   Reduction of   Effective
NIR   ———→   "them and us"   ———→   performance
practices   attitudes   of production
                                            system
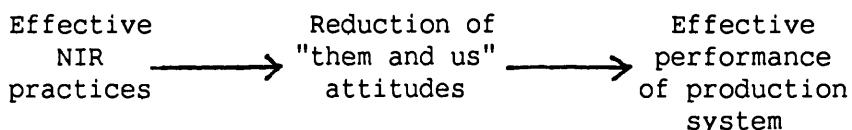
For example, if the production system is perceived by employees to perform badly due to poor organization and management, then no matter how good the NIR practices implemented might appear to be, they will fail to reduce "them and us" attitudes among the workforce. Crucially, the workers' belief that the production system is performing badly and the corresponding failure to reduce "them and us" attitudes among them, is linked to their perception of some personal cost due to the production system's poor performance.

This personal cost stems from a set of expectations among workers that their Japanese employer will be successful and therefore able to offer job security, good pay and other attractive terms and conditions of employment. These expectations stem from three sources. Firstly, they are, in

part, bought with workers to the company, based on popular perceptions of Japanese companies that are gleaned through the media and local hearsay. The two case study companies discussed in this research had located in areas where Japanese companies were already established. These companies had reputations in their local communities for being successful and good employers. Secondly, the expectation of company success among workers was further fuelled during the selection and induction procedures at the companies. Thirdly, once employed at the companies, workers were told that if they delivered the quality, effort and loyalty required, the company would be successful and that the success of the company would be good for every one.

There is considerable evidence in this research that if workers decide that the production system is performing badly despite their delivering quality effort and loyalty to the company then their expectations are not being met. A failure to meet worker expectations results in their perception of some personal cost to themselves.

Put simply, workers feel that the label of "special" no longer applies to their employer. They are employed on the understanding that the company is bound to be successful and that it treats its workers differently. In an intended atmosphere of co-operation where workers and management share the common belief of "what is good for the company must be good for me," management's inability to manage and organize the production system means workers turn the statement around "to

what is bad for the company must be bad for me." They may

feel that their efforts to aid the performance of the company

are going to waste. Why bother, when management cannot deliver

their side of the bargain? Insecurity and uncertainty about

the company's performance is blamed on management ineptitude.

A loss of confidence in management ability leads to poor

morale, a cynicism of practices designed to reduce "them and

us" and an increasingly conflictual management/worker

relationship.

Conversely, the research also finds some evidence that

where a production system performs well due to managerial and

organizational characteristics, worker's attitudes concerning

"them and us" will be reduced and they will put in extra effort

to improve the Company's performance.

What this means is that there is a two-way relationship

between NIR practices and the effectiveness of the production

system. Each can affect the successful operation of the other.

(See figure 2.4) In this research it is posited that on the

one hand NIR practices, as one set of characteristics of the

production system, may facilitate the smooth operation and

improvement of production, but on the other, organizational

and managerial production system characteristics can either

impede or bolster the effectiveness of NIR practices at

reducing "them and us" attitudes. This in turn will impact upon

the successful performance of the production system. In these

instances either a vicious or virtuous circle can emerge. (See

figures 2.5 and 2.6.)

FIGURE 2.4

The Two Way Relationship Between NIRs Practices and Production System Performance

```
(In) effective  ─────────→ (Non)Reduction ─────────→ (In) effective
    NIRs        ─────────→        of        ─────────→   performance
  practices     ←─────────   "them and us"  ←─────────   of production
                              attitudes                     system
```

FIGURE 2.5

How the Relationship Between NIRs Practices and Production System
Performance Can Lead to the Emergence of a Vicious Circle

```
                                  Poor
                            Performance of        ←─────
                               Workforce                 ─────

  Poor              Poor                                        Maintenance
organization    performance                                     of strong
    and         of production                                  "them and us"
management        system                                        attitudes
of production                                                     among
  system                                                        workforce

                         Workforce          Workforce
                         perceives          perceives
                      poor performance    personal costs
                       of production        due to poor
                          system           performance
                                           of production
                                              system
                                         (i.e. their efforts
                                           to enhance the
                                          performance of the
                                          company have been
                                              wasted.)
```

FIGURE 2.6
How the Relationship Between The Production System's Performance
and NIRs Practices Can Lead to the Emergence of a Virtuous Circle.

Good performance
of workforce

Positive reaction
to NIRs practices.
Reductions in
"them and us"
attitudes

Good
organization
and management
of the
production
system

Good performance
of production
system

Workforce perceives
good performance of
production system

Efforts devoted to
pursuit of superordinate
goal believed worthwhile
due to managerial and
organization strengths.
No fear of job loss.

Deficiencies in the NIR and Japanization literature raise a number of issues. Firstly, though NIR practices at Japanese companies can be considered an integral part of the production system we need to know what the other characteristics of the system are. To find this out it is also necessary to highlight what the requirements of a production system in operation at a Japanese manufacturing transplant in the UK might be. (For example, they might include the flexibility of labour, or the delivery of components to the production area on a Just in Time basis.) It is these requirements that will determine the characteristics of the production system. Their purpose is to meet the production system's characteristics service its requirements so that it performs effectively. Secondly, having identified what the characteristics of the production system are, it becomes possible to examine how they integrate and support each other in order to service the system's requirements. Finally, identification of the Japanese production system's characteristics and how they integrate is crucial to the research in another respect. It means that a model is created that can be used to demonstrate what other characteristics in the system impede or exacerbate the success of NIR practices in reducing "them and us" attitudes among the workforce.

Figure 2.7 suggests the basic structure of such a model. Four sets of integrated production system characteristics service the requirements of the system. Each set of the

FIGURE 2.7
Suggested Basic Structure of a Japanese Production System for Operation in the UK
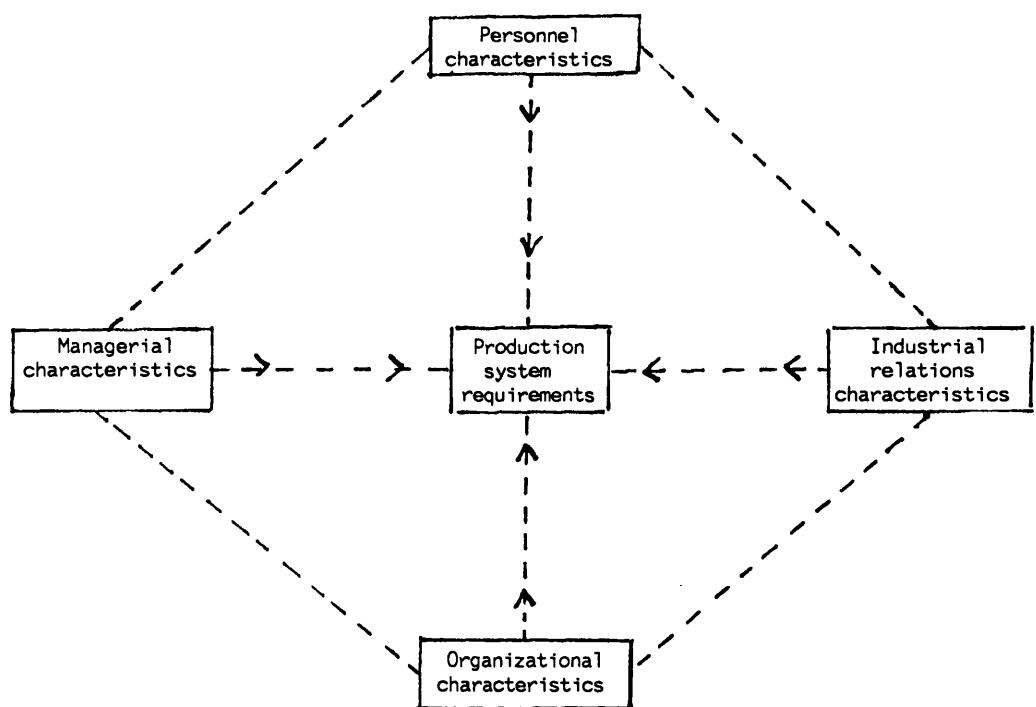
production system characteristics have, to varying degrees, already been discussed in this chapter. The four sets are:

1) Personnel Characteristics - Covering the individual's relationship with the company. (i.e. his or her terms and conditions of employment.)

2) Industrial Relations Characteristics - Concerning the company's policy towards union recognition and its treatment of employees in the collective sense.

3) Organizational Characteristics - Relating to how the company is organized.

4) Managerial Characteristics - Concerning management control structures, the decision making process and management style.

Part 2 of the research is devoted to the construction of a model of a Japanese production system for operation in the UK. This is achieved by a detailed assessment of the literature relating to the core characteristics of the domestic Japanese production system and to literature which discusses the transplantation of this system not only to the UK but to other host countries. Such an assessment aids the construction of a UK model in three ways.

First, before embarking on the formulation of a model of a Japanese production system for operation in the UK, it is necessary to acknowledge and show how its structure relates to the core characteristics of Japanese production as practised in Japan. Indeed, it will be seen in Chapter 3 that the four sets of characteristics so far identified in this chapter form the basis of the domestic Japanese production system.

Second, within each of the four sets of characteristics discussed in Chapter 3 (and applied to either the domestic or transplanted Japanese production system), there exist a number of practices that are either subject to differing interpretations and/or have aroused considerable debate. An examination of this literature is needed so that the research's UK model can take account of, and if necessary, incorporate its arguments and conclusions. This is carried out in Chapter 4.

Third, along with the introductory chapter, this chapter has focused only on earlier literature studying Japanese transplants in the UK. This is because the UK is where its sample Japanese transplants are drawn from. The survey of literature in Chapter 4 incorporates further UK literature, but also draws on that which applies to Japanese transplants elsewhere in the world. Other countries with Japanese transplants have undergone similar or completely different experiences to the UK which may be of value when constructing a UK based model. This is of greatest value where the chapter discusses managerial and organizational characteristics, since very little of the UK literature has addressed the issues surrounding their transference.

6) SUMMARY AND CONCLUSIONS

In this chapter, it has been suggested that it is necessary to construct a model of a Japanese production system for operation in the UK. In relation to the theme of this

research such a model would have two important uses. Firstly, it could act as a "benchmark" against which to compare existing Japanese transplants. This would allow identification of key dimensions of variability among Japanese transplants' production systems - something which much of the earlier research in this area failed to achieve.

Secondly, the research argues that the key dimensions of variability among the transplants' four sets of production system characteristics ought to impact on "them and us" attitudes among their workforces. Having identified these key dimensions of variability, we can then go on to assess their impact on"them and us attitudes" at Japanese transplants using case study methodology. For example, and in line with the arguments developed in this chapter, we would expect that if we examined a transplant that shares the common dimension of poor managerial and organizational characteristics we would find this to operate to the detriment of its production system performance. That in turn would restrict the ability of any NIR practices in operation at the transplant to reduce "them and us" attitudes and would be evidence of a two-way relationship between the production system's performance and NIR practices. We might also expect to find evidence of a vicious circle at the transplant. In short, the model allows identification of key dimensions of variability which, examined on a case study basis, could show that *not only* NIR practices in operation at a company can affect "them and us"

attitudes, *but* *also* managerial and organizational characteristics.

The application of the model to Japanese transplants in the UK might also be expected to produce results that have considerable bearing on the wider debate surrounding Japanization and NIR. Two issues in particular stand out. Firstly, the results of the model's application might suggest to UK companies seeking to adopt Japanese practices, which characteristics of the Japanese production system they ought to seek to emulate and what problems they could encounter when doing so. Secondly, the results might point to previously unconsidered factors that affect the successful operation of NIR practices at non-Japanese companies in the UK as well as Japanese transplants. The implications of the research's results with regard to these issues is discussed in the concluding chapter.

PART 2

CONSTRUCTING A MODEL OF A
JAPANESE PRODUCTION SYSTEM FOR
OPERATION IN THE UK.

CHAPTER 3

THE KEY ELEMENTS OF THE DOMESTIC JAPANESE PRODUCTION SYSTEM

INTRODUCTION

This chapter's task is to identify the key elements of the domestic Japanese production system. It demonstrates how they interact and how they affect employee attitudes and behaviour.

The identification of the key elements of the domestic Japanese production system is essential because they form the foundations of the system when transplanted to the UK and elsewhere. Without their identification it would be difficult for the research to go on to construct its model of the Japanese production system transplanted to the UK. The research posits that where Japanese transplants fail to operate the transplanted production system effectively they will also fail to reduce "them and us" attitudes among UK employees.

THE DOMESTIC JAPANESE PRODUCTION SYSTEM: KEY ELEMENTS

Figure 3.1 shows a model of the key elements of the domestic Japanese production system at large manufacturing companies. The aim of this model is to identify the requirements of the production system and

FIGURE 3.1

THE DOMESTIC JAPANESE PRODUCTION SYSTEM

PERSONNEL CHARACTERISTICS
1) Core/Periphery workforce
2) Life-time employment
3) Welfarism
4) Single Status
5) Seniority (Pay)
6) Seniority (Promotion)
7) Intensive selection procedures
8) Training
9) Elements of consensuality and participation
10) Regimented work environment

I-R-CHARACTERISTICS
1) Single unionism
2) Enterprise unionism
3) Formalised union organization
4) Enterprise level bargaining

ORGANIZATIONAL CHARACTERISTICS
1) Co-ordination and co-operation of all departments
2) Company wide communications
3) Emphasis on first line supervision
4) Close ties with supervisors

MANAGERIAL CHARACTERISTICS
1) Coherent vision
2) Consistency of style
3) Consensual/groupist decision making procedures
4) Circulation
5) Intensive selection procedures

PRODUCTION SYSTEM REQUIREMENTS
Organization of Labour
1) Direct Labour
2) Flexible
3) Teamwork

Quality Control
4) Continuous Improvement
5) Quality

Organization and Supply Production
6) Full utilization of production area
7) Full utilization of production machinery
8) Full use of new technology
9) Just in time supply

Product Stretegy
10) Adaptability to diverse model range
11) Continuous R & D

NB: An unbroken line denotes a direct relationship
A broken lines denotes an indirect relationship

what the characteristics of the system are that enable these requirements to be fulfilled. At the far right of the model are the requirements. Feeding into this section are four sets of characteristics. An explanation of the terms and concepts listed in the model is necessary in order to aid a clear understanding of how the production system functions.

1) Requirements of the Domestic Japanese Production System

While there is a considerable literature that discusses the components of the Japanese production system, notably less literature approaches the subject by attempting to assess the system's requirements. The latter approach, (which this research utilizes,) emphasises the simple axiom that a Japanese manufacturer aims to create a product as efficiently and as cost effectively as possible, that is reliable and for which, there is a diverse model range. (Pascale & Athos, 1986, Womack et al 1990; Cusamano, 1985; Kenney & Florida, 1988, Krafcik, 1988; MacDuffie & Krafcik, 1990) Womack & his colleagues in analysing the Japanese motor manufacturing industry note that to do this the production system has to eliminate all areas of waste and fully utilize machinery, labour and managerial expertise. They, and others associated with the International Motor Vehicle Program, have described this form of manufacturing as "lean production". (Womack et al, 1990, p.65; Krafcik, 1988; MacDuffie and Krafcik, 1990) To achieve these aims relies upon the running of a production system with a certain set of requirements. (See figure 3.1)

The construction of the model shows that the requirements form four natural clusterings. These concern the organization of labour, quality control, organization and supply of production and product strategy. The requirements are presented below in a form that relates to these clusterings:

Organization of Labour

1) <u>Direct Labour</u> - The term direct labour is frequently used throughout Womack et al's work. It is best described by comparison with 'task organization at western manufacturers where a production line and its operators often rely upon large numbers of support workers such as repairists, cleaners, runners etc (indirect labour) to keep it flowing freely. A Japanese production system regards such support workers as adding unnecessary costs to production and seeks to transfer as many of their tasks and responsibilities as possible to those employees who are directly adding value to the product. i.e., the line operators themselves.

2) <u>Flexible Labour</u> - The use of a direct labour policy creates a minimum number of job grades and places heavy emphasis on the individual's ability to carry out a wide range of tasks. According to Schonberger: "The wastefulness of staff growth and overspecialization is not to be tolerated...". (Schonberger, 1982, p.197) The diversity of models that is a characteristic of lean production and 'Kaizen' (continuous improvement of the production system), also result in constant changes to work patterns and tasks. (See items No 4 & No 10

below.) There is then, a crucial requirement for a flexible, multi-skilled workforce.

3) Teamwork - Workers are grouped together on an area of the line and allowed to assume control of certain responsibilities such as quality, house-keeping and minor tool repairs. They are also expected to set aside, or are given, time in which to discuss and improve anything related to their production responsibilities. These are called 'Kaizen' (continuous improvement) discussions. (See item No 4 below) Teams often also form Quality Circles. (See item No 5 below) Organization of workers into teams with these sort of aims is believed to have a positive effect on production efficiency. Odaka has described this as a "welding together" of individual employees to share common fate and common goals. (Odaka, 1986, p.1) Groups are expected to compete against each other and members to feel a sense of obligation to team colleagues. For the Japanese worker, there is, "... a fundamental duty (termed giri), not only to keep his own reputation for good work spotless, but also to match exactly the contribution made by other members of a work team." (Briggs, 1988, p.27)

Quality Control

4) Continuous Improvement (Kaizen) - All employees are expected to continuously seek to improve the production system. Maximum performance of the production system is never attainable since ways of improving it are always believed to exist whatever level it has achieved. This might be achieved either as an individual e.g. through suggestion schemes, or

through the organization of workers into Kaizen discussion groups. Its successful operation has positive implications for quality, safety and productivity. (Wickens, 1987, p.45; Wood, 1989, p.450)

5) Quality - The production system requires an awareness amongst the workforce of expected standards of quality. It is every individual's responsibility to maintain or improve upon these standards. In addition workers are grouped into Quality Circles. These involve workers in improving the quality of their work, solving production problems, and in industrial engineering. In effect, they are attempting to perfect the labour process. (Wood, 1989, p.451)

The production system also requires the supply of high quality components. This has three effects. Firstly, it minimises the disruption of normal production. Secondly, high standards of quality free more labour to work directly at normal production by decreasing the amount of rework. Thirdly, the output of high quality products increases their attractiveness to the potential customer. (Womack et al, 1990)

Organization and Supply of Production

6) Full Utilization of Production Area - This requirement is linked to item No5 above. A high standard of quality reduces the amount of rework coming off the production line and accordingly reduces the amount of production space that has to be set aside for these problems to be rectified. (Womack et al, 1990) The use of some form of Just In Time (JIT) production

also reduces the amount of production space set aside for the storage of components. (See No 9 below.)

7) Full Utilization of Production Machinery - All production machinery is in constant use rather than lieing idle for lengthy periods of time. This is to be achieved through its multi-dedication wherever possible and efficient re-tooling. Machinery is therefore used to produce a range of production related items, while wasting a minimum of production resources. For example, quick die changes on a multi-dedicated press allow the exact number of items required to be produced as a small batch, rather than producing a large batch, much of which may have to be stored in valuable production space before use. (Shingo, 1982, p.337; Schonberger, 1982, pp.103 130)

8) Full Use of New Technology - The production system is expected to fully utilize new technology where it rationalises production costs and enhances quality. It must also be able to replace the actions of a human being more efficiently. (Shimizu, 1989, p.48)

Considerable emphasis has been placed on the contribution of new technology to the successful performance of lean production. (Cusamano, 1985; Kenney & Florida, 1988; Krafcik, 1988; MacDuffie & Krafcik, 1990) MacDuffie and Krafcik identify two inter-related ways in which this contribution is made. Firstly, they believe that where new technology is adopted in a lean production system, it is constantly adapted and modified to enable manufacture of a diverse product range (see No 10 below). They argue that where new technology is

inherently flexible (e.g. robotics and microprocessor programmable equipment) this capability is utilised to far greater effect than under mass production where "... high volume, specialization and standardization leads to [technology's] relatively static or rigid use" (Author's insertion bracketed: MacDuffie & Krafcik, 1990).

The second way that MacDuffie and Krafcik believe technology contributes to the successful performance of lean production is related to the first. They believe that lean production's effective application of technology's inherent flexibility is made possible by the package of Human Resource practices operated as part of lean production systems. For them, lean production's emphasis on a workforce with flexible skills and a problem solving orientation is what enables it to "... facilitate the process of introducing any new technology and also yield valuable modifications over time" (MacDuffie and Krafcik, 1990). This point is also made by Whitehill. He too believes that the Japanese production system lends itself to an increased used of automation and robotics. He suggests that the reason for this is, "the considerable flexibility of the Japanese corporate structure. Job specifications are intentionally vague or non-existent: a worker displaced by a robot does not feel that he has been dispossessed of his personal property and can accept another job without complaint or anxiety." (Whitehill, 1991, p.240) The flexibility discussed by Whitehill and MacDuffie and Krafcik is also dependent on the training and retraining offered by the

employer. (Discussed below in section 1.4 - personnel characteristics.)

9) <u>Just In Time (JIT) Supply system</u> - Supplies of components whether produced by an external supplier or made on site are produced and delivered to the production area under the following three criteria. Firstly only the exact number of components that are to be used for a batch are made and delivered. Secondly, there should be a minimal amount of buffer stocks maintained in the production area. Thirdly, a batch of components should be produced and delivered to the production area as close to the time of its use as is possible. (Ohno, 1988; Mondon, 1981, 1983, Shingo, 1982, p335 Womack et al, 1990) A stringent form of this type of supply system is the 'Kanban' system. Schonberger describes this as a, "Japanese inventory replenishment system developed by Toyota. Stockless production is another term that is sometimes used." (Schonberger, 1982, p.17)

JIT has several important production related objectives . Tailby and Turnbull suggest that these include, "... the reduction of machine 'set up' times, making product diversification a more economically viable option, and the elimination of wasted or unnecessary labour and machine capacity." (Tailby & Turnbull, 1987, p.16) It also helps to eliminate poor quality by exposing the source component immediately. Large batches of inferior quality components are unlikely to enter the production system. The centrality of JIT to the production system is underlined by those such as Wood

who go as far as to argue that the Toyota system of production might best be described as management model founded on JIT production. (Wood, 1991, p17)

Product Strategy

10) <u>Adaptability to a Diverse Model Range</u> - For the Japanese, servicing the customer's exact product requirements while maintaining the quality and low price of the product are of paramount importance. (Hodgson, 1987 pp.43-44) To encourage custom and instil customer satisfaction, a wide product range needs to be placed on the market. Such diversity means that the production system must be able to efficiently produce large numbers of small batches as opposed to small numbers of large batches. Womack and his colleagues argue that this diversity of models also contributes to the widening of the number of tasks a line operator may need to be able to perform. (Womack et al, 1990, p277)

11) <u>Continuous Research and Design</u> - Heavy emphasis is placed on Research and Design capabilities at Japanese manufacturers in two respects. Firstly, there are perhaps the more obvious requirements of producing new products up to date with the needs of the market and attractive to the customer alongside competitors' products. This, Kono describes as the creative level of new product development. It requires specialized personnel, good financial resources, good rewards and freedom to create. It also requires a specialized R&D department which he argues is common only in larger companies on a mainly centralised basis.

Kono also defines a secondary, innovatory level. This relies far more on problem solving at plant level. (Kono, 1988, pp.105-137) For Kono the distinction between his two levels of R&D is that: "Creation involves the making of new combinations, whereas innovation involves the input of resources to implement the creation, also to implement the imitative change, and to give impetus towards the goal of the organization." (Kono, 1988, p107)

Kono's interpretation of the Japanese approach to R&D is somewhat mirrored by Matsumoto's work. Matsumoto finds there is a level of "basic research" geared to the solving of routine technological problems which occur at factory level and in divisions. Like Kono, Matsumoto finds that there is a tendency for long-term and new product research to be carried out mostly at larger companies and on a more centralised basis. i.e. under the direct control of the company's headquarters. (Matsumoto, 1986, pp.329-321)

The production system also requires that a product be designed so that it is made up of easy to assemble parts thereby decreasing assembly time. The product should also lend itself, where applicable, to being produced in a wide range of models for the reasons discussed in items No5 and No10 above.

2) The Characteristics of the Domestic Japanese Production
System

Analysis of literature related to the Japanese production

system allows identification of four sets of characteristics;

those of managerial, organizational, personnel and industrial

relations. Each set can be said to have a considerable

influence in fulfilling the system's requirements, and enable

the creation of a model of the Japanese production system as

defined in the "broad" sense. (See figure 3.1)

2.1) Managerial Characteristics

The managerial characteristics of the domestic model have

two aims. Firstly, they aim to provide the production system

with a management team that reach and implement decisions

reflecting a high standard of technical expertise and

organizational ability. The decisions will also reflect a

consensus of opinion among relevant management who therefore

have the motivation to implement them effectively. Secondly,

they should provide a management team that are able to develop

commitment and motivation amongst the workforce in order to

meet and attain the goals and values of the organization. In

this latter respect the management style is close to being that

of a "transforming leadership" as originally defined by Burns.

(Burns, 1978. For a review and discussion of this concept see

Guest, 1987, pp.190-194) The five key managerial

characteristics identified are:

1) <u>Coherent Vision</u> - There is little or no conflict among management as to what the goals and values of the organization are. All management share a common vision to communicate to the workforce. What has been described as a "constancy of purpose" is vital to the success of the organization. (Hodgson, 1987, p.41) Pascale and Athos' discussion of Matsushita's management talks of "underlying values" aiming to "cultivate and maintain an entrepreneurial fervour among its divisions." (Pascale & Athos, 1986, p.37) More specifically and linked to a discussion of strategic Japanese management, Shimizu identifies the importance of management (especially top management) conveying "business vision" to all employees. He also argues that: "The Directing, coordinating and controlling..." of employees must be in line with this business vision, but that this will only be successfully achieved where coherency of the vision makes it easier for the workforce to understand and identify with. (Shimizu, 1989, pp.72-75)

2) <u>Consistency of style</u> - Management behaviour is consistent in terms of how they carry out their organizational responsibilities both individually and collectively. This is important since as Pascale and Athos note, "a manager's behaviour is a powerful form of symbolic communication to people down the line." (Pascale & Athos, 1986, p.41) This is not to say that the style of management stifles innovation or is unchanging, but rather that the means by which any decisions (innovative or otherwise) are made and the methods by which they are implemented are consistent. In part, a consistency of

management style may rely upon a coherent management vision
(See item No 1 above.), and consensual/groupist decision
making. (See item No 4 below)

3) <u>Intensive Selection Procedures</u> - Rigorous selection
procedures for management trainees are applied. Candidates at
the larger companies are expected to have attained a high
standard of academic qualifications. Selection is often based
on the use of a company examination followed by interviews
designed to assess the individual's personality and
compatibility with the corporate culture.

Corporations have their preferred sources for prospective
employees, and this is seen to create "self-perpetuating"
university cliques ('gakubatsu'). These cliques will ensure
that the company returns to their institution each year to fill
management vacancies. (Whitehill, 1991, pp.128-138)

The unattractiveness of a management career in
manufacturing, combined with shortages in graduate labour
during the 1990s has suggested that the "gakubatsu" system is
not an inflexible force. Of late, some large companies have
altered their selection criteria and procedures. In order to
obtain what they consider to be the right calibre management
trainees, they have opted to recruit candidates from
universities not linked to the company's gakubatsu. (Financial
Times, 16/12/91)

A Japanese management trainee is selected with the
expectation of their being committed to remaining with the
company for the rest of their working life. (Pascale and Athos,

1986, p54; Womack et al, 1990, p240) Again, labour shortages are beginning to force Japanese companies to accept that professional and technical workers have the ability to leave a company for better pay. Large companies do take on mid-careeer employees. Nonetheless, the numbers moving around are thought to be extremely small, suggesting that the prospect of life-time employment and the systems used to reinforce it is still extremely effective at constraining labour mobility. (Financial Times, 16/12/91)

4) Consensual/Groupist Decision Making − The decision making structure at Japanese companies has been described as consensualist and groupist. (Smith, 1984, p125. For groupist definitions see Odaka, 1986, p8; Komai, 1989, p36 & p120; Yoshino, 1968, p.203) Both the groupist and consensualist definitions are based upon an understanding of the Japanese 'ringi' method of decision making. Informal consultation ('nemawashi') followed by the preparation of a written proposal ('ringi-sho') which is circulated to all those to be affected by the proposal and also to senior management. By the time the proposal reaches a formal meeting it is well known and its approval is generally assured. (Whitehill, 1990, pp.160-161; Smith, 1984, p.128; Yoshihara, 1989, p.23; Tsurumi, 1978, p.108)

The 'ringi' system of decision making is often praised for allowing all those affected by a proposal to pass comment on it. For example, Burgleman believes that in relation to the strategic decision making process: "One critical strength... is

that lower level participants' ideas can be considered equally as important as higher level participants' ideas." (Burgleman, 1988, p.75) However, he goes on to question whether the 'ringi' system is not in fact dominated by senior management considerations. Similarly, Whitehill suggests that the most important discussions regarding a proposal take place on an informal basis at the 'nemawashi' stage among top executives. (Whitehill, 1991, p.160)

Whitehill and Burgleman both discuss concerns that the decision making structure in Japanese companies is influenced by informal group structures which supplement the vertical chain of command. New recruits enter a company and begin their careers together. Seniority based promotion is slow but steady leaving plenty of time for an individual to build a network of personal contacts ('jin myaku'). A further element of these informal group structures is membership of the 'habatsu'. Membership is based on a specific set of credentials. Graduation from the same university ('gakubatsu') has already been discussed. (See item No 3 above.) Other groupings include the same prefecture ('kenbatsu') or originating from the same town ('kyodobatsu).

In effect, belonging to one of these groups is involuntary and permanent. Moreover, the groups have their own internal hierarchy which runs parallel to the company's formal authority structure. The result is that the decision making process at a company may be considerably influenced by a dominant informal group. Whitehill offers a good description of how their

potential to influence operates: "A powerful habatsu can assure the success of a proposal or doom it to failure. The leader of such an informal group usually is a person with considerable prestige and seniority in the formal organization. The loyalty of habatsu members to the leader is often as intense and unswerving as their loyalty to their formal boss. Bound by highly emotional and personal ties, the member-leader relationship has been likened to the traditional oyabun-kobun, or patron-client relationship, in Japanese feudal society. Clearly, the informal groups in Japanese organizations are a force to be reckoned with. Gaining the support of the dominant habatsu is essential for top management decision making. Deference to influential informal leaders is necessary to avoid serious morale problems." (Whitehill, 1991, pp.120-121)

5) Circulation - As with Western managers, a Japanese manager, is initially employed because he has a specialist knowledge to bring to the organization. For example, an engineering degree. Managerial training and career ladders are structured in a way that increases the ability of the manager to carry out an ever increasing range of tasks while assigning them to posts with greater responsibility as they grow older. This is more than the traditional western concept of "job rotation". It allows what Odaka calls "broad exposure" to all areas of the production system. (Odaka, 1986, p.4) Ouchi also dismisses the term rotation and refers to management "circulation" around the organization. (Ouchi, 1981, p.33)

Carrying out tasks that to Western eyes might appear to be the preserve of other departments or managers, staves off specialization and develops a "well rounded expertise" in the individual. (Odaka, 1986, p.1) It also ensures that a manager is able to better understand the workings and requirements of other departments outside that which he is currently in. (Pascale & Athos, 1986 p.53; Takamiya, 1979, p.10; Schonberger, 1982, p.9)

2.2) Organizational Characteristics

The organizational structure of Japanese manufacturers in Japan should contribute to the effective operation of their production systems in two ways. Firstly, it should provide a structure within which management and the workforce are not restricted or obstructed as they go about their respective tasks. Secondly, the structure should create and maintain a smooth and efficient flow of production. The key characteristics are:

1) Co-ordination and Co-operation of all Departments - Several commentators have suggested this to be an important strength of the Japanese production system. Takamiya called it "inter-organizational co-ordination". (Takamiya, 1985, p190) Its overall aim is to restrict departmental insularity. The co-ordination and collaboration of for example the design engineering, procurement, production and sales arms of the

company is seen to logically result in a product that is easy to make and easy to sell.

The development of ideas, new products and product modifications relies upon some if not all of the following actions. Firstly, a new proposal is likely to be subject to the 'ringi' system of decision making. (Discussed under managerial characteristics.) Secondly, a team from all relevant departments is often assembled to consider and develop the proposed idea, and where applicable design the product or modification. Thirdly, all relevant departments are supposed to be kept informed of the team's progress enabling them to prepare for any new requirements that the outcome of the team's work might place upon them. (Womack et al, 1990; Takamiya, 1985, pp190-193) For Kagono et al, this means that, a "functional manager or department has a holistic view extending beyond an assigned function and that he sometimes invades the functions of other managers and departments." (Kagono et al, 1985, p.106) The success of these actions can be seen to rest upon the generalist training of managers so that they are able to comprehend the difficulties departments other than their own may face. (Discussed under managerial characteristics.) It also rests with the effective dissemination of information throughout the company. (See item No2 below.)

2) Company Wide Communications - The term "company wide" is taken from Takamiya. (Takamiya, 1985, p192) It is taken to mean the constant dissemination of written or spoken information both vertically i.e., from top management to all

employees, and horizontally i.e., from one department to another. (Pascale & Athos, 1986, pp28-57)

The dissemination of information to the workforce may be carried out in a variety of ways. e.g., regular mass meetings of the workforce, team meetings with supervisors, or the distribution and display of the information in written form at the workplace. The communication of information 'down' to employees is expected to be two way, in that they are allowed to comment constructively on what they are told and to feed information regarding production back 'up' the line of communication. Shimizu places great emphasis on the contribution of successful communication to organizational effectiveness. He argues that it stifles sectionalism and the formation of small factions detrimental to the goals of the organization. (Shimizu, 1989, p.158)

3) Emphasis on First Line Supervision - Considerable responsibility is delegated to what White and Trevor have defined as "first line supervision". (White & Trevor, 1983, p.4) Foremen are expected to develop initiative and motivation among those they supervise. They are a crucial link between employees and senior management, promoting a team approach and creating a climate in which individual workers feel encouraged to make suggestions for improving production. Foremen are responsible for monitoring quality, worker performance, training costs and the flow of supplies into their work area. They also assume control of duties such as housekeeping, and where possible maintainence. In addition they are expected to

'lead' their workers. This means participating directly in the tasks their workers are required to achieve as opposed to 'overseeing' their completion. (Dore, 1973, p261)

4) Close Ties With Suppliers - It is important that the production system is fed with quality components, delivered on a JIT basis, and which are designed to be easily assembled into the product. This is achieved through close ties with suppliers which are apparent in several respects. Firstly, the company and its supplier work closely together in the development and design of the component. Frequent visits between the companies by management and engineers ensure a constant flow of information and exchange of ideas. (Womack et al, 1990, pp.60-62)   In the case of a large manufacturer there may be a financial link between the two companies (through a 'Keiretsu'), whereby the Manufacturer owns a proportion of the supplier's equity. (Abegglen & Stalk, 1985; Sako, 1990, 1992)

The Japanese buyer/supplier relationship, whether or not it incorporates a financial link, reinforces a sense of "reciprocal obligation" between the two companies.   At the one level this means that there is a commitment by both sides to maintain a stable relationship that guarantees delivery time, price, quality, swift payment for goods received and future new supply contracts. Close ties may also result in companies seconding managerial or technical expertise to each other on a mutually beneficial basis. They may also lend labour to one another if there is a work surge. (Womack et al, 1990, pp.194-195)

2.3) Personnel Characteristics

    In general terms personnel characteristics aim to provide a committed and motivated workforce, able to comply with the demands that are placed upon it by the production system. The specific characteristics are:

    1) Core/Periphery Workforce Distinctions - Employees are grouped into a core/periphery structure. There are different conditions of employment for employees in each part of the structure. The company's internal labour market is segmented so that part-time and contract employees are given the least favourable conditions. These workers act as a buffer, enhancing the employment security of permanent workers. (Wood, 1989, p.453; Briggs, 1988, p.25; Thurley, 1989, p.6)

    2) Life-time Employment - As a "general guiding principle", core employees can expect that a job will be available for them until retirement age. (Hasegawa, 1986, p.11) Abegglen, in his earliest study of a Japanese factory equated this to a "lifetime commitment" by the company and argued it was central to its successful production performance. (Abbeglen, 1958)

    Recent work by those such as Komiyo suggests that this policy has come under some demographic and economic related pressures. Faced with a decrease in the number of of young entrants into the labour market companies now find they have to compete harder to retain and recruit employees. Life-time employment is only attractive where it offers pay rewards

appropriate to experience and ability and where it matches pay

levels elsewhere.

Komiyo notes that the ratio of those changing jobs has

recently increased, especially among those under the age of 34.

Between 1985 and 1990 it rose by about 45%. His figure of

45% only represents about 4.2% of the total Japanese workforce.

Moreover, other literature finds the idea of life-time

employment to be highly important to Japanese workers at all

levels of responsibility and argues that far from withering

away, the commitment is becoming more widespread among Japanese

companies. (Dore et al; 1989 Whittaker, 1989; Komiyo 1991,

P.65; See also Financial Times 16/12/91)

3) Single Status - Companies provide a common set of

terms and conditions of work for all core employees. Blue and

white collar distinctions do not exist in areas such as payment

systems, holidays and welfare benefits. (See item No 4 below)

(Dore, 1973; White & Trevor; 1983)

The idea of single status should be understood to extend

to the principle of allowing all staff where possible to

participate in the decision making structure of the company,

to be allowed to know what is happening at the company and to

be able to communicate their views about what is happening

upwards to management. (This is related to the effectiveness of

the communications and participation structures in operation at

the company.)

4) Welfarism - Extensive welfare benefits are available,

but generally only apply to core employees. They may include

pension schemes, provision of company housing shops and schools, medical care schemes and sick pay. (White & Trevor, 1983, p.4) All are rewards used to demonstrate the commitment of the company to its employees on a long-term basis and to emphasise their status. Such practices are expected to foster a commitment among employees to staying with the company. They may also tie employees to the company since to move elsewhere may result in their loss. (Hirshmeier & Yui, 1981; Dore, 1973, pp.202-207)

5) <u>Seniority (Pay)</u> - An individual's pay is often assessed, in part, on the basis of either merit or performance. (Pucik,1985; Moore, 1987) However, such schemes are likely to have to co-exist with the use of seniority ('nenko') systems, whereby length of service is a major determinant of pay levels. For those such as Shimizu seniority based rewards are a product of the life-time employment system and aim to increase the sense of employee belonging to the company. (Shimizu, 1989, p.58)

Whitehill expresses doubts as to whether merit or performance pay is entirely compatible with a "group centred work environment," but goes on to argue that: "Until very recently, almost complete reliance had been placed upon nenko, or years of service, as the basis for ... salary decisions. But with the need for tighter controls and cost savings during recent years of low growth, there has been no escaping the need for evaluating individual performance and increasing efficiency." (Whitehill, 1991, p.167 & p.204)

6) <u>Seniority (Promotion)</u>   -   As with the reduction of seniority's influence over pay, new systems for allocating promotion are now more evident   in the face of economic pressures. Qualifications, training and development and formal systems of appraisal are increasingly used to   determine promotion potential. But as with pay, these systems still co-exist with the use of seniority which in turn reinforces the life-time employment ideal.

7) <u>Intensive Selection Procedures</u> - Potential core employees are subjected to rigorous selection procedures and are taken on from school on the basis of the school's reputation, its recommendation about the candidate, and the level of educational qualifications acquired.   (Dore, 1973, pp.31-73) Candidates may also be turned down where they exhibit radical views or an inability to work with others. (Robbins 1983) Dore & Sako make the additional important point that: "Recruitment is for a career, not for a job.   Selection criteria therefore concentrate, on demonstrated ability to learn rather than on particular job related competencies already acquired. (Dore & Sako, 1989, p.77)

8) <u>Training</u> - There is a heavy emphasis on formal training away from the workplace and on on the job training and induction for all employees.   The policy of life-time employment means that there is "a strong justification for firms to invest in the training of their workers." (Dore & Sako, 1989, p.76) Retraining is seen as part of a normal career progression and may demonstrate not only a desire to merit some

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form of reward, but also to contribute to the company's success. Induction programmes, typically averaging ten days, induce a sense of membership and obligation to the organization. (Naylor, 1984; Hirschmeier & Yui, 1981)

9) Elements of Consensuality and Participation - The employing company encourages a consensual style of decision making among the workforce within the framework of management/worker communications (See No2 under organizational characteristics), teamwork, and quality circles etc. This allows all employees some involvement in certain aspects of the company's affairs. A structure evolves "based on mutual trust and respect..." where "both management and labour are receptive to integrative problem solving towards the issues of conflict through consensual decisions, joint consultation, or joint study projects." (Urabe, 1988, p.17)

The expectation is that this consensuality and participation contributes to high levels of job satisfaction but there is evidence that Japanese workers are no more satisfied and often less satisfied, than Western workers. (Azumi & McMillan, 1976; Odaka, 1975; Komai, 1989) Lincoln and his colleagues suggested that this may be because Japanese workers expect more of their jobs than their Western counterparts. (Lincoln et al, 1981) Komai believes that low levels of job satisfaction among Japanese workers are negated by a) intense levels of participation, b) consensuality and c) the tendency to be organized into, work as and to identify with, teams at the workplace (groupism). He considers his work

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to demonstrate that: "Japanese management serves to enhance worker identification with the company. It is this groupism, as demonstrated by the ability to have lower-level views transmitted to the top, the positive assessment of participation at the shop level, the trust in management, and the sense of identification with the company , that is the secret of why Japanese workers are able to achieve high productivity even though they are not very satisfied with their work." (Komai, 1989, p.45)

10) <u>Regimented Work Environment</u> - Certain aspects of the work environment can be described as regimented. For example, individual employee performance may be enhanced through techniques such as exercise sessions at the workplace, or the use of slogans of encouragement. Individual and team performance and attendance records may be displayed publicly at the workplace fostering an element of peer group pressure. There is also a greater acceptance of management authority among Japanese workers than their Western counterparts. Dore has described this as a culturally based "submissiveness", but has also suggested that it is acceptance based on a perception among the workforce that management authority is legitimated by their competence. (Dore, 1973, p.262 & 1987)

2.4) <u>Industrial Relations Characteristics</u>

The industrial relations characteristics of the domestic model have three general aims. Firstly, to provide a single, formalized structure of employee representation. Secondly, to

ensure that while some differences of opinion with management may exist, the union is committed to the success of the company. Thirdly, to minimise the possibility of any disruption of production through labour disputes. Work such as that of Okochi, Karsh and Levine is clearly based on the argument that much of the post-war growth of Japanese industry is due to a system of unionism geared to maintaining stable and co-operative labour/management relations. (Okochi, Karsh, & Levine, 1973) The specific characteristics are:

1) Single Unionism - Only one union is recognised at the company. It represents all regular employees including white collar, supervisory and lower management. This ensures a simplified bargaining and consultative structure. Koshiro sees this as being reinforced by an internal labour market structure at the company based on the promotion of complete employee flexibility and which also minimises blue/white collar distinctions. Indeed, Shirai argues that it is a key aim of enterprise unionism to abolish any distinctions between blue and white collar workers. (Koshiro, 1983; Shirai, 1983)

2) Enterprise Unionism - The recognised union only represents employees at a single firm. The emphasis is on its representing employee views in relation to what is happening at the company. It does not raise craft based issues or political social and economic issues that are external to the enterprise. Full-time union officials are often company employees seconded to their position after election. It is

not uncommon for them to later go on to take management positions within the company. Japanese companies regard a period as a full-time union official as a valuable method by which to develop an individual's leadership and management skills. (Hanami, 1979)

3) Formalized Union Organization - The union structure is geared to maintaining close but formal bargaining and communications links with the enterprise management. Shirai believes that: "As the workers' organization it confronts and resists the employer in order to protect the employees' interests when they conflict with those of the employer. It also co-operates with the employer in promoting the mutual interests of the parties in a particular enterprise." Shirai, 1983, p.187)

it is questionable whether the structure of labour/management relations allows the enterprise union to fulfil either a real opposition role or a collective bargaining role. Shimabukuro believes the union is too far incorporated into a structure of participation that compliments and therefore negates the effectiveness of collective bargaining. For him: "Workers must construct an autonomous labour union of their own and secure room to actively develop opposition activity with regard to managers." (Shimabukuro, 1983, p.132)

4) Enterprise Level Bargaining - Though consideration is given to what is happening at the industry and national levels during the "shunto", spring offensive, wage bargaining is carried out at the enterprise level only. The company pays

what it alone can afford. Negotiations are between the
company's higher management and senior union full-time
officials. Koshiro notes that even where the union is
affiliated to a federation, federation officials rarely attend
negotiations. (Koshiro, 1983, p.210)

3) SUMMARY AND CONCLUSIONS

To return to figure 3.1, each of the four sets of
characteristics flow both *directly* and *indirectly* into
production system requirements. At the direct level the effect
of a set of characteristics or even an individual
characteristic within each set is often quite apparent. For
example, the employment characteristic of formalised and on
the job training (OJT) for all employees should directly help
to fulfil the system's requirements of a flexible labour
force with an awareness of the importance of quality and of the
ideas behind continuous improvement. This is termed a *direct*
relationship and is represented by an unbroken line on the
diagram.

To understand how they flow indirectly into the production
system's requirement's section, the four sets of
characteristics need to be seen not as four separate entities,
but as being interactive. Consequently, if an individual or
set of characteristics operate to specification, this may have
a positive effect on one or more characteristics in another set
or sets and logically it follows that this will help meet some
of the production system's requirements. These are termed

indirect relationships and are represented by broken lines on the diagram. The exception to this rule is that there is no indirect relationship that flows from the structural, employment or industrial relations characteristics via the managerial characteristics. This is because the model acknowledges that management play a unique role in the production system. There are two facets to this role. Firstly, the implementation of structural, employment and industrial relations characteristics is reliant upon management having the ability to make a decision that initiates their existence. Secondly, because of management's initiating role, the effective operation of these three sets of characteristics is inevitably influenced by the effectiveness of managerial characteristics, but not vice versa.

Two final points merit attention. Firstly, the construction of the model can be seen to reflect the "holistic" nature of the Japanese production system when defined in "broad" terms. Those such as Clegg have described it a "synergistic" structure. (Clegg, 1987)) Combined, the four sets of characteristics provide the system with its entire requirements. Secondly, we have so far tended to highlight the positive relationship of individual or sets of characteristics with each other and their beneficial impact upon the requirements of the production system. It is therefore important to bear in mind that because the model is holistic, where a characteristic or set of characteristics do not operate to specification, or are missing, then they may have a negative

impact on other characteristics. It follows that such a relationship may lead to some of the requirements of the production system not being met. For example, poor training might contribute to a failure to satisfy production requirements such as quality, or flexibility.

This chapter has identified four sets of characteristics essential to the operation of the domestic Japanese production system. The characteristics must operate effectively in order that the requirements of the production system are fulfilled. Fulfilling these requirements is the key to successful production performance. Whether these characteristics are easy to transplant to a host country will determine the features of any model of a Japanese production system for operation in the UK. Chapter 4 provides an analysis of the literature that is pertinent to the issue.

CHAPTER 4

DOES THE DOMESTIC JAPANESE PRODUCTION SYSTEM TRANSPLANT EASILY?

INTRODUCTION

Much of the discussion concerning Japanese transplants and also the issue of Japanization, has centred on whether it is easy to transplant the domestic Japanese production system to a host country. In essence, debate has centred on attempts to research the success of transplants using various measurements and indices. The debate is analysed in this chapter and taken into account when constructing a model of a Japanese production system for operation in the UK.

THE DOMESTIC JAPANESE PRODUCTION SYSTEM: PROBLEMS OF TRANSFERENCE AND THEIR POSSIBLE REMEDIES.

Implicit in commentaries related to the production systems at Japanese transplants is the belief that they exhibit the same set of production requirements as the domestic system. Variability among companies' production system characteristics will impact on the fulfilment of their respective production system requirements. It is the fulfilment of those requirements that makes the Japanese production system so successful. It is therefore unlikely that a Japanese company will set up a manufacturing transplant that does not aspire to have the same basic requirements as those of the domestic system discussed in Chapter 3.

In the the context of creating a model of the Japanese production system for operation in the UK, there are two requirements that are an exception to this rule. These are a JIT supply system and continuous research and design. Chapter 5 will show how each is a requirement of the UK model, but in a modified form, reflecting in JIT's case a management desire to achieve it, and in R&D's case reflecting the wishes of the transplant's parent company. Modification is necessary because though the model would expect the transplant to aspire to reach the standards of JIT and R&D achieved under the domestic Japanese production system, it must acknowledge that there are a a set of external constraints that influence these issues. In the case of JIT, the constraints can only be overcome by a long-term strategy of the transplant working closely with local suppliers to bring them up to the standards it requires. In the case of R&D, it is up to the transplant's parent company to make the decision as to whether facilities should be made available locally or remain in Japan. Despite the modifications there is already evidence that the constraints are being challenged in the UK, especially in the consumer electronics sector.

The task of this chapter is to examine whether the requirements of the transplanted Japanese production system in the UK or elsewhere are successfully fulfilled. The rest of its structure is in line with the four sets of production system characteristics already identified by this research. It analyses earlier research into the production system

characteristics exhibited at Japanese transplants in the UK and elsewhere in the world. Given that we are constructing a UK model of the transplanted production system, it is noticeable that only the sections discussing personnel and industrial relations characteristics at Japanese transplants are able to draw on predominantly UK literature. In contrast, the literature highlighted under the sections considering managerial and organizational characteristics is drawn, in part, from the UK, but also from elsewhere in the world, especially the US.

The chapter considers the following questions: How similar are the production system characteristics at transplants to those identified in the domestic Japanese system? Do Japanese characteristics that are modified to suit local conditions work effectively? Do those characteristics that are not modified transfer easily to a host country? It is also important to reflect on what variables might actually impede the successful operation of a Japanese transplant. In short, we are looking to identify the problems encountered when attempting to transplant the characteristics of the Japanese production system and how these problems may be overcome. The main problems of transferring the characteristics and the possible remedies as identified by the literature are summarised in table 4.1.

TABLE 4.1

<u>CHARACTERISTICS OF THE TRANSPLANTED JAPANESE PRODUCTION SYSTEM:
PROBLEMS OF TRANSFERENCE AND THEIR REMEDIES AS IDENTIFIED BY THE LITERATURE</u>

Domestic Characteristics	Problems of Transference	Remedies Identified
Managerial Characteristics		
1) Coherent Vision 2) Consistency of Style 3) Consensual/Groupist Decision Making Procedures 4) Intensive Selection Procedures 5) Circulation	Larger transplants may need to create a <u>dual management</u> structure which increases the likelihood of conflict between local and Japanese managers. (Tsurumi, 1978; Thurley, 1981)	
	Conflict under <u>dual management</u> structures due to cultural differences. Japanese emphasis on consensual/groupist decision making (nemawashi & ringi) is believed to shut out local management from the decision making process and lead to friction and misunderstandings (Smith, 1984; Inohara, 1981; Turcq, 1987; Tsurumi, 1978; Lorenz, 1991) Japanese personality leads to decisions that puzzle or anger local management (Van Wolferen, 1988)	Compromise of both Japanese and local management styles and attitudes needed. Special effort required from Japanese management to incorporate local management into the decision making process and to explain Japanese management practices (Odaka, 1986; Koyabashi, 1985)
		Japanese management place local managers in positions of increasing authority and responsibility. (Trevor, 1988; White & Trevor, 1983)
	Conflict due to cultural differences denied, or believed irrelevant. Conflict purely due to different Japanese management practices. (Matsumoto, 1982; Yoshihara, 1989)	Selection of local managers whose attitudes are compatible with operating Japanese management practices a priority. (Takamiya, 1985)
	Local management are hostile to seniority based pay and promotion and are unhappy with policy of management circulation	Adoption by Japanese transplants of local management pay levels and systems in order to retain quality management. (Thurley, Trevor & Worm, 1981)
	A promotional ceiling exists for local management. Local managers feel shut out of strategic decision making process. Japanese management make little effort to explain Japanese management practices to local colleagues. (Yoshihara, 1989; Kichiro, 1985, 1988; Dunning, 1986; Thurley, Trevor & Worm, 1981)	

TABLE 4.1 Cont'd

Domestic Characteristics	Problems of Transference	Remedies Identified

Organizational Characteristics

1) Co-ordination and co-operation of all departments 2) Company wide communications 3) Emphasis on first line supervision 4) Close ties with suppliers	Breakdown of effective inter-departmental co-ordination due to problems in transfering ringi/nemawashi decision making process. Local managers retreat into their own areas of authority, resist intrusion of others into it and refuse to communicate with other areas of the organization. (Tsurumi, 1978; Kichiro, 1988; Johnson 1977)	Selection of local managers with attitudes conductive to fostering good horizontal communications. Circulation of local managers encourages them to appreciate the difficulties encountered by all areas of the organization. (Takamiya, 1979; Fukada, 1988; Ouchi 1981; Schonberger, 1982)
	Local management may be hostile to vertical communications programmes, believing that they challenge their authority. They also lose interest in them. (Bradley & Hill, 1983; Townley, 1989)	Minimal evidence available as to the quality of vertical communications at transplants. Local management commitment to the practices may depend on the selection of the right type of manager. (Takamiya, 1979; Townley, 1989)
	The production system's reliance on highly skilled first line supervision with managerial ability may create recruitment problems and upset internal promotion policies. (IDS, 1991)	Adoption of pay levels above the local norm for supervisors in order to attract those with the special skills required. Creation of a promotional and training structure that allows shop-floor employees to reach supervisor level. (IDS, 1991; Wickens, 1987; Abo, 1988; Jurgens & Stromel, 1986)
	Local suppliers are often not able to match the transplant's criteria concerning quality, price and delivery time. The transplant may be forced to buy from geographically distant suppliers leading to long lead times within its JIT supply system. (Dunning, 1986; Nishiguchi, 1990; Sako, 1990, 1992)	Creation of close buyer/supplier relationships which aim to bring the supplier up to the standards required. (Trevor, 1988; Dunning, 1986; Sako, 1990, 1992) Evidence of transplants awaiting/ encouraging Japanese owned suppliers to locate in the UK. (Financial Times 21/05/91; See also Chapter 1)

TABLE 4.1 Cont'd

Domestic Characteristics	Problems of Transference	Remedies Identified

Personnel Characteristics

1) Core/Periphery Workforce Distinctions
2) Life-time Employment
3) Single Status
4) Welfarism
5) Seniority (Pay)
6) Seniority (Promotion)
7) Intensive Selection Procedures
8) Training
9) Elements of Consensuality and Participation
10) Disciplined and Regimented Work Environment

Failure to guarantee life-time employment, seniority based pay and promotion often unsuitable for transplanting. Little use of welfare benefits beyond the local norm. (Reitsperger, 1986a; Oliver and Wilkinson, 1988)

Evidence that variance in the extent of Japanese personnel practices adopted by transplants will lead to corresponding variances in workforce attitudes and behaviour. The less Japanese the practices the lower the levels of workforce job satisfaction and satisfacton with management/worker communications. In addition, quality and productivity are inferior to those transplants exhibiting practices closer to those under the domestic Japanese production system. (Reitsperger, 1986a; Takamiya, 1985; Fukada, 1988; Komai, 1989; Takamiya and Thurley 1985; Sethi et al. 1984)

Evidence that Western workers are more individualistic and less groupist than their Japanese counterparts. Western employees respond best to those personnel practices at a transplant that tap their instrumental work goals. They are less interested in individual sacrifice for the good of the company overall. (Komai, 1989; Reitsperger, 1986a; Matsuura, 1984)

An emphasis on the recruitment of school leavers may lead to problems of discipline, turnover, absenteeism etc. (Broad, 1989)

Some compromise of local and Japanese personnel practices desirable especially in areas concerning pay and promotion. (Wickens, 1987; Trevor, 1988, Matsuura, 1984; Jenner & Trevor, 1985)

Despite some compromise of local and Japanese personnel practices, it has been argued that the closer a Japanese transplant comes to emulating Japanese practices the more successful it will be at inducing positive employee attitudes to the benefit of production - what can be termed as a reduction of "them and us" attitudes. (Takamiya, 1985; Komai, 1989; Reitsperger, 1985, 1986a; Fukada, 1988)

Literature suggests the importance of a selection procedure that identifies those with attitudes and values that are more responsive to Japanese personnel practices. Avoidance of a policy concentrating on the recruitment of school leavers. (Wickens, 1987; Garrahan, 1987; Trevor, 1988; White & Trevor, 1983; Broad, 1989)

TABLE 4.1 Cont'd

Domestic Characteristics	Problems of Transference	Remedies Identified

Industrial Relations
  Characteristics

1) Single Unionism
2) Enterprise Unionism
3) Formalized Union
    Organiztion
4) Enterprise Level
    Bargaining

Japanese Management are hostile to
multi-union recognition and are
concerned at local traditions of
adversarial management/union
relations. They believe the local
industrial relations system
produces unions that disrupt
production. (Reitsperger, 1986b;
Bassett, 1987)

Local unions may be hostile to
Japanese management practices,
on the basis that they represent
an intensification of work.
(Garrahan, 1986; Beaumont, 1991)

Local unions may be wary of attempts
to create co-operative industrial
relations styles at transplants.
They see the styles as unitarist and
fear incorporation. (Garrahan, 1986;
Wilkinson, 1989;)

Where a union is recognised at a
transplant, Japanese management
leave the operation of industrial
relations to their local
colleagues. In the UK, local
managers may adhere to the local
tradition of low trust, adversarial
industrial relations despite having
signed an NSA. (Grant, 1988; Bassett
1987)

Some evidence that unions recognised
at a transplant may fail to satisfy
the expectations of their members or
that workers may decide it unnecessary
to have a union at the company. (Trevor,
1988; Adler, 1991) Membership
dissatisfaction with the union means
management lose an independent channel
of communication with workers. The value
of formal industrial relations
procedures is diminished.

Management choose not to
recognise a union, usually
where the transplant is located
in an area with a tradition
among employers of non union
recognition. (Reitsperger, 1986b;
Beaumont, 1987; MacInness &
Sproull, 1989)

Management choose to recognise
a single union at the transplant.
Both the union and management must
be willing to sign an agreement
designed to foster co-operative
industrial relations. (Bassett
1986; Rico, 1987; Burrows, 1986;
Gregory, 1986; IRR, 1989;
Reitsperger, 1986b)

Where a union is recognised, both
the Japanese and local management
must adhere to the high trust
style of industrial relations
that is required to make it work
effectively. To avoid
marginalisation of the union it
is encouraged by management to
play an active and influential
role. (Trevor, 1988; Bassett,
1986; Grant, 1988)

1) <u>Managerial Characteristics at Japanese Transplants: Problems and Remedies</u>.

It appears from the literature that there are two basic management structures predominantly in use at Japanese transplants. These are:

> 1) A single management system, where the management structure is dominated by expatriate Japanese management. (Often local management is confined to the personnel function.)
>
> 2) A dual management system, in which UK management are, to varying degrees, incorporated into the decision making process alongside Japanese management.(i.e., in areas other than personnel management.) However, executive control of the company usually remains with Japanese managers.
>
> (Trevor, 1983, pp.109-125; Dunning, 1986, pp.67-79; Thurley, Trevor & Worm, 1981; Tsurumi, 1978, pp.108-117; Yoshihara, 1989, pp.23-30)

It has been suggested that the size of a Japanese transplant will directly relate to its management structure. (Tsurumi, 1978; Thurley, 1981) Tsurumi's research in the USA contends that "most Japanese subsidiaries show serious signs of conflict between Japanese and American managers, and that this conflict appears to increase in complexity and seriousness exponentially as the firm's size and scope of operations expand." (Tsurumi, 1978, p.113) Both Tsurumi and Thurley's work implies that, in some instances, size, and therefore Japanese/local management conflict, is linked to the age of the transplant.

Studies of Japanese transplants have suggested that Japanese managerial characteristics do not always transfer easily, leading to stresses and conflicts in dual management systems (See for example Smith, 1984; Yoshihara, 1989; Matsumoto, 1982; Tsurumi, 1978). These studies can be divided into two categories. The first sees the cause of the problems as being culturally based. The second denies, or more often ignores, the cultural issue and examines management organizational issues at transplants. It is perfectly plausible that the two causes are inter-related. i.e. culture accounts for several if not all of the organizational issues discussed.

It has been argued that the cultural basis of the Japanese management style may not operate effectively in a host society. Commentators have suggested that where a dual management structure exists 'ringi' and 'nemawashi' processes are often well beyond the understanding of local management (Trevor, 1983; Kidd & Teramoto, 1981; Inohara, 1981; Turcq, 1987; Tsurumi, 1978; Smith, 1984; Yoshihara, 1989; Matsumoto, 1982; Tsurumi, 1978). Due to the cultural "subtleties" of these processes (e.g. the habatsu structures discussed in Chapter 3), "Western managers may have great difficulty gaining access to this information in organizations all of whose senior members are Japanese." (Smith, 1984, p.128) Explanations of these processes are rarely forthcoming from Japanese management. Case studies of dual management structures seem to confirm that the processes can "lock out"

local management from the decision making process leading to friction, misunderstandings and distrust. (Trevor, 1983; Kidd & Teramoto, 1981; Inohara, 1981; Turcq, 1987; Tsurumi, 1978)

Even where there is a realisation among local managers that the Japanese management style is consensual and groupist there is often a belief that its use is confined to the elite of Japanese management. Lorenz suggests that efforts by local managers to dispel the label of 'gaijin' (foreigner) and enter the influential "in group" are unlikely to succeed. He concludes that overcoming "the homogeneity of Japanese culture, the tendency to keep power centralised, and pride in the Japanese way of doing things" is an enormous if not impossible task for local managers. (Financial Times, 15/11/91)

In contrast, Van Wolferen emphasises the impact of culture on the Japanese personality, leading to the Japanese ability to "manage reality". It is perfectly acceptable that: "Japanese in positions of control show great agility in moving from one reality to another as they seek to explain facts and motives to other Japanese or to foreigners." It is he says "one of the ways in Japan by which the higher ranking and the stronger claim their privileges" (Van Wolferen, 1988, p.8). If necessary, what has happened in the past can be denied and replaced by what the individual wants to think happened.

In the context of a dual management structure, what Van Wolferen terms "malleable reality" could have dire consequences. His key point is that; "How things are supposed to be tends to coincide, of course, with the immediate

interests of one's group." (Van Wolferen, 1988, p.8)   That

group might be constructed around the formal Japanese control

or authority structure or around an informal 'habatsu'

grouping.   In either situation, malleable reality might lead

to Japanese management decisions that puzzle or anger local

managers since it appears a denial of what has actually

occurred.

Not all studies of Japanese management style see it as

being determined by culture.   For example, Matsumoto sees

culture as a 'red herring' and an outdated argument.   He

believes that: "the Japanese company's features are the product

of visible systems and practices, and not of any exotic

secrets."   It is, he says, "fully possible to explain Japanese

management on rational grounds without resort to intangible

spiritual or psychological theory." (Matsumoto, 1982, p.74) It

has been argued by Yoshihara that when transplanted without

modification, these "visible systems and practices" cause four

types of problems. (Yoshihara, 1989, pp.15-27)

Firstly, Japanese transplants are seen as providing low

salaries, and a slow pace of promotion. This he believes is due

to the transference of a seniority based system of pay and

promotion alien to US managers. Citing Kichiro, he notes that

seniority based promotion and pay appears too arbitrary and

vague a concept for local managers to grasp. (Kichiro, 1988)

There is however evidence that, with regard to pay, transplants

in Western Europe have tended to adopt local practices that

bring their salary levels into competition with those existing

in the local management labour market. (Thurley, Trevor, & Worm, 1981, p.49)

Yoshihara's second type is that of promotional prospects at transplants. These are perceived as poor. The posts of company president and other heads of department are seen as the exclusive preserve of Japanese expatriate staff. The best a local manager could expect to achieve is vice-president. Research by Dunning in the early 1980s found that at 14 out of 23 Japanese transplants in the UK the majority of directors (76%) were Japanese. Dunning saw this as evidence of excessive parental company influence and it is an issue pursued by Lorenz. (Dunning, 1986, p.77; Lorenz, Financial Times, 15/12/91) In effect, a promotional ceiling exists for local management which may contribute to de-motivation and high turnover among them.

These are not insurmountable problems, as UK case studies of transplants demonstrate. Trevor's analysis of Toshiba notes that at its inception Japanese and UK management agreed that despite Japanese ownership the company should take the unusual step of having a UK Managing Director. (Trevor, 1988, p.28) White and Trevor's work included a case study company where once Japanese management were satisfied that production was correctly organized they had returned to Japan leaving UK managers in sole control. (White & Trevor, 1983, pp.54-55)

Promotion for local managers may also be linked to their ability to adapt to the idea of non specialization in one task area. Their reactions to this practice vary. There can be

some confusion in local manager's minds over the Japanese emphasis on developing the "person" rather than selecting a person to match a specific "job". (Thurley, 1981, p.18) Takamamiya's description of "cross departmental job rotation" at two case study transplants in the UK indicates that the idea was popular among young production managers. The selection of local management with the right attitudes may have some bearing on how well such schemes are received. (Takamiya, 1985, pp.192-193)

A third category relates to communications with the Japanese parent company. Such communication is inevitable, and is generally in Japanese. Few local managers speak or write Japanese, therefore even with a position of real authority and influence at the local level a local manager may be at the disadvantage of his Japanese colleagues who have a greater knowledge of, and contact with, management of the parent company in Japan. Inevitably, important strategic decisions are made in Japan. Because the communications structure between the transplant and its parent company is Japanese dominated, local managers may feel shut-out from crucial decisions affecting the long-term business performance of the transplant. They feel they are the last to know of such decisions and that the reasoning behind them is rarely explained. (Thurley, Trevor, & Worm, 1981, pp.48-50; Kichiro, 1985;)

Yoshihara's work identifies a fourth type of problem. To local management, the methods for performing certain tasks are

unfamiliar while the decision making processes used by Japanese management appear ambiguous and are difficult to understand. On the one hand, overcoming these problems requires Japanese management making "special efforts" and adopting "special measures" that help explain to their local colleagues what is needed and incorporates them into the decision making process. On the other, local managers clearly need to be receptive to the use of Japanese management practices. (Odaka, 1886, p.84)

What is required by those such as Koyabashi is a compromise of Japanese and local management attitudes, and styles; the recognition by both sides that the other may offer the correct solution. Such a compromise enables the subsidiary to be efficiently managed, but remains compatible with the parent company's control structure and business strategy. (Koyabashi, 1985, p.229)

It can be concluded that, on the whole, commentators have tended to focus on problems within the management characteristics at Japanese transplants where dual management structures exist. Yet it has to be remembered that many such companies have successfully overcome these problems by using a compromise of Japanese and local management characteristics. In one sense, Ouchi's theory Z is an example of how to go about doing this. The theory draws on a combination of both Japanese and American management practices. It places emphasis on the Japanese ethos of groupism and relies on high trust relationships, but at the same time it relies on fast

assessment and promotion, more explicit methods of control, and

situations where the individual bears final responsibility for

group decisions. But as he is not explicitly discussing

Japanese multinationals in the US, Ouchi remains silent on how

well such strategies operate under a dual management structure.

(Ouchi, 1981)

2) Organizational Characteristics at Japanese Transplants:
Problems and Remedies

For Takamiya, "inter-departmental co-ordination" at a

transplant is based upon the selection of people with the

"right attitude and industriousness." (Takamiya, 1979, p.12)

Selection of such personnel is on the basis that they will be

highly receptive to other production system characteristics

that contribute to effective inter-departmental co-ordination.

These include, the circulation of management staff so that

they gain a wide experience and knowledge of all areas of the

organization which enables them to appreciate the difficulties

of other departments, the use of the 'ringi' system of decision

making (see chapter 3), and the operation of effective

communications structures. Earlier research argues that such

characteristics can be transplanted and operated successfully.

(Fukada, 1988; Ouchi, 1981; Schonberger, 1982)

Effective inter-departmental co-ordination is reliant on

good vertical and horizontal communications. As was discussed

in Section 1, there are potential problems with the

transplanting of the 'ringi' and 'nemawashi' based system of

decision making. These seem to impact on the success of

horizontal communications i.e. between departments. Several commentators have perceived that local managers feel resentful where the "Japanese grapevine" comes to dominate the structure and/or output of management decisions thereby excluding local management input. They retreat into their own areas of authority, resist the intrusion of others into it and refuse to communicate with other areas of the organization. (Tsurumi, 1978, p.109-110; Kichiro, 1988; Johnson, 1977)

Where literature discusses vertical communications at Japanese transplants it looks at practices aiming to induce a two way sharing of information with the workforce. A survey of 26 Japanese transplants in the UK, found that eight out of ten companies operated some form of what it termed "involvement or participation" schemes. These schemes included workforce and team meetings, Kaizen discussions, suggestion schemes and quality circles. (IRS, 1990, pp.7-10) Oliver and Wilkinson's survey of 64 transplants in the UK found that 83% used some form of "in-company communications practice". (Oliver and Wilkinson, 1989) Two questions arise here.

Firstly, how committed are management to communications schemes? There is for example, ample evidence that during the 1980s UK management attitudes in manufacturing were not geared to the "open style of management" that the practices require to be effective. (Townley, 1989, p.351) Bradley and Hill (1983) found that management often perceived such practices as challenging their authority or that initial management interest

in them would decline, undermining how often they were used and
their permanence. In the context of Japanese transplants, such
studies serve to underline the importance of the selection of
local management who are genuinely comfortable with such
practices.

Secondly, what is the quality of these practices? Team
meetings may effectively disseminate information, but do they
automatically induce two way communications? This issue is
inadequately explored by the literature. Only Sakuma has gone
some way to comparing the quality of communications structures
at Japanese transplants in detail. He concludes that there is
wide variance between the subsidiaries of Japanese companies
from country to country and that the subsidiaries of some
Japanese companies consistently scored better than others,
irrespective of which country they were located in. (Sakuma,
1988)

Supervisors, as a key interface between management and
workers, are often used to give impetus to several types of
communication practice. For example, they often lead team or
workforce briefings.   Communications is however only one
aspect of the supervisor's role at the Japanese transplant that
has attracted attention.

The Japanese emphasis on autonomy and responsibility at
the first- level of supervision compels them to become first-
line managers. This is a feature adopted by many companies
attempting to Japanize their production systems.   An Incomes
Data Service (IDS) Survey of supervisory arrangements at such

companies noted how " a number of previously managerial tasks such as selection, appraisal, budgets, training and target setting now come within the realm of the supervisor." (IDS, 1991, p.2) Broadly speaking the supervisor's are expected to perform a more extensive and/or intensive range of Mintzberg's "inter-personal", "informational" and "decision making" management roles than they might have previously. (Mintzberg, 1973) However, Mintzberg's model does not explicitly require a high level of technical ability - the IDS study does.

The IDS study argues firstly that it is necessary to attract graduates with special technical and "people" skills to the supervisory role. They will regard the supervisor's role as a step towards a higher post. This requires paying above the norm for "traditional" UK supervisors. Secondly, it is important to create a promotional structure that allows shop-floor employees the chance to achieve the supervisor's grade. A failure to do so will lead to dissatisfaction. Shop-floor workers will see their promotional opportunities diminished. (IDS, 1991, pp.4-5; See also IRR, 1986, pp.8-12)

Certainly, the sort of recruitment and promotional policies concerning supervisors which are advocated by the IDS study have been adopted at Japanese car transplants in the motor manufacturing industry in both the UK and US. (Wickens, 1987; Abo, 1988; Jurgens & Stromel, 1986) It is though, unclear from these studies, to what extent the external recruitment policy is maintained once a transplant is

established or whether it moves towards a more Japanese orientated policy of promotion from within.

A final organizational issue for discussion concerns the Japanese transplant's relationship with its suppliers. With reference to the UK and the EEC, local sourcing policies compel transplants to look for local suppliers who can meet their requirements related to quality, price and delivery date.

For Japanese transplants: "Close relations with suppliers are a major source of competitiveness... the absence of a well developed network of reliable suppliers with whom they can cultivate long-term business relations is seen as a serious disadvantage..." (Trevor, 1988, p.141) At Toshiba in the UK this is countered by the use of regular visits to supplier's factories, assistance with tooling, and guidance with production or other problems related to the product supplied. In return, the supplier is expected to meet quality, delivery and price criteria. Such a relationship aims to foster mutual loyalty. (See also Dunning 1986, pp 102 - 136; Sako, 1990, 1992) Similarly, selection of local suppliers often involves the company conducting a "mini audit" of the supplier's production systems to assess whether it can meet the buying company's requirements. (Financial Times, 15/05/91 & 21/05/91)

Efforts by some UK transplants to help their suppliers meet delivery, price and most especially quality requirements pay off. A JETRO survey of Japanese manufacturers in Europe found over 40% believed they were able to increase the local-

content ratio of their product due to the improved quality, delivery time and price of local goods. (JETRO, 1990) But not every Japanese transplant has been encouraged to develop this strategy for a number of reasons.

Firstly, a lack of R&D facilities at many transplants stops them involving the local supplier in the modification or design of components as deeply as they would wish. Secondly, the ability of UK suppliers to continually meet quality requirements is questionable. Nichiguchi cites a case where 30% of components from a local supplier were rejected by a Japanese television manufacturer. (Nichiguchi, 1990, p.298) Thirdly, the inability of local suppliers to match the requirements of Japanese transplants is believed to have led to an inflow to the UK of Japanese owned suppliers. The Welsh Development Agency has calculated that just 10% of 6,000 small or medium sized firms in Wales are capable of meeting Japanese quality standards. If this deficiency is true, it may continue to encourage a growth in the numbers of Japanese suppliers who displace local companies. (Financial Times, 21/05/91) As we saw in the introductory chapter this pattern is discernable in the consumer electronics sector, with 1988 being a peak year for such inward investment.

Two general weaknesses in the transplanted Japanese production system have been identified in this section. Firstly, there is evidence that good vertical and horizontal communications structures at Japanese transplants and an emphasis on first line management have been undermined by

recruitment policies that do not attract local managers and supervisors with the right attitudes and skills. Secondly, poor relationships with local suppliers often fail to satisfy production system requirements such as quality and JIT at transplants. These problems can only be avoided where the company is willing to work closely with and support the local supplier, or where a Japanese owned supplier is available locally.

3) Personnel Characteristics at Japanese Transplants: Problems and Remedies

Personnel practices (concerning the company's relationship with employees on an individual basis) implemented at Japanese transplants in the UK are regarded as being one of two sets of characteristics of the production system synonymous with NIR in the UK. The other is industrial relations characteristics (concerning the company's relationship with its employees on a collective basis).

There is considerable research showing that many of the personnel characteristics at Japanese transplants are the same practices as those identified under the domestic Japanese production system. (See table 3.1) Implicitly the research argues that a set of practices evolve that aid a reduction of "them and us" attitudes essential to a production environment requiring a workforce committed to the company's goals and values. (Dunning, 1986, p.167; IRR, 1990; Fukada, 1988;

Trevor, 1988; Wickens, 1987; Matsuura, 1984; Johnson & Ouchi, 1974; Rehder, 1979; White & Trevor, 1983)

Despite these similarities, there are also differences between the personnel practices used at transplants and those used in Japan. Transplants have not introduced life-time employment, or seniority based wages systems, but rather, have concentrated on creating pay levels for local employees around the local median for the skill required. Neither have they used seniority dominated promotion schemes. (Reitsperger, 1986a; White & Trevor, 1983; Matsuura, 1984) Instead, they have concentrated on promotion structures based upon the individual's flexibility, commitment and performance.

It is also evident that many Japanese transplants do not offer employees welfare benefits beyond the norms given by their local counterparts. (Reitsperger, 1986a; Oliver & Wilkinson, 1988; Matsuura, 1984; Komai, 1989; Fukada, 1988; Johnson & Ouchi, 1974; White & Trevor, 1983) There is also a dearth of information as to the extent of use of both on- and off- the- job training used by transplants. Certainly, specialist staff are often trained away from the workplace, and several case studies point to the sending of employees to the parent company in Japan for a period of training. That said, there is little examination of the extent or quality of the training. Finally, there is evidence that some transplants have attempted to adopt a selection procedure based on a policy of employing only school leavers. The hope appears to have been that a young workforce, would be more malleable, would

mature with the company and would allow thee creation of a seniority based internal labour market. One: case study in particular points to several unfavourable outcomes, notably disciplinary problems at the workplace, poor cquality products and high turnover. (Broad, 1989)

Interpretations of the personnel practice:s implemented at Japanese transplants in the UK vary consideriably. Positive interpretations cite companies such as Toshibia, Hitachi, and Nissan as companies whose personnel pracctices exemplify the use of enlightened Human Resource Maanagement (HRM) techniques. Untapped employee resourcefulness is drawn out by rewarding them with a greater degree off autonomy and responsibility. This is purported to :result in the alteration of workforce attitudes to the: benefit of production. (One can see from this definition wlrhy HRM is a term that often encompasses NIR practices) (Trevor:, 1988; Pegge, 1986;, Wickens, 1987)

Conversely, there is scepticism as to whetther HRM is no more than a "wolf in sheep's clothing". For some, its unitarist nature in fact conceals a managrement approach whereby: "People will only come first when it iis economically advantageous to pursue such a strategy." (Keemoy, 1990, p.9) Guest has argued that HRM often "appearrs essentially opportunistic." (Guest, 1989, p.25)

The link between Japanese transplants and HRM has inevitably led to this sort of scepticism beimg directed at their personnel practices, especially those rrelated to the

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regimentation of the work environment. When transferred, the practices have been variously portrayed as facilitating the intensification of work; a form of "management by stress"; as being reliant on peer group pressure to keep up productivity and efficiency through the public display of individual attendance records and performance ratings at the workplace; and as originating from a Japanese emphasis on servility rather than loyalty. Garrahan, 1986; Slaughter, 1987; Oliver and Wilkinson, 1988; Briggs, 1988)

There is no evidence that workforce attitudes are consistently negative or hostile towards personnel practices at Japanese transplants. It is therefore difficult for the sceptics to develop their argument. What can be argued is that **variability** among the extent and nature of personnel practices adopted at transplants will for some reason account for workforce attitudes varying from one transplant to the next. The impact of this variability on workforce attitudes needs to be explored further – the implication being that that the type of personnel practices adopted at a transplant appear to influence considerably the extent to which it successfully reduces "them and us" attitudes. This in turn will have some bearing on the characteristics incorporated into the research's UK model.

Attempts to observe how closely personnel practices at transplants match domestic Japanese practices have identified considerable variance from company to company. (Sethi et al, 1984; Fukada, 1988; Thurley and Takamiya, 1985; Komai, 1989;

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Reitsperger, 1986a) Several of these works identify corresponding differences in workforce attitudes at each transplant. For example, using a worker opinion survey conducted at two case studies, Fukada is able to show that the closer a transplant's personnel characteristics are to those of the domestic Japanese production system, then the greater is local employee job satisfaction. (Fukada, 1988, pp.182-183)

Thurley and Takamiya's study of companies in the UK CTV manufacturing industry also provides details of variance in the success of two Japanese companies' differing personnel policies in comparison to each other. An employee attitude survey implemented at each company showed considerable variance in workforce attitudes concerning aspects of job satisfaction, and satisfaction with the way the firm communicated with and treated its employees. (Thurley & Takamiya, 1985. See especially chapters by Reitsperger; Jenner & Trevor; and Takamiya.)

A later study by Reitsperger, drew on the same data as Thurley and Takamiya's work. In it he specifically argued that it was the more "paternalistic" approach of one company compared to the other (for example, it offered extensive welfare benefits) which resulted in higher levels of overall job satisfaction and satisfaction with its personnel practices. Komai's study of two Japanese transplants in the US comes to similar conclusions arguing that successful productivity and job satisfaction was not possible "... unless Japanese

companies take their Japanese management practices with them overseas." (Komai, 1989, p.61)

Komai's work is also of value in that it pinpoints a factor which may hinder the acceptance of Japanese personnel practices among local workforces. Komai sees the desire for personnel practices at Japanese transplants to foster groupism (a requirement of the Japanese production system) among local employees as problematical. He believes that Japanese groupism is founded on seniority and excessive status consciousness within the group. He suggests that excessive identification with the group to the extent of merging private and work life, creates unhealthy exclusionism and group egoism. (Komai, 1989, p.120) These attributes are consistent with Japanese society, but less so with Western society.

Komai matches these attributes to Maslow's hierarchy of human needs so that Japanese groupism is associated with a need for belonging, love and esteem. If these needs are fulfilled this leads to what Maslow describes as a desirable feeling of self-actualization. His concern is that at US transplants excessive groupism may alienate employees whose societal values place less emphasis on these particular needs. Consequently, he believes US workers are more "instrumental" in their work goals while Japanese workers are "solidaristic". (Komai, 1989, p.36) Komai's study finds that though Japanese car workers are far more concerned with aspects of production such as quality they display far less overall job satisfaction

(40%) than their counter parts at a US motor manufacturer. (84%) (Komai, 1989, p.26)

Komai's results correspond with the results of a survey of workers at other Japanese transplants in the US. Matsuura found that: "US employees welcome, in general, those elements of Japanese labour practices which increase employment stability, wages, benefits and their individual leverage within the firm, while rejecting those elements which require some form of individual sacrifice (monetary or non-monetary), collective behaviour and loyalty to the company." (Matsuura, 1984, p.46) Reitsperger discusses this issue in terms of transplants only being successful at tapping "Western Individualism" among their workers rather than fostering Japanese based groupism. (Reitsperger, 1986a, p.584)

To conclude this section, variability among personnel practices adopted at Japanese transplants does exist. For a Japanese transplant to transfer its production system effectively in a host country its personnel practices must facilitate a compromise between Japanese groupism and Western individualism. A failure to obtain this compromise may result in poor worker job satisfaction and, with regard to NIR influences, worker attitudes and behaviour concerning "them and us."

4) Industrial Relations Characteristics at Japanese Transplants: Problems and Remedies

In the UK NIR involves the use of practices that break with traditional approaches to dealing with the workforce as a collective. Within this context, and with regard to elsewhere in the world, the key question for Japanese transplants is whether the industrial relations characteristics of their production systems include a role for trade unionism.

A key determinant of union recognition at a Japanese transplant would be whether Japanese management are convinced that having a trade union poses little, or no threat of disruption to fulfilling the production system requirements. Reitsperger, outlines three options that Japanese companies investing in new manufacturing sites in the UK must consider. (Reitsperger, 1986b) The options are:

> 1) "To avoid unionization." - This may well be rejected for one of two reasons. Firstly, local industrial relations law may make it difficult or even impossible to avoid union recognition (e.g. France). Secondly, local staff assigned to deal with industrial relations issues convince Japanese management that in the long run unionization is inevitable and that trying to avoid it may result in extra costs in wage concessions and fringe benefits. (Reitsperger, 1986b, p.76) Here, assessment of the local industrial relations tradition and climate as discussed in the introductory chapter may play a role in the UK. (Beaumont, 1987; Beaumont & Townley, 1985); MacInnes & Sproull, 1989) In the national context it has been suggested that Japanese transplants have realised that the UK political and economic climate has led to a weakening of the trade union movement that is conducive to avoiding having to recognise any trade unions. (Bassett, 1988)
>
> 2) "To accept unionization and watch its development with a laissez faire attitude associated with British voluntarism in industrial relations. (Roberts 1976)" - Japanese transplants are unlikely to choose this option.

They perceive multi-union recognition as leading to difficulties in flexibility, the utilization of labour, demarcation disputes and complex bargaining arrangements.

3) "To accept unionization as inevitable, but to devise strategies and policies to channel plant unionization in such a way as to avoid some of the dysfunctional aspects associated with the British union structure." - In this instance management accept some restricted form of unionization at the company which in return allows them to achieve desired levels and methods of production. It is this strategy of compromise that Japanese transplants who decide to unionize, generally opt for. In the UK, this strategy has entailed transplants signing new style agreements (NSA) with a single union.

NSAs can vary considerably in content, but are generally taken to include five key components. Individually, each component is not new to British industrial relations, but combined, they create a novel package that has attracted considerable attention. (See Bassett, 1987; Burrows, 1986; Gregory, 1986; Rico, 1987, IRR, 1989) The components are:

1) <u>Single union recognition</u> - For the company, single unionism simplifies communications and bargaining structures and compliments the Japanese desire to operate a policy of labour flexibility.

The union gains a near captive potential membership on the relevant site. A 1989 IRS survey of single union agreements (not all signed by Japanese companies) found an average membership level of 74% at 33 companies. Only seven companies had a membership level below 50%, while 23 had levels between 71% and 100%. (IRS, 1989)

2) <u>Total labour flexibility</u> - The union agrees that employees will carry out any work requested by their employer so long as it is within their trained capability. In acceding to this clause in the agreement the union is signing away any ability to assert control at the workplace through job regulation.

3) <u>Single status</u> - As under the domestic Japanese model, common terms and conditions of work for all employees aim to reduce social barriers at the workplace. Distinctions between blue and white collar workers are reduced to a minimum.

4) <u>Participation</u> - The general belief is that NSAs offer detailed participative arrangements that are designed to enhance employee influence over management decisions. Joint representative bodies, often called Advisory Boards, are able to discuss any issue either management or employees wish to raise such as business strategy, investment policy, and trade performance. They are also a forum in which to discuss industrial relations issues and conduct collective bargaining. Decisions are supposed to be reached on a consensual basis and though not binding on management they are expected to adhere to them since they have participated in their formulation. Such a function means the Boards should not be confused with, for example, contemporary "joint consultative structures" discussed by Marchington. (Marchington, 1987 & 1989)

In reality there can be wide variations in the level of participation from company to company in the UK. For example, at Toshiba, Trevor's questionnaire asked the workforce how

effective they thought the Company's Advisory Board (COAB) was. On a six point scale, 70% answered positively, while only 5% answered very negatively. Another study asked shop stewards at eight companies with NSAs about the effectiveness of the participative elements of their agreements. Four of these companies were Japanese owned. (One of them was in fact Toshiba.) The results of the questionnaire revealed that Toshiba's COAB did not necessarily typify participation at the other Japanese companies. It revealed five areas of weakness in the participative structures of NSAs at Japanese companies in the sample. (Grant, 1988)

Firstly, at two out of the four Japanese companies, management reduced the effectiveness of their respective advisory boards by only having middle management representatives sitting on them. Decisions and questions to management were often deferred while management representatives consulted their superiors.

Secondly, management representatives were often not senior because they were not Japanese. Japanese managers showed a marked reluctance to sit on the boards, possibly because they were wary of their decision making powers, and possibly because they felt their English was inadequate to join in the discussions.

Thirdly, where UK management sat on the boards there were complaints from stewards at two of the four Japanese companies that they consistently refused to conform with the required co-operative spirit of the agreement. Management withheld

information from meetings and treated them as consultative rather than participative structures.

Fourthly, the effectiveness of the boards was called into question. Employee representatives were felt to lack the necessary training or competence with which to understand and and make use of the information available.

Fifthly, at three of the Japanese companies the NSAs specified that members of the advisory board did not have to be stewards or union members. The steward respondents expressed disquiet that this could result in the board becoming dominated by non-union employees and being seen by workers as an alternative structure to union representation.

5) No strike procedure – Both parties agree that under these procedures strikes and lock-outs are forbidden. This involves the use of some form of morally binding arbitration in the collective bargaining and grievance procedures as a final method of solving irreconcilable differences between management and employees.

There are several points to make about the incorporation of arbitration into NSAs. First, and most importantly it does not always happen. Some companies prefer to retain procedures that allow the possibility of strike action and avoid the use of arbitration. For the Japanese however the use of arbitration offers the avoidance of conflict in a production system that because of its reliance on lean manning levels and short lead times is highly vulnerable to disruption. The question is what type of arbitration should they adopt?

NSAs signed by unions during the 1980 - 1986 period showed an inclination to opt for pendulum arbitration. Many of these agreements were between Japanese companies and the EETPU in the consumer electronics sector. (Metcalf & Milner, 1991) In this instance, the arbiter must choose between the final offer of each side, and not compromise between the two. Fear of losing at the arbitration stage is supposed to force two parties to moderate their claims and seek out the middle ground so that they reach agreement without actually requiring arbitration. (See Lewis, 1990; Singh, 1986; Wood, 1985 & 1988; Employment Gazette, 1986; Kessler, 1987) Since 1986, the number of new companies that opt to sign agreements incorporating this form of arbitration has declined significantly. This could be attributed to two factors.

Firstly, as Metcalf and Milner point out, the period 1980-1986 was one in which Roy Sanderson a National Officer at the EETPU was responsible for organising many NSAs. Sanderson exhibited a strong preference for pendulum arbitration and they see him as the driving force behind the adoption of NSAs which included this procedure after the pioneering agreement signed at Toshiba in 1981. Since 1986, when Sanderson moved on from this post, the EETPU signed fewer agreements with pendulum arbitration. Instead it moved to signing more NSAs containing conventional arbitration or industrial action as the final stage in the grievance procedure. (Metcalf & Milner,1991, p.11)

The second factor is a realization among employers and trade union officials that pendulum arbitration creates an

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obvious winner and loser and that this conflicts with the co-operative spirit of industrial relations that the agreements are supposed to create. This may explain why the agreement signed between Nissan and the AEU, engineering union in 1984 has a pendulum arbitration clause, whereas the deal the AEU signed with Toyota in 1991 contains no such commitment. The Toyota agreement states that some form of arbitration might be used as a last resort, but its use is not compulsory.

Proponents of NSAs argue firstly, that it is necessary for trade unions to sign them in the face of poor union membership levels and restricted power during the 1980s, and secondly, that they are designed to establish co-operation and partnership between employer and union rather than a conflictual relationship. (Roberts, 1988; Burrows, 1986; Wickens, 1987) Conversely, those such as Wilkinson have criticised them as emphatically unitarist; "not admitting to any legitimate difference of interest between employer and worker." (Wilkinson, 1989 p.13) Whether or not one accepts the unitarist prognosis, the agreements signed at Japanese manufacturers in the UK should be seen as a blend of of a) traditional methods of British trade union representation such as collective bargaining, and recognition of a trade union independent of the company and b) aspects of Japanese enterprise unionism such as single unionism.

Unions have found it difficult to accept that single union recognition at greenfield sites is determined by the employer. The 1988 TUC Special Review Body (SRB) saw this as a

major threat to the ability of unions to protect the interests of their members where they secured NSAs. This was because securing the agreement is often achieved through competition with other unions. The SRB therefore concluded that such competition may "lead unions to compete with each other for employers' approval, which encourages dilution of trade union standards and procedures." (TUC, 1988, p.8)

Such competition contributed to a bitter debate at the TUC's 1991 annual conference. Mr Ken Gill, General Secretary of the Manufacturing Science and Finance Union (MSF) attacked "beauty contests" run by companies such as Toyota in which unions were selected by the employer and not the workforce. Mr Gill, whose union competed for recognition at Toyota, argued that "whoever looks least like a trade union is odds on favourite" to be chosen. (Times 07/09/91) Delegates went on to approve a motion that attacked NSAs and the "alien" working practices favoured by many Japanese companies in the UK. The motion also supported the idea that there are advantages to recognising several unions at one workplace. Only the engineers' union, the AEU, and GMB general union voted against it.

That the TUC General Council had recommended delegates support the motion, suggests an anger among many trade union leaders that given the economic and political environment, trade unions are powerless to determine who represents workers and under what terms at new, especially Japanese owned, companies. As Wood has noted, unions feel constrained in their

response to what can be seen as NIR strategies. They see these strategies as integral to a scenario in which management are increasingly able to marginalise their role at the workplace. (Wood, 1986)

The reaction of some unions to the scenario has been to adopt a strategy of pursuing NSAs at Japanese companies. In the UK this particularly applies to the like-minded EETPU and AEU, who in 1992 merged to form the Amalgamated Engineering and Electrical Union (AEEU). Such a strategy has also been apparent in the US, where for example the Union of Auto Workers (UAW) signed a collective agreement in 1984 with New United Motor Manufacturing Inc (NUMMI) – a joint venture between Toyota and General Motors. The agreement has a similar framework to the UK NSAs.

Other North American trade unionists have attempted to resist NIR practices. Beaumont highlights opposition from local UAW officials and the Canadian Auto Workers Union (CAW) towards Japanese working practices which they believe intensify work. In a 1989 policy document the CAW stated: "We reject the use of Japanese Production Methods which rigidly establish work standards and standard operations thereby limiting worker autonomy and discretion on the job. (Beaumont, 1991, pp. 304-305)

Where unions have accepted NIR practices at Japanese transplants a fundamental question arises – whether they can satisfy the expectations of their membership at these companies. Klandermans, in his evaluation of expectancy-value

theory, looks at the action of joining a union on the basis of motives. In other words workers are expecting to achieve something when they join a union. (Klandermans, 1986, p.108) Whether unions can satisfy the expectations of their membership depends somewhat on what those expectations are. The union may not meet their expectations for one of three reasons.

Firstly, if management at a company with a NSA choose to use its structure in a way that does nothing to reduce "them and us" attitudes among the workforce, we might expect a non-co-operative, perhaps conflictual environment to prevail. Workers would expect their union to continually challenge management prerogative and to defend their interests in a traditional adversarial style. But what if the structure of the agreement inhibits the union's ability to achieve this role? Its future at at the company seems uncertain. Members may perceive it as ineffective and marginalised. Secondly, a co-operative atmosphere of management/union relations may exist in which union officials feel they are achieving real gains for members, but the members do not concur believing the union to be to be incorporated and ineffective. (Adler, 1991, p.37; Garrahan, 1986, p.11)

Under both of these first two scenarios there is a real danger that membership distrust of the union and dissatisfaction with its performance might lead to a reduction in membership levels at the plant. It also means management lose an effective, independent channel of communications with their employees and that the value of formalised industrial

relations procedures is therefore diminished. This is not a
situation in which co-operative, non-conflictual industrial
relations is likely to flourish.

Finally, suppose NIR practices (including NSAs) are highly
successful at the company and alter workforce attitudes
regarding "them and us"? What role would the union have to
play? Might employees come to believe it plays an unnecessary
role and drift away from membership? This would undermine the
theory of "dual commitment" where it is posited that worker
allegiance to both union and employer is higher in co-operative
industrial relations climates than in less co-operative ones.
(Angle & Perry, 1986; Fukami & Larson, 1984; Gallagher 1984)

Trevor's study of Toshiba provides some evidence related
to this issue, albeit limited. There was a negative
correlation between length of service and union membership.
The longer respondents had been at the company the less likely
they were to be members of the union. Nevertheless, a majority
of workers felt union/management relations were good. (Trevor,
1988, p.200) That said, a recent study of employees at some
Japanese companies in the UK electronics sector demonstrates
that the reason for leaving the union cannot necessarily be
linked to a higher level of allegiance to the company. The
study by Guest and Dewe (1990) found that only 10% of
respondents displayed dual commitment and that a majority
displayed allegiance to neither organization.

To summarise, industrial relations characteristics at
transplants revolve around the issue of union recognition.

Where unions are recognised the characteristics bear the hallmark of compromise. In the UK this is a compromise between Japanese enterprise unionism and the far more adversarial UK management/union relationship where the union is far more independent of the company's organizational structure.

For some unions there are clear ideological difficulties in coming to terms with this compromise; hence their opposition to NSAs. They are wary of representing workers in an environment that requires them to surrender their ability to control the organization of work and to accept a considerable narrowing, if not eradication, of their differences of interest with management.

Where unions have secured recognition at Japanese transplants, the issues of membership expectations and dual commitment raise questions about their long term survival at these companies. If management pursue low-trust adversarial industrial relations, does the agreement restrict a union's ability to match members' expectations of how they should react? Conversely, what happens when management at a company with a NSA do use its structure to create harmonious industrial relations? On the one hand, the union may have to overcome its members' distrust of the co-operation exhibited between management and union representatives. On the other, the successful operation of the agreement could lay the foundations for making the union redundant. Without a reactive or defensive role would the union simply wither away?

5) <u>SUMMARY AND CONCLUSIONS</u>

Many elements of the domestic Japanese production system do transfer to host countries with relative ease. What this chapter has suggested is that some elements of the system do not transfer so easily. Table 4.1 summarises where these problems of transference arise.

There seem to be a number of problems associated with the transplanting of the domestic Japanese production system's managerial characteristics. Japanese management practices, notably ringi or nemawashi procedures, may be difficult for local management to grasp or constrain their influence within the company.

Organizational characteristics often meet problems where the ringi/nemawashi dominated decision making process excludes or discourages local managers from communicating with parts of the organization outside of their own areas of authority. Local management may also find it hard to adapt to a vertical communications structure that they see as impinging on their authority over workers. It has also been suggested that a transplant has to recruit supervisors with the skills to match an emphasis on first line supervision. Finally, many transplants encounter difficulties in finding local suppliers able to meet their stringent criteria surrounding a JIT based production system.

Personnel characteristics vary considerably from plant to plant and this appears to correspond to variance in workforce attitudes and behaviour. In addition, it seems that Western

workers respond best to practices that tap their instrumental, work related aspirations and are less interested in group orientated practices.

With regard to transferring industrial relations characteristics, Japanese management often doubt local trade union ability to operate within a co-operative (perhaps unitarist) framework. Local management may also lack the ability to operate within such a framework. Local trade unions may fear that the industrial relations environment at a transplant restricts their ability to defend their members' interests and meet their members' expectations. Where a union is recognised these problems may undermine the effectiveness of formal industrial relations procedures and lead to low trust or conflictual management/union relations.

It is apparent that there are two over-arching remedies to these problems which are not necessarily mutually exclusive. Firstly, Japanese and local practices can be modified so that a compromise evolves that is acceptable to both locals and Japanese. NSAs are good example of this. Secondly, the successful implementation and operation of compromise and Japanese production system characteristics will be determined by the careful selection of management, supervisory and operator level employees with suitable attitudes and skills.

This chapter has highlighted problems that may be encountered when transplanting the domestic Japanese production system. The value of identifying these problems is that they

can be taken into account in Chapter 5 when constructing a
model of a Japanese production system for operation in the UK.

CHAPTER 5

A MODEL OF A JAPANESE PRODUCTION SYSTEM FOR OPERATION IN THE UK

INTRODUCTION

In line with their Japanese parent company's corporate strategy, it is a task of management at a Japanese transplant in the UK to create and operate a modified version of the domestic Japanese production system. Using this modified production system should enable the transplant to perform to maximum efficiency within the context of the UK manufacturing sector. This chapter briefly discusses the link between corporate strategy and transplanting the Japanese production system. It then presents a model of what such a production system might look like - a model of a Japanese production system for operation in the UK.

The idea is simply for the model to be used as a "benchmark". The model's value is that it allows us to assess and compare production systems among Japanese transplants in the UK. The research posits, and goes on to test, whether a company that comes close to emulating the characteristics of UK model is better able to facilitate reductions in "them and us" attitudes among its employees.

The intention is not to suggest that the UK model presented is as efficient as the domestic Japanese production system, but rather that it represents the best system potentially attainable by Japanese manufacturers in the UK.

This research does not attempt to quantify and compare production efficiency at Japanese companies manufacturing in the UK and Japan. For such an approach, see for instance studies associated with the International Motor Vehicle Project which provide data suggesting that lean production in the motor industry can be implemented at Japanese run companies in the West, taking production efficiency close to that of Japanese motor manufacturers. (Womack et al, 1990; Krafcik, 1988; MacDuffie & Krafcik, 1990)

STRATEGY AND THE UK MODEL: RHETORIC Vs OPERATIONAL REALITY

The transplanting of the domestic Japanese production system raises the issue of how the features of the transplanted system actually relate to corporate strategy. As Chandler (1962) has noted, structure (in this case the transplanted Japanese production system) follows from strategy.

The transplanted Japanese production system can be seen as an expression of the long-term business strategy of the firm. This research assumes that those at the executive level of a firm (executives of the parent company in Japan) will, given proposed activities, markets and location of the transplant, advocate a strategy which necessitates that its production system is akin to the research's UK model. Koyabashi's (1985) study of Japanese management within Japanese multinationals shows that these executives are at a level of responsibility and seniority that could be compared to what

Purcell has described as "first order strategic decision making" (Purcell, 1991, p 72).

Decisions taken at this first level of strategic decision making will predetermine senior management strategy at a transplant. Senior management at a transplant could be described as Purcell's "second order strategic decision making" (ibid). These managers will, in order to remain in line with the strategy devised at the first level of strategic decision making, put in place a series of policies and procedures that are designed to facilitate the effective performance of the transplants's production system. These policies and procedures should lead to the production system exhibiting the characteristics contained in the research's UK model.

The strategies devised at the first and second order of strategic decision may appear convincing to those who formulate them, but incorporate a major fallibility. This is that until attempts are made to put them into practice they remain "rhetoric". The question is does strategy which is rhetoric transform into what could be called "operational reality"? As we shall see in this research, the rhetoric stemming from first and second levels of strategic decision making can fail to materialize "downstream" at a "third order of strategic decision making" (Purcell, ibid). This third order includes middle managers and those below them in the organizational hierarchy and it is they who are responsible for the actual operation and implementation of a transplant's production

system characteristics. What happens at this third level can

lead to a set of outcomes very different to that envisaged by

strategy which is rhetoric.

The failure of this rhetoric to materialize as operational

reality has an important effect on attempts to reduce "them and

us" among a UK transplant's employees. The link between

corporate strategy and employee relations/HRM has been made

elsewhere (Thurley & Wood, 1983; Batstone, Ferner & Terry,

1984; Purcell 1991), but in the context of this research it can

be specifically linked to NIR and the issue of "them and us".

Senior management at the first and second order of strategic

decision making within a Japanese company will devise a

strategy part of which entails their transplant's

production system exhibiting characteristics that are

conducive to reducing "them and us" attitudes and behaviour

among employees. However, what these senior management want

and expect to happen, and what actually happens can be two

different things. In reality the effective operation and

implementation of such characteristics may not occur and the

result is no reduction of "them and us" and a low-trust

adversarial management/worker relationship.

THE UK MODEL: KEY ELEMENTS

Figure 5.1 summarises the differences between the

domestic Japanese production system and the research's model

of a Japanese production system for operation in thew UK.

Two types of differences have been highlighted in italics.

FIGURE 5.1

THE MODEL OF JAPANESE PRODUCTION SYSTEM FOR OPERATION IN THE UK

PERSONAL CHARACTERISTICS (NIR Practices)
1) Core/Periphery workforce distinctions
2) **Guarantee of secure employment**
3) **Welfarism**
4) Single Status
5) **Market led pay levels**
6) **Merit based promotion**
7) **Intensive selection procedures**
8) Training
9) Elements of consensuality and participation
10) Regimented work environment

I-R-CHARACTERISTICS (NIR Practices)
1) **No unionism or single unionism**
2) Enterprise level bargaining
3) **Formalised union or other organization**
4) **New style agreement in operation or alternative procedures**

ORGANIZATIONAL CHARACTERISTICS
1) Co-ordination and co-operation of all departments
2) Company wide communications
3) **Emphasis on first line supervision**
4) **Close ties with supervisors**
5) **UK personnel management**

MANAGERIAL CHARACTERISTICS
1) Coherent vision
2) Consistency of style
3) **Consensual/groupist decision making procedures**
4) Circulation
5) **Special selection/ retention procedures**

PRODUCTION SYSTEM REQUIREMENTS
Organization of Labour
1) Direct Labour
2) Flexible
3) Teamwork

Quality Control
4) Continuous Improvement
5) Quality

Organization and Supply Production
6) Full utilization of production area
7) Full utilization of production machinery
8) Full use of new technology
9) **Just in time supply**

Product Strategy
10) Adaptability to diverse model range
11) **Continuous R & D**

NB: An unbroken line denotes a direct relationship
A broken lines denotes an indirect relationship.

Characteristics or requirements in bold type represent an area of difference in comparison to the domestic Japanese production system.

Firstly, several characteristics have been replaced by newly titled ones. Secondly, it will be noticed that in some instances a characteristic or requirement is highlighted, even though its title remains the same as featured in the domestic Japanese production system. This is because though the same characteristic or requirement is desirable under the UK model, achieving it involves the transplant using a different set of methods to those used under the domestic system. For example, achieving an emphasis on first line supervision at a UK transplant necessitates special recruitment procedures for supervisors that do not operate under the domestic system. This chapter focuses on both these types of differences, explains why they have occurred and discusses how the UK model contends with them.

Table 5.1 compares the requirements and characteristics of the UK model alongside the domestic Japanese production system and provides a summary of the differences that the UK model must contend with. As with figure 5.1 5.1, requirements or characteristics of the UK model that are highlighted in italics represent an area of one of the two types of difference when the model is compared to the domestic Japanese production system.

Where the chapter does not discuss a specific requirement or characteristic shown as part of the UK model it should be taken that the concepts and objectives which underlie it are identical to those already discussed in Chapter 3 dealing with the domestic Japanese production system.

TABLE 5.1

A COMPARISON OF THE DOMESTIC JAPANESE PRODUCTION SYSTEM
AND THE UK MODEL WITH A SUMMARY OF THE DIFFERENCES
THE UK MODEL HAS TO CONTEND WITH

Domestic Requirements	UK Model Requirements	Differences UK Model Has to Contend With
Organization of Labour	**Organization of Labour**	
1) Direct Labour	1) Direct Labour	
2) Flexible Labour	2) Flexible Labour	
3) Teamwork	3) Teamwork	
Quality Control	**Quality Control**	
4) Continuous Improvement	4) Continuous Improvement	A compromise JIT supply system operates where local suppliers are unable to meet criteria related to quality, price and delivery time. The transplant aspires to operate a JIT supply system the same as that achieved in Japan by developing close ties with locally based suppliers. (See summary of organizational characteristics below).
5) Quality	5) Quality	
Organization and Supply of Production	**Organization and Supply of Production**	
6) Full Utilization of Production Area	6) Full utilization of Production Area	
7) Full Utilization of Production Machinery	7) Full utilization of Production Machinery	
8) Full Use of New Technology	8) Full Use of New Technology	Local employees are likely to have a restricted input into "creative" or "innovative" R & D. (Kono, 1983; Matsumoto, 1986) This form of R & D is mostly carried out in Japan.
9) Just in Time Supply System (JIT)	9) **Just in Time Supply System (JIT)**	
Product Strategy	**Product Strategy**	"Basic" or "innovatory" R&D (Kono, 1983, Matsumoto, 1986) is carried out by local employees.
10) Adaptability to Diverse Model Range	10) Adaptability to Diverse Model Range	
11) Continuous Research and Design (R&D)	11) **Continuous Research and Design (R&D)**	

UK model requirements in bold type represent an area of
difference in comparison to the domestic Japanese
production system.

TABLE 5.1 Cont'd

Domestic Managerial Characteristics	UK Model Managerial Characteristics	Differences UK Model Has to Contend With

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1) Coherent Vision	1) Coherent Vision	
2) Consistency of Style	2) Consistency of Style	
3) Consensual/Groupist Decision Making Procedures	3) **Consensual/Groupist Decision Making Procedures**	It is a key objective for the company to select Japanese and, where necessary, local management with the attitudes and skills best suited to operating a set of management practices that are alien to the environment in which they are implemented.
4) Circulation	4) Circulation	
5) Intensive Selection Procedures	5) **Special Selection/ Retention Procedures**	Where a dual management structure exists the recruitment/retention of local managers relies on a career path which includes "horizontal" promotion. There is also a Japanese commitment to the "vertical" promotion of local managers into positions of greater influence within the organization.
		Local managers are also recruited/ retained through payment of salaries above the local medium (Preferably near or in the upper quartile).

UK model characteristics in bold type represent an area of
difference in comparison to the domestic Japanese
production system.

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TABLE 5.1 Cont'd

Domestic Organizational Characteristics	UK Model Organizational Characteristics	Differences UK Model Has to Contend With

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1) Co-ordination and Co-operation of all Departments	1) Co-ordination and co-operation of all Departments	Supervisors with suitable attitudes and skills are recruited/retained by offering a wage above the local medium.
2) Company Wide Communications	2) Company Wide Communications	
3) Emphasis on First Line Supervision	3) **Emphasis on First Line Supervision**	Where at all possible the company promotes employees to the supervisory level on the basis of merit.
4) Close Ties With Suppliers	4) **Close Ties With Suppliers**	
	5) **UK Personnel Management**	The company aspires to create a JIT supply system the same as that in Japan. (See summary of production system requirements above). This, combined with EEC local sourcing requirements, necessitates the development of close ties with locally based suppliers in order to bring them up to the standard of quality, price and delivery time required. It may take some time for this to be achieved, which, in the meantime, will lead to a compromise JIT supply system.
		The personnel manager at the transplant is a UK national. He/she has a high level of influence and is not inhibited by the need to report to any but the most senior of Japanese management. He/she assumes full responsibility for personnel and industrial relations issues.

UK model characteristics in bold type represent an area of
difference in comparison to the domestic Japanese
production system.

TABLE 5.1 Cont'd

Domestic Personnel Characteristics	UK Model Personnel Characteristics	Differences UK Model Has to Contend With
1) Core/Periphery Workforce Distinctions	1) Core/Periphery Workforce Distinctions	A voluntary guarantee (preferably written) is given to core employees regarding job security at the transplant. They will be the last group of workers to be laid off and every effort will be made to retain them in return for their loyalty.
2) Life-time Employment	2) **Guarantee of Secure Employment**	
3) Welfarism	3) **Welfarism**	There is a commitment from the transplant to provide core employment with basic welfare benefits. (Not as extensive as those offered at large companies in Japan).
4) Single Status	4) Single Status	
5) Seniority (Pay)	5) **Market Led Pay Levels**	Pay at the transplant is determined by a mixture of local pay levels and what the company can afford to pay for the skills required. It may, in part, be assessed on the basis of employee merit or performance. No element of pay is linked to seniority.
6) Seniority (Promotion)	6) **Merit Based Promotion**	
7) Intensive Selection	7) **Intensive Selection**	Promotion of employees is based on merit. Seniority only plays a role when linked to an individual's experience.
8) Training	8) Training	
9) Elements of Consensuality Participation	9) Elements of Consensuality Participation	The transplant does not operate a policy geared to the recruitment of school leavers.
10) Regimented Work Environment	10) **Regimented Work Environment**	Careful selection and implementation of practices related to the regimentation of the work environment is necessary at UK transplants. Extra time and effort is needed to explain the reasoning behind some practices. In some cases, it may be better to implement practices on a voluntary basis.

UK model characteristics in bold type represent an area of
difference in comparison to the domestic Japanese
production system.

TABLE 5.1 Cont'd

Domestic Industrial Relations Characteristics	UK Model Industrial Relations Characteristics	Differences UK Model Has to Contend With

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1) Single Unionism	1) **No Union or Single Union Recognition**	The transplant recognises **either** no union or a single union. Irréspective of recognition some form of elected workforce representation is available.
2) Enterprise Unionism	2) **Enterprise Level Bargaining**	
3) Formalized Union Organization	3) **Formalized Union Organization where a Union is Recognised**	Collective bargaining is carried out at the enterprise level only. Unlike in Japan, enterprise in the UK refers to a single bargaining unit confined to one localised site.
4) Enterprise Level Bargaining	4) **New-Style Collective Agreement (NSA) where a Union is Recognised or Alternative Written Procedures Where no Union is Recognised**	The union recognised at a transplant will be far more independent of the company than an enterprise union in Japan. However, it will place the interest of the transplant before external craft, industry or political issues.
		Where union recognition occurs at a transplant, a NSA is signed. Local and Japanese management must adhere to the high trust, co-operative "spirit of interest" underlying the agreements.

UK model characteristics in bold type represent an area of difference in comparison to the domestic Japanese production system.

The research's UK model featured in figure 5.1 is constructed using three sources. The first is the domestic Japanese production system outlined in Chapter 3.

Secondly, the model takes in to account issues presented by literature in Chapter 4. In many cases, the insertion of a difference into the UK model is influenced by this literature, which highlighted problems of transference and their possible remedies when the domestic Japanese production system is transplanted.

The third source is the analysis of data drawn from interviews and discussions with personnel and production management from 21 Japanese companies in the UK manufacturing sector. This was used to cross check the literature's accuracy in identifying problems of transference and their possible remedies in the UK. The interviews were held between October 1988 and February 1992. Nineteen of these companies were involved in the UK consumer electronics sector. Two were involved in vehicle and heavy plant manufacturing. Nine of the consumer electronics companies subsequently became involved in this research project. In addition, interviews with full-time officials from three unions representing or attempting to represent employees at Japanese manufacturers were conducted. Drawing on each of these sources a picture emerges of what is believed to be the most practicable and effective production system for Japanese companies wishing to manufacture in the UK.

The shape and mechanics of the research's UK model are the same as that of the domestic Japanese production system.

i.e., to the right of the diagram are a set of production requirements, which four sets of characteristics feed into. As before, the characteristics flow *directly* and *indirectly* into the production requirements section, while management's role as initiators and operators of the organizational, employment and industrial relations characteristics means that there can be no indirect relationship that flows via the managerial characteristics.

There are three additional features of the research's UK model that need to be outlined. Firstly, the model assumes all Japanese manufacturing companies in the UK to have the same basic set of production requirements regardless of industry or technology. What we are interested in examining here is the characteristics that their production systems display in attempting to fulfil those requirements.

The second additional feature is that the model is constructed to allow for the possibility of either a dual or single management structure existing at a company. (A dual management structure is defined as a combined Japanese and UK management team, a single management structure as a management team comprising of only Japanese management excluding the Personnel Management function.)

It is not the intention of the research to suggest that either single or dual management structures represent the best structure for incorporation into a UK model. Nonetheless, the research does acknowledge that a dual management structure consisting of complex anglo/Japanese relationships may be more

difficult to operate. Only in this respect could either

management structure be considered as intervening in the

effective operation of of the model. We must therefore accept

that either structure may be the most suitable, depending on

variables such as the age or size of the company they are in

use at. What the research's UK model does, however, expect is

that both structures will operate effectively when they exhibit

the managerial characteristics that it specifies and when both

incorporate the organizational characteristic of using a UK

personnel manager (see item No 3 below - Organizational

Characteristics) with real influence. In short, if the

production system exhibits the correct characteristics, this

should stop the emergence of problems associated with either

the single or dual management structures.

The third feature to note is that the model attempts to

provide a production system that works equally as well whatever

the external circumstances that arise. External circumstances

are those factors that are beyond the model's control, such as

the transplant's location, size, or age and levels of financial

backing and autonomy given by the parent company. These

factors might, for instance, determine the transplant's

management structure, whether it has a NSA and whether R&D

facilities are available locally or in Japan.

1) THE REQUIREMENTS OF THE UK MODEL: WHERE THE DIFFERENCES LIE

As under the domestic Japanese production system the

requirements of the research's UK model can be seen to form

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four natural clusters. These are the organization of labour, quality control, the organization and supply of production and product strategy. There are only two modifications to this section of the model. These relate to the issues of a JIT supply system and continuous research and design.

1) Just In Time Supply System - It has to be recognised that, for the UK model, the immediate operation of a JIT supply system in a form close to that described under the domestic Japanese production system is unrealistic. To summarise, the research's UK model expects transplants to aspire to operate a JIT supply system close to that achievable in Japan. These aspirations are evidenced by close, supportive relationships built with locally based suppliers. These relationships are discussed in section 2.2 below. However, the model accepts that transplants in the UK may on occasion be compelled to modify their JIT supply system to allow for lead times, quality and price that would be unacceptable in Japan.

2) Continuous Research and Design - The Japanese tendency has been to keep the research and design (R&D) of products made at their overseas operations based in Japan. Consequently, transplants may rely upon the continuous research and development of new products and product modifications by the domestic Japanese production system of the UK operation's parent company.

As was discussed in Chapter 1, the retention of research and design facilities in Japan has been seen as indicative of

either a Japanese unwillingness to export all but the minimal

amount of technological information and/or no long term

commitment to their presence in Western markets. (James,1988;

Morris, 1988b) Japanese owned Western operations are

therefore seen as nothing more than "screwdriver"

manufacturing operations used to outmanoeuvre Western, notably

EC, trade restrictions. Indeed, Jacques Calvet, Chairman of

Peugeot, in France, has described Britain as a giant "aircraft

carrier" lurking off the European coast, comprising of nothing

more than "manufacturing assembly points." (Independent

8/10/1990.)

Conversely, one might view the introduction of R&D

facilities as the next phase in a long term strategy of direct

investment in the UK, though given the comparative youth of

most Japanese manufacturers in the UK it is perhaps a little

premature to judge as to whether this is the case. There is

however evidence that the early trend of keeping such

facilities at home is being reversed. This applies especially

to the UK consumer electronics sector. By the end of August

1991, seven major Japanese companies involved in the UK

consumer electronics sector had located R&D facilities to the

UK. For instance, Sharp have a £10 million research and

design laboratory in Oxford, while Hitachi employ

approximately fifty research and design engineers in the

television division of their South Wales plant.

In the context of the research's UK model continuous R&D

remains a production requirement. But realistically the term

has to be modified to reflect a set of circumstances that are

only gradually altering. These circumstances are:

> 1) It is still necessary for the UK model to receive new
> product designs and existing product modifications for
> the company to remain competitive.
>
> 2) Management and technical staff working under the UK
> model are likely to have a restricted input into the R&D
> of new products and the major modifications of existing
> products. The transplant is unlikely to offer localised
> R&D facilities that could be categorised under Kono's
> "creative" or Matsumoto's "long-term" product development
> definitions. (As discussed in chapter 3. Kono, 1988;
> Matsumoto, 1986)
>
> 3) Even where all research and design is carried out in
> Japan, day to day product modifications will arise during
> production which can only be carried out by the UK
> transplant's employees. This is what Kono describes as
> "innovatory", and Matsumoto as "basic" R&D. (Kono, 1988;
> Matsumoto, 1986) Day to day product modifications often
> require considerable consultation between the transplant
> and component suppliers. (Discussed under section 2.2
> below.)

2) THE CHARACTERISTICS OF THE UK MODEL: WHERE THE DIFFERENCES LIE

The same four sets of characteristics exist under the

research's UK model as under the domestic Japanese model.

These are managerial, structural, personnel and industrial

relations characteristics. It is stressed that the general

aims of each set of characteristics remain the same as those

identified under the domestic Japanese model. The differences

within each set are as follows:

2.1) <u>Managerial Characteristics</u>

1) <u>Consensual/Groupist Decision Making</u> - In Chapter 4, it
was argued that the transference of ringi and nemawashi based
decision making can lead to misunderstandings and distrust
between local and Japanese managers. (See for example Tsurumi,
1978; Yoshihara, 1989; Smith 1984) These problems will,
inevitably, have a detrimental effect on the production system
as defined in the broad sense in Chapter 2. Conversely, there
is also evidence that some Japanese transplants avoid these
problems while still operating a decision making process the
same as that which exists under the domestic Japanese model.
(Trevor, 1988; Koyabashi, 1985)

The challenge issued by the research's UK model is for
the selection of Japanese transplant managers who are
sensitive to these problems and make special effort to
incorporate UK management into the decision making process.
(See item No 2 below.) One UK production manager at a Japanese
transplant described this as requiring "cultural compromise"
from Japanese management. He went on to stress that it is
also essential that Japanese managers, where necessary, select
local managers with attitudes and skills that enable them to
adapt to an unfamiliar decision making process. (See item No 2
below.) Only then can the decision making process be said to
be truly consensual or groupist based. Another UK manager,
at a Japanese company pointed out that this approach has a
crucial effect: "If everyone has been party to a decision,

everyone agrees with it and if everyone agrees with it then they implement it."

2) <u>Special Selection/Retention Procedures</u> - As with the model of the domestic Japanese production system the UK model still requires rigorous selection procedures and academic standards. A senior local manager in the personnel function compared the selection of managers, whether Japanese or UK, to the selection of production components. "They have to be of a certain specification so as to fit into the system here, and they need meet our demand for a high level of quality." However, because the procedures must operate in the UK there are two issues which the selection characteristic must contend with.

Firstly, the selection of Japanese managers to manage overseas manufacturing operations with either a single or dual management structure, requires the additional quality of the manager being able to achieve a set of objectives through the use of management practices that are often alien to local managers and employees. These managers will also need good communication skills (especially given linguistic differences), and the talent to identify situations in which it is necessary to create a compromise of their own beliefs and attitudes with local custom and practice.

The second issue relates to companies that adopt a management structure in which UK managers are used. The judgement of their Japanese management will have a crucial bearing on the quality of the UK management selected. They

have to select UK managers who have a clear understanding of and belief in the company's strategies and goals, as well as the ability to achieve them using unfamiliar Japanese style management practices. In the UK management labour market, good managers are expected to move from company to company for more money and new challenges. Finding such people and then retaining them is easier said than done. To overcome this problem, the research's UK model offers two solutions.

Firstly, the model aims to provide competitive levels of management pay. The levels should be above the local median, preferably near or in the upper quartile.

Secondly, good calibre local management are also retained by virtue of the fact that the production system, by its very nature, inevitably provides them with a series of motivating challenges and interests. In part, these challenges and interests arise from the requirement of, and acceptance by, local managers of a career path in which while, nominally remaining attached to a particular department, they will circulate around the company from function to function accruing an increasing number of skills. As under the domestic Japanese model, circulation is vital to the manager gaining a greater understanding of the organization as a whole and may occur at senior as well as junior management levels.

Management circulation forms part of a promotional structure that incorporates what one local manager described as "both horizontal and vertical promotion." By horizontal promotion he meant that, while circulating around the company

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accruing extra skills, a manager often acquires and retains responsibility for a wider range of tasks. Vertical promotion is a movement up the management hierarchy, which increases power and influence within the the organization.

For vertical promotion of local management to occur, there needs to be an acceptance by Japanese management that in the long term the UK based operation will be entrusted to a management team comprising solely of, or at least dominated by, UK recruited staff.   This was made clear at a seminar with Japanese and UK managers in which the personnel practices applied to management at Japanese companies in the UK came under scrutiny. Several local managers argued that it was vital for local management morale that a Japanese acceptance of increasing UK management influence was demonstrated by actions and not words. As one local manager argued: "Its good that my company has made it known that it expects to be a British managed operation in the future, but for people to believe it is going to happen we need some British promotions now. These would indicate a reduction in Japanese influence and be seen as   proof of Japanese intentions." (Third Mitsubishi Bank Foundation Conference on Japanese Overseas Investment, 1989)

2.2) Organizational Characteristics

1) Emphasis on First Line Supervision - An emphasis on responsibility and leadership at the first line of supervision means that the rewards in terms of job satisfaction and

motivation for the individual concerned may be considerable. The UK model has to take in to account the fact that in the UK this is not enough to consistently attract people with a level of qualifications, technical skills and experience that are in excess of the expected norm for the 'traditional' UK supervisor. As one personnel manager explained: "Most of our supervisors have got degrees, because the duties we expect of them are extremely onerous. They are really the first tier of management, because in addition to their leadership of the workers under them they are deeply involved in the planning of production and decision making." Consequently, the recruitment and retention of such people to supervisory posts will, to a considerable extent, rely upon rewarding their suitability by payment of an attractive wage. For the research's UK model this would be above the local median.

Several personnel managers at Japanese transplants suggested that there is in fact a very small pool of appropriate labour from which to recruit the type of supervisor they wanted. Added to that, they preferred, where at all possible to promote individuals from within the company to the posts. (For the reasoning behind this see section 2.3 below-concerning Merit Based Promotion.) Those internal candidates promoted to supervisor level were often under-qualified relative to the levels specified by the company. Their appointment was based on the understanding that they study for any qualifications and skills that the employer felt it was necessary for them to have and this is incorporated into the

model. The model still, however, requires that once obtained, the necessary qualifications and skills are financially rewarded by an attractive wage.

2) <u>Close Ties With Suppliers</u> - While it is not unreasonable for a Japanese transplant in the UK to aspire to operate a JIT supply system as described under the domestic Japanese production system it is clear that such a procedure cannot be applied to every product component supplied. The evidence presented in Chapter 4 showed that Japanese companies had often found local UK suppliers unable to meet delivery times, quality and price. In other instances the component may not yet be available in the UK. As one local manager explained at a transplant, "EEC constraints compel us to use a proportion of locally produced components in our goods but we still find it more effective to ship in several of our components from Japan. The only problem is that we have to operate a forty two day lead time! In this respect our JIT system is compromised and we are therefore continually seeking good local suppliers."

This situation gives transplants two choices. Firstly, through the development of close relationships they can achieve levels of quality, price and delivery time by raising UK suppliers to the standards required. Secondly, they can encourage/await the arrival of Japanese owned suppliers locally. Once they have arrived the buying transplant proceeds to develop close ties with them. (Nichiguchi, 1990; Sako, 1990, 1992)

As with suppliers in Japan, it is also important that suppliers feed the production system with components that are designed to be easily assembled into the product. Often the component has been produced in Japan so that the specifications are already available, but modifications may be necessary for the product to sell on the European market.

These issues mean that the research's UK model needs to exhibit the following characteristics. Firstly, while acknowledging that it may not be possible to immediately obtain a perfect JIT system, a transplant is expected to establish a clear set of criteria for the supplier to match so that the production system moves towards obtaining the benefits of guaranteed delivery times, stable component prices, and quality. Secondly, for a supplier to match these criteria and where the component needs to be modified for the European market, it is important that, as under the domestic Japanese model outlined in Chapter 3, close and supportive buyer/supplier relationships are developed by the transplant.

3) <u>UK Personnel Management</u> - Given the crucial role played by personnel and industrial relations in the Japanese production system the personnel management function assumes considerable importance. Under the research's UK model the personnel function is deemed to require UK management, even if the rest of the production system is managed by expatriate Japanese. Japanese employers generally admit that their knowledge and ability of UK personnel and industrial relations

practices is limited and are usually happy to leave personnel management in UK hands. (Dunning, 1986, pp.67-79)

Where a UK Personnel Manager is employed at a transplant the model assesses their level of influence within the organization. Ideally, the post is at a level that assumes full responsibility for personnel and industrial relations issues. It should not be inhibited by the need to report to any but the most senior of (Japanese) management and is certainly not an administrative rather than managerial post. A high level of influence allows the personnel manager to create an understanding among the management team as a whole of the institutionalized elements of UK industrial relations and how best to deal with them under a Japanese orientated production system.

2.3)   Personnel Characteristics

1) Guarantee of Secure Employment - The research's UK model does not offer a job for life, while the horizontal nature of the UK labour market means that employees, while appreciative of job security, do not necessarily desire to remain with the same company throughout their working lives. There is then a fine distinction between the guarantee made in the UK, and the tradition of life-time employment in Japan. One personnel manager believed that: "There's an implicit sense of security fostered by this company from the first time you walk through the door. During our recruitment interviews we stress the long-term commitment of the Japanese to this venture

and that continues while the individual works here." Another

suggested: "Our reputation in the local community rests on this

issue. Our permanent employees Know we're never going to go

away over night, and we've installed the expectation in them,

that as far as is possible, we will reward loyalty with job

security."

On this basis, though the UK model aspires to a clear

written statement of intent regarding job security, it expects

at the very least a voluntaristic most often verbal,

understanding between employer and core employees. This

understanding is that they will be the very last group of

workers to be laid off and that every effort will be made to

retain their services in return for their loyalty and

commitment.

2) <u>Welfarism</u> - As was shown in Chapter 4, the majority of

Japanese manufacturers in the UK have not been found to offer

employees welfare benefits beyond the UK norms. (Reitsperger,

1986b; Oliver & Wilkinson, 1988) The research's UK model does

not necessitate the provision of the kind of services available

at some large manufacturers in Japan. Few, if any, Japanese

transplants in the UK are of a size or have the financial

resources to provide for example company housing or company

hospitals. Instead the model looks for a commitment to allow

all core employees basic benefits such as pension schemes, sick

pay or perhaps enhanced conditions for maternity leave. These

are well within the financial scope of even the smaller

companies.

3) <u>Market Led Pay Levels</u> - Wage levels are based upon the local median for the levels of skill required and what the company can afford to pay. The higher above the median the company is the better since this indicates that the company feels it is successful enough to be able to offer such rates. In addition, pay may, to varying degrees, be assessed on the basis of appraisals of employee merit or performance. Other financial rewards based on seniority, productivity bonuses or attendance allowances are less acceptable to the model. This is because they do not rely on a form of appraisal that assesses what the individual's motivation is for meeting the criteria that makes them eligible for the reward. Instead, they assume and encourage the development of financially driven employee motivation only. This is adjudged detrimental to the objectives of the UK model. As one of several personnel managers put it: "If we see good quality hard work we will reward it, but just turning up every day and going through the motions indicates no desire to see the company do well in the long-term . It's just a grab what you can attitude."

4) <u>Merit Based Promotion</u> - Promotion is based upon the individual's commitment and performance. Seniority should play no role in determining suitability for promotion except when linked to an assessment of the individual's experience. In part, this experience is linked to the company's development of the individual via training either off or on the job so that they accrue a greater number of skills.

The model also expects a written undertaken that where at all possible posts will be filled by promotion from within the organization. Several personnel managers interviewed believed that this policy played an important role in motivating and retaining workers. As one pointed out: "Internal promotion forms a key element of our reward system. We want our shop floor workers to know that it's possible to get promotion. We want them to see their colleagues getting promoted on the basis of merit and to understand that the same criteria applies to them."

5) <u>Intensive Selection Procedures</u> - The model requires a selection procedure that involves the use of detailed application forms, intensive interviews and aptitude tests. It avoids a policy geared solely to recruiting school leavers. As was suggested in Chapter 4, this may lead to difficulties of discipline, motivation and loyalty. (Broad, 1989)

The company is expected to adopt a policy of recruiting a mixed age profile of workers. The benefit of such an approach is that as one personnel manager explained: "Older workers, because they've inevitably worked somewhere else before are more experienced of a working environment. They can compare the company with others and hopefully decide it's not a bad place to work. They know that the grass is not greener down the road at other local employers and stay put. Family responsibilities also mean that they are less likely to move off at a whim. They're generally more reasoned in their arguments with management and easier to get interested in the

company's objectives.   We find that all this rubs off on the younger more impressionable workers who, if they had been the dominant group, might otherwise be too immature to mould into the kind of worker that we want."

7) <u>Regimented Work Environment</u> - It is desirable for the inclusion of this characteristic, since the Japanese production system does not allow for slack work practices. It has however been argued that the unexplained application of such policies in an authoritarian manner and/or the use of management authority to uphold actions that are of little more than antagonistic value may force up productivity and efficiency, but cannot be said to elicit reductions in "them and us" attitudes among employees. (Oliver & Wilkinson, 1988; Slaughter, 1987)   Consequently, a regimented work environment needs to be applied with a great deal of sensitivity by management operating a Japanese transplant in the UK.   A compromise has to evolve between what is required of UK workers and what is acceptable to them.   If management make the time and effort to explain the reasoning behind policies concerning for instance housekeeping, absenteeism and performance, then there is evidence that UK employees will respond positively. (Jenner & Trevor, 1985, p.120; White & Trevor, 1983, pp.20-71; Wickens, 1987, pp.96-110) Other practices such as Taiso (pre-work physical exercises) can be successfully implemented on a voluntary basis if their use and benefits are properly explained. (Broad, 1987)

In light of these issues the UK model therefore requires

evidence of a regimented work environment. However, any new

policy or procedure related to this issue is explained to the

workforce verbally or in writing before implementation and

employee concerns about its proposed implementation are

considered carefully by management.

2.4) Industrial Relations Characteristics

1) No Union or Single Union Recognition - The research's

UK model has to cope with two possible scenarios concerning the

issue of union recognition at Japanese manufacturers in the UK.

The first scenario is the avoidance of union recognition

altogether.

A personnel manager at one non-unionised company candidly

admitted that: "No matter how paternalistic you feel you are,

you should still have an employee representative structure

able to give you an alternative expressed view. It is also

vital to the communication and operation of a common interest

between workers and management in the success of the company."

The model follows this approach, in that where no union is

recognised it also allows for the use of a non-independent

staff association/union at a company as an alternative, but

less effective form of employee representation. A non-

independent staff association/union would be expected to have

a high density of membership at the company. The model also

judges the election of employee representatives to a

consultative committee in a company with no union or no

independent   staff association/union as an unsatisfactory

method of employee representation.

The second option is for transplants to sign "new style"

collective agreements with a single union. (See item No 4

below.) The key to union recognition at a company in South

Wales was, for its personnel manager, "the fear among the

Japanese that a tradition of active trade unionism in this

region would result in the company facing recognition claims

from two or three trade unions. They wanted to deal with the

workforce as a coherent group, and saw single unionism as

essential to the reduction of divisive status barriers among

employees."

2) Enterprise Level Bargaining – Wage bargaining is

carried out at the enterprise level only. Unlike in Japan,

enterprise in the UK context means a single bargaining unit

confined to one localised site. For example, bargaining at one

Matsushita owned site in the UK will not be linked to any of

the company's other UK operations.

Where a union is recognised the negotiations are, in the

first instance, between senior management and elected lay

representatives. If these two groups cannot agree, only then

do local and national full-time union representatives become

progressively involved. Pay should be determined on the

principle of what the company can afford to pay without

damaging its competitiveness. (See section 2.3 above.)

Where no union is recognised, ideally negotiations should

occur between elected employee representatives and senior

management. (See item No 1 above in this section.) Management must avoid simply imposing a pay award without any form of consultation or negotiation with employees.

3) Formalised Union or Other Structure - The research's UK model expects a formalised union or other structure to exist. This is able to represent individual or collective employee grievances. Where a union is recognised it represents all core employees who wish to join. This includes white collar and supervisory staff, but not management. It cannot be viewed as an enterprise union along the lines seen in Japan. It is a nationally structured union, often representing workers in many different sectors of industry. Lay representatives at the company (shop stewards and branch officials) are paid on the basis of the production related work they do, not for their union related duties, though they may be given paid time off to conduct union affairs. Local and national full-time officials' wages are funded through the union's membership subscriptions.

Despite this independence, the union's officers and its membership at the company are expected to place the interests of the enterprise before any external craft, industry or political issues. A local trade union official summed up this relationship during interview: "Yes, we're like any other union, we're here to get more for our members, but only what we believe the company can afford to pay. If, for example, the company convinces us that what we're expecting will lead to a reduction in its training budget, then we'd argue that that

wasn't in the interests of our members and revise our expectations downwards." This official was quick to add a proviso to his statement which reflects the nature of the relationship between the company and union: "It is of course up to the company to trust us with the level of information that shows this to be the case."

4) "New-Style" Collective Agreements or Alternative Written Procedures - Where a single union is recognised it will have signed a "new-style" collective agreement (NSA) with the company. The agreement aims to encourage co-operation and partnership between the employer and union rather than a conflictual relationship.

Ken Biggs, National Organiser for the EETPU, has negotiated several NSAs with Japanese employers in the UK and talks of the "spirit of intent" that lies behind them. For him, "A Japanese and local management understanding of this spirit is crucial to the successful operation of these agreements. There is so much in them that is based on fairness and trust. Its up to the company's management to adopt the attitudes and behaviour that lead to a consensual style of management. If they don't play fair then they're asking for our members to revert to traditional, adversarial industrial relations." Perhaps the best summing up of why it is necessary for management to understand the spirit of intent behind an NSA was given by the personnel manager of a Panasonic plant in the UK. He talked of his NSA's reliance on "honourability", believing that "...the agreement has great gaps in it that

management could drive a bus through, but in fact what we aim for here is the understanding that we're both on the same bus!" The model contains an assessment of the extent to which management are perceived by union members to adhere to the spirit of an NSA in operation at a unionised company. It also expects NSAs to include the following components:

1) <u>Single union recognition</u>

2) <u>Total labour flexibility</u>

3) <u>Participation</u>

4) <u>No strike procedure</u>

The components do not include any mention of single status terms and conditions of employment. There is good reason for this omission.

Several commentators, notably Bassett and Burrows, present the issue of single status terms and conditions as if they are included in a NSA as an automatic concession to the recognised union by management. (Bassett, 1987; Burrows, 1986) They are not. Reading Bassett's account, "Strike Free", one is led to believe that the union bargained for and obtained a set of single status terms in return for signing the NSA at Toshiba. However, Trevor's book, also concerning Toshiba's agreement, reveals that management had decided before opening negotiations with union representatives that a single status package would form part of their strategy to obtain and reward workforce commitment. (Trevor, 1988) In fact, while some of the early

NSAs signed with Japanese companies (Hitachi for example) do make some mention of single status, many later agreements do not, simply because they are usually an automatic feature of the individual employee's personal contract. Japanese transplants tend to regard single status terms as a matter of course. Thus, as under the domestic Japanese model, single status features in the research's UK model, as a personnel characteristic.

Where no union is recognised an alternative set of written procedures are required. These include a grievance procedure, participation and flexibility.

3) SUMMARY AND CONCLUSIONS

The research's UK model appears very similar to the domestic Japanese model. This can be attributed to both models incorporating virtually identical production requirements. The differences discussed should be seen as modifications to the domestic Japanese production system, offering the best way of fulfilling its requirements when transplanted to the UK.

This chapter has analysed the differences between the requirements and characteristics of the domestic Japanese production system and the UK model. A summary of these differences is provided in table 5.1.

Table 5.1 shows that only two modifications are necessary to the production system requirements of the UK model. These relate to a compromise form of the JIT system and the

recognition that long-term R&D is likely to be carried out in Japan.

Managerial characteristics under the research's UK model suggest that great care needs to be taken in the selection of Japanese management sent to a transplant. In addition, the model requires a special selection/retention characteristic in order to attract the most suitable local managers where a dual management structure exists.

The model's organizational characteristics are designed to allow the recruitment of individual's with the level of skills most suitable for an emphasis on first line supervision. The transplant is expected to develop close ties with its suppliers in the context of bringing its JIT system closer to that achieved under the domestic Japanese production system. The personnel management function should be filled by a local manager with a high level of responsibility and influence.

Personnel characteristics display five basic differences. These are a voluntaristic guarantee of job security, a commitment to basic welfare benefits for core employees, market led pay, merit based pay, and careful selection procedures that are not geared to the recruitment of school leavers.

Four differences are discernable under the model's industrial relations characteristics. Firstly, the transplant may or may not recognise a single union. Secondly, wage bargaining is carried out at a single bargaining unit confined to one localised site. Thirdly, where a union is recognised it remains far more independent of the company than would an

enterprise union under the domestic Japanese production system, though it is still expected to place the interests of the company before any external interests. Fourthly, where a union is recognised, a NSA is signed which incorporates a high trust, co-operative "spirit of intent".

There are two issues to bear in mind when assessing the structure of the research's UK model. Firstly, it is important to note that when the two sets of personnel and industrial relations characteristics in the UK model are combined they can be seen to exemplify the sort of NIR practices that are indicative of a strategy that seeks to reduce feelings of "them and us" among employees. Nevertheless, the research posits that a Japanese transplant's attempts to reduce "them and us" are also reliant upon the effectiveness of the UK model's managerial and organizational characteristics. ·

Secondly, it is also worth considering the implications of the UK model in respect of the debate concerning the Japanization of British industry. (See for example Oliver and Wilkinson 1988; Ackroyd et al 1988) The model created here gives some credence to the argument that where British owned industry seeks to emulate the success of its Japanese competitors by altering its production requirements to those of the Japanese production system, it must accept the broad definition of the system as was defined in chapter 2. This necessitates the adoption of the entire four sets of production characteristics rather than attempting to implement personnel or industrial relations characteristics ad hoc.

In Part 3 the research's UK model is used as a benchmark against which to compare the production systems of nine Japanese transplants in the UK consumer electronics sector. The model is then applied in greater detail to two case study companies. In each case the research assesses how successful the companies' NIR practices have been in altering workforce attitudes and shows whether the extent of their success has been influenced by strengths or weaknesses in other managerial or organizational production system characteristics.

Part 3 commences with Chapter 6 which summarises the hypotheses the research's UK model helps to test. Chapter 6 also explains the methodology used to compare the model alongside the production systems of nine sample companies in the UK consumer electronics sector.

PART 3

MEASURING UP TO THE UK MODEL: HOW STRENGTHS
AND WEAKNESSES IN THE PRODUCTION SYSTEMS OF
JAPANESE TRANSPLANTS CAN AFFECT
"THEM AND US" ATTITUDES.

CHAPTER 6

HYPOTHESES AND METHODOLOGY

1) THE RESEARCH HYPOTHESES

The research posits two inter-related hypotheses. They
can be summarised as follows:

1) That when compared to the research's UK model (see
figure 5.1 repeated on p 209), a number of key dimensions
of variability exist among the production systems of
Japanese transplants in the UK consumer electronics
sector. These dimensions of variability relate to the
extent to which a company displays the UK model's four
sets of production system characteristics.

2) That the closer a transplant is to displaying all four
sets of production system characteristics as identified
under the research's UK model, then the more likely it is
that "them and us" attitudes will be reduced among its
employees. This assumes that it is *not only* personnel
and industrial relations characteristics (NIR practices)
that impact on "them and us" attitudes *but also* managerial
and organizational characteristics. It is posited that,
though the performance of the production system is reliant
on effective NIR practices reducing "them and us"
attitudes, strengths and weaknesses in a transplant's
managerial and organizational characteristics may also
have a detrimental or beneficial affect on production
performance. This in turn will impact on "them and us"
attitudes. In short, the effectiveness of NIR practices
and the effective performance of a transplant's production
system enjoy a two way relationship (see figure 2.4
repeated on p 211).

Because of their intervening role (see figure 2.2 repeated
on p 210), poor managerial and organizational
characteristics can have a highly detrimental effect on
"them and us" attitudes. They may impede the successful
operation of a transplant's production system to the
extent that workers perceive some personal cost to
themselves. They come to believe that their working for
the good of the company is a waste, perceiving that other
managerial and organizational characteristics are
undermining their own efforts. Consequently their level
of morale drops, they lose confidence in management's
abilities and they become cynical of NIR practices. A

vicious circle emerges (see figure 2.5 repeated on p 211).
Poor managerial and organizational characteristics impede
the performance of the production system, and this stops
NIR practices reducing "them and us". The failure of NIR
practices in turn impairs the already poor performance of
the production system.

Conversely, and given this intervening role, the effective
performance of the production system owing to good
managerial and organizational characteristics may lead to
the emergence of a *virtuous circle* (see figure 2.6.
repeated on p 212). In this situation workers feel that
the effective performance of the production system is to
their benefit. They react positively to NIR practices and
"them and us" attitudes are therefore reduced. This, in
turn, further improves the production system's
performance.

2) THE RESEARCH METHODOLOGY

The research hypotheses are tested by comparing the

production systems of nine Japanese transplants in the UK

consumer electronics sector with the research's UK model.

This enables the identification of some key dimensions of

variability among their production systems. Those exhibiting a

close match with the UK model's production system

characteristics are said to have a "strong" set of production

system characteristics. Those which display few similarities

are said to display a "weak" set of production system

characteristics.

Two companies are selected from the sample of nine as

case studies. The research goes on to demonstrate how the

strengths and weaknesses of each of these two case study

companies' production system characteristics impact on their

efforts to reduce "them and us" attitudes among their

workforces. This section of the chapter is therefore divided

FIGURE 5.1

THE MODEL OF JAPANESE PRODUCTION SYSTEM FOR OPERATION IN THE UK

PERSONAL CHARACTERISTICS (NIR Practices)
1) Core/Periphery workforce distinctions
2) **Guarantee of secure employment**
3) **Welfarism**
4) Single Status
5) **Market led pay levels**
6) **Merit based promotion**
7) Intensive selection procedures
8) Training
9) Elements of consensuality and participation
10) **Regimented work environment**

I-R-CHARACTERISTICS (NIR Practices)
1) **No unionism or single unionism**
2) Enterprise level bargaining
3) **Formalised union or other organization**
4) **New style agreement in operation or alternative procedures**

ORGANIZATIONAL CHARACTERISTICS
1) Co-ordination and co-operation of all departments
2) Company wide communications
3) **Emphasis on first line supervision**
4) **Close ties with supervisors**
5) **UK personnel management**

MANAGERIAL CHARACTERISTICS
1) Coherent vision
2) Consistency of style
3) **Consensual/groupist decision making procedures**
4) Circulation
5) **Special selection/ retention procedures**

PRODUCTION SYSTEM REQUIREMENTS
Organization of Labour
1) Direct Labour
2) Flexible
3) Teamwork

Quality Control
4) Continuous Improvement
5) Quality

Organization and Supply Production
6) Full utilization of production area
7) Full utilization of production machinery
8) Full use of new technology
9) **Just in time supply**

Product Strategy
10) Adaptability to diverse model range
11) **Continuous R & D**

NB: An unbroken line denotes a direct relationship
A broken lines denotes an indirect relationship.

Characteristics or requirements in bold type represent an area of difference in comparison to the domestic Japanese production system.

FIGURE 2.2

Three Possible Routes to Attitude Change Showing Managerial and Organizational Characteristics as an Intervening Variable

Increased contact across group boundaries → Discovery of similarities and common beliefs → Friendly interpersonal relations → Reduction of category salience

Involvement in NIR initiatives → Effective Managerial and organizational characteristics

Perception of a superordinate goal → Breakdown of existing social categorisations → Group Fusion (creation of superordinate identification)

Change in behaviour → Pressure for dissonance reduction

Self perception

Realignment of attitudes
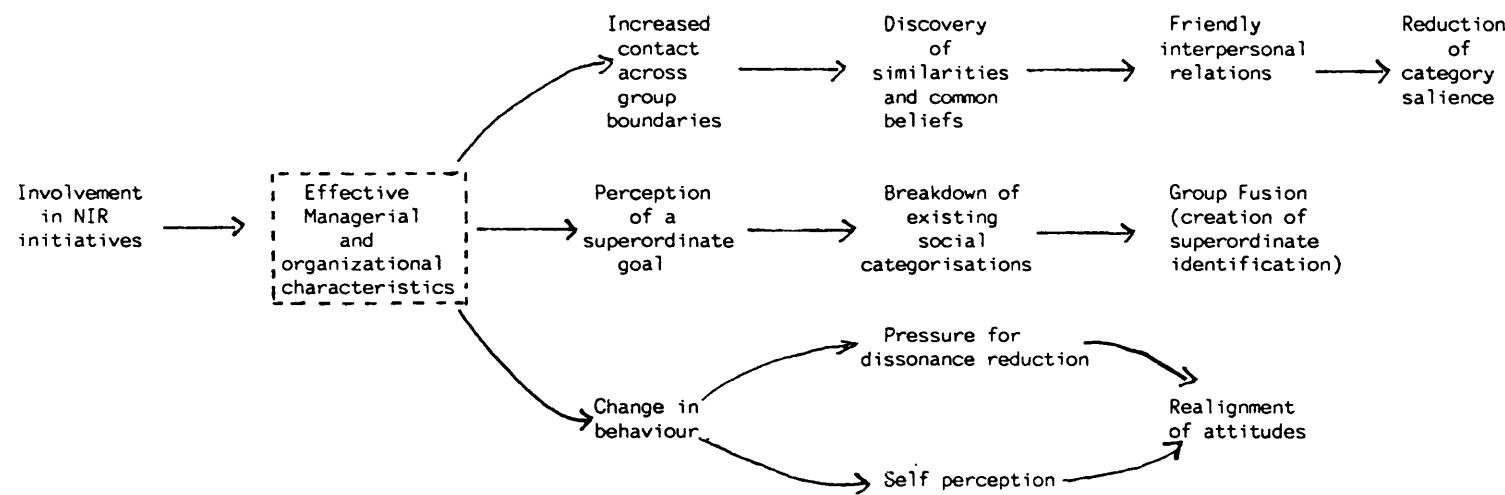
Source: (amended) Kelly and Kelly, 1991, p.33

FIGURE 2.4

The Two Way Relationship Between NIRs Practices and Production System Performance

(In) effective ⟶ (Non)Reduction ⟶ (In) effective
NIRs   of   performance
practices ⟵ "them and us" ⟵ of production
              attitudes   system

FIGURE 2.5

How the Relationship Between NIRs Practices and Production System
Performance Can Lead to the Emergence of a Vicious Circle

Poor
Performance of
Workforce

Poor   Poor   Maintenance
organization   performance   of strong
and   ⟶ of production   "them and us"
management   system   attitudes
of production   among
system   workforce

                        Workforce   Workforce
                        perceives   perceives
                        poor performance   personal costs
                        of production   due to poor
                        system   ⟶ performance
                                            of production
                                            system
                                            (i.e. their efforts
                                            to enhance the
                                            performance of the
                                            company have been
                                            wasted.)

FIGURE 2.6
How the Relationship Between The Production System's Performance
and NIRs Practices Can Lead to the Emergence of a Virtuous Circle.

Good performance
of workforce

Positive reaction
to NIRs practices.
Reductions in
"them and us"
attitudes

Good
organization
and management
of the
production
system

Good performance
of production
system

Workforce perceives
good performance of
production system

Efforts devoted to
pursuit of superordinate
goal believed worthwhile
due to managerial and
organization strengths.
No fear of job loss.

into two. The first part describes the methodology used to apply the research's UK model to the nine sample companies. The second part describes the methodology used to identify how strengths and weaknesses in each case study company's production system affected workforce attitudes and behaviour related to "them and us."

2.1) Measuring Up to the UK Model: A Method of Evaluation

The Model's Objective

The research's UK model was constructed with the following objective in mind. This was:

> To provide a "benchmark" against which to measure the production system characteristics of a sample set of Japanese manufacturing companies in the UK. This allowed the research to identify those companies with the strongest or weakest set of production system characteristics and to rank order them accordingly. The model was not used to measure production system requirements. These are deemed to remain constant from company to company and their presence is a matter of course. The model is based on the argument that the closer a company is to displaying a full set of production

system characteristics, then the closer it is to satisfying these requirements.

The Method of Evaluation

Meeting the model's objective entailed using the following methodology:

1) The sample consisted of nine companies. All the companies were Japanese owned and were in the UK consumer electronics sector.

2) Collation of the necessary data was carried out through the use of interviews with a sample of management and employee representatives at each sample company. A set of open ended questions were used to identify each sample company's production system characteristics. The same questionnaire was applied at each company. (Appendix 6.1.) The interview sample at each company comprised of the following:

a) Personnel Manager. If no specific post existed then the manager responsible for personnel related issues.

b) Two production managers. Where a dual management system existed one of these managers was Japanese.

c) Procurement Manager. If no specific post existed then the manager responsible for procurement related issues.

d) Two lay union representatives or where no union existed employee representatives.

3) The information drawn from the interviews, was then subjected to a method of scoring which showed how near to achieving each of the model's characteristics a sample company was.

In order to do this, the method of scoring was constructed to take account of two problems. Firstly, though some characteristics such as the personnel and industrial relations characteristics can be identified as existing on a straight forward 'yes/no' basis, the existence of others, notably several managerial characteristics, will only be exhibited through human actions and behaviour. Such actions and behaviour may be apparent only by the identification of more than one indice of the characteristic, all of which will therefore need to be incorporated into the method of evaluation.

Secondly, there may also be variance in the level of attainment companies achieve for certain characteristics. For example, one company may have an extensive set of welfare benefits available to its core employees (one company in the sample offered paternity leave), a second may offer several basic benefits such a pension scheme, a third may offer a few basic benefits, while a fourth may offer none at all.

For these reasons, the method of evaluating the existence of every one of the model's characteristic at a sample company provides four scores reflecting four possible levels of achievement. (These are given in

appendix 6.2.) The method is similar to that used by

Sakuma when evaluating his "Information Sharing System".

(Sakuma, 1990) As an example, the four levels of welfare

benefits at a company are scored in the following way:

Welfarism - An interview with the company's Personnel Manager
was used to identify one of the following:

1) The company provides in excess of the following
welfare benefits for its employees :- company
pension, and company sick pay. (Excess benefits
might include, for example,
company maternity pay or health care schemes.)   3

2) The company provides the following welfare benefits for
its employees:- company pension and company sick pay.   2

3) The company provides one of the following welfare benefits
for its employees:- company pension and company sick pay.   1

4) The company provides neither a company sick pay scheme nor
a company pension scheme for its employees.   0

Having allocated a score to each individual characteristic

at a company the following procedure was then applied:

a) Scores for individual characteristics in each set were

added together to form a total score for the set. The

scores for personnel and industrial relations

characteristics were weighted so that maximum scores for

all four sets were the same. This was done deliberately.

According one set of characteristics a greater potential

score than another would have been highly subjective and

would have led to questions about how arbitrary the scores

were. For example, the structure of the UK model as

shown in figure 5.1 acknowledges that managerial characteristics occupy a special role in the production system. It shows management as being responsible for initiating and implementing organizational, personnel and industrial relations characteristics. To have allocated a higher maximum score to managerial characteristics on the basis of this special role and then to obtain a higher score for a transplant's managerial characteristics when measuring its production system alongside the UK model would be of little use. The results could be interpreted not as highlighting the importance of the transplant's managerial characteristics, but as reflecting a biassed system of scoring. In other words the model would become a "self fulfilling prophecy". To have assigned different maximum scores to each of the four sets of production system characteristics would have undermined the model's value as a benchmark.

The maximum scores achievable for each of the four sets of characteristics with their weighted scores in brackets were:

Managerial Characteristics   Maximum score
                                                = 15 (15)

Organizational Characteristics   Maximum score
                                                = 15 (15)

Personnel Characteristics   Maximum score
                                                = 30 (15)

Industrial Relations Characteristics   Maximum score
                                                = 12 (15)

b) Each company's four scores were added together so as to form an overall score that could be rank ordered in comparison to other companies participating in the research. In addition, the scores for each of a company's four sets of characteristics were compared by rank ordering them with the scores achieved by the other sample companies. The scores for each company's individual sets of characteristics, and each company's overall score were reported as percentages.

2.2) The Case Studies: Methodology

Objectives

The use of case studies in the research (Company A and Company B) had two objectives. These were:

1) To analyse strengths and weaknesses in each company's production system characteristics.

2) To assess workforce attitudes and behaviour related to the issue of "them and us."

3) To demonstrate how strengths and weaknesses in each company's production system characteristics impact on workforce attitudes and behaviour related to "them and us".

The Methods of Evaluation

In order to achieve the case study objectives three methods of evaluation were used. These were questionnaires, interviews and observation.

Questionnaires

As Kelly and Kelly have noted, it is "striking... just how few studies there are of worker attitudes before and after the introduction of NIR practices." (Kelly and Kelly, 1991, p.27) The case study of Company A was not quite a before and after study. Nonetheless, it did comprise of a survey of the workforce conducted when the company was just two months old. This aimed to look at workforce expectations of their new employer and their union, and to look at their beliefs concerning "them and us". (See appendix 6.3.) A second questionnaire was then conducted sixteen months later to see whether these expectations had been met and whether attitudes regarding "them and us" had altered. (Appendix 6.4.) A questionnaire was also implemented at Company B after it had been in production for eighteen months. (Appendix 6.5) All employees up to but not including management level were eligible to fill them in. Each of the three questionnaires was constructed using the same four sections. There were few differences in the specific questions each questionnaire asked respondents to answer.

The first section covered general demographic details.
e.g. age, sex, self perception of class, grade and work
location within the company.

Section two contained the key question "co-operation in
firms is impossible because workers and management are really
on different sides". This was to be used as a dependent
variable to indicate whether perceptions of "them and us" as a
general feature of British industrial relations were affected
by perceptions of "them and us" within the company. Other
questions in the section aimed to show what attitudes
respondents brought with them to the Japanese transplant. How
did they perceive British management? Did they attach any
value to trade unionism and industrial action at the workplace?

The second section also aimed to analyse issues raised by
those such as Angle and Perry and Fukami and Larson regarding
dual commitment. (Angle & Perry, 1986; Fukami & Larson, 1984)
Questions looked to discover whether respondents believed it
was possible to be loyal to both a trade union and employer.

Several questions in this section were based upon Mann's
study of work and the work ethic and Marshall et al's study of
social class. Both studies found strong evidence of a belief
among workers that management and employees had differences of
interest that were difficult to overcome. Marshall et al
found that 63% of their sample agreed that: "The main social
conflict in Britain today is between those who run industry and
those who work for them." (Mann, 1986; Marshall et al, 1988,
p151)

A third section of each questionnaire was designed to assess workforce perceptions of the work environment at their own Japanese employer. It included questions designed to test the individual's level of Job satisfaction. These were drawn from a combination of Clay Hamner and Smith's Work Attitude Model and Hackman and Oldham's Job Diagnostic Survey. Hamner and Smith assessed workforce job satisfaction as a predictor of levels of union activity. (Both case study companies in this research were unionised.) Hackman and Oldham aimed to highlight those areas of a job that might be redesigned to improve motivation and productivity.

Other questions in section three were designed to test whether respondents believed specific practices at the companies designed to reduce "them and us" existed, and whether they perceived them in a positive light. Perceptions of the union's role at the company were also assessed. Some of the non-union related questions were drawn from Dewe, Dunn and Richardson's study of why workers might be attracted to the NIR practice of Employee Share Option Schemes. (Dewe, Dunn and Richardson, 1988)

There also existed within this section four key questions. These were to be used as dependent variables that indicated what it was at the companies that had impacted on "them and us" attitudes among their workers.

Three of these questions related to Kelly and Kelly's three routes to attitude change that were discussed in Chapter 2. (Kelly and Kelly, 1991.) One was to be used to assess what

Kelly and Kelly describe as "increased contact across group boundaries". This is increased contact based around practices such as detailed consultation and quality circles. Accordingly, a question asked respondents whether they felt management/worker communications at the company were poor.

A second route to attitude change was the creation of a superordinate goal. In relation to "them and us" the superordinate goal under scrutiny was for workers to appreciate that their efforts to make the company successful were in their interests as well as the company's. To identify whether respondents felt that such a superordinate goal was in place at their company the questionnaire therefore asked them whether they thought management were ever interested if they had an idea that might improve the way they did their job.

Kelly and Kelly's third route to attitude change in relation to "them and us" was "changes in attitude and behaviour". The idea is that new participative or co-operative behaviour at the workplace leads to alterations in attitude. A question on the questionnaire therefore simply asked respondents how they felt workers were treated at their company.

The fourth question to be used as a dependent variable indicating successful reductions in "them and us" attitudes was not directly related to Kelly and Kelly's three routes to attitude change. It asked respondents whether it would not take much for them to leave their employer. This assumes something more than loyalty to one's firm. It might actually

be possible to be feel some loyalty to a company, but still leave if you are unhappy about some aspect of the work or simply offered a job with better terms and conditions elsewhere. Instead, the research was looking for indications that the case study companies provided employees with work environments to which they attached great value and felt they could not obtain elsewhere. They would therefore be loathe to leave. Indeed, the personnel managers at both case study companies talked of creating work environments which because they induced reductions in "them and us" attitudes would install a "sense of belonging" or "lock in" employees to their firms.

It is not suggested that any one of these four questions was the best indicator of "them and us" attitudes at either case study. They should be seen as separate but equally valid indices of "them and us" attitudes among employees. All could contribute to a general reduction or exacerbation of these attitudes. On this basis it is perfectly plausible that a response to one key variable might be conducive to a reduction, while the response to another by the same respondent might indicate exacerbation.

The final section of the questionnaire asked respondents to give the reasons why they had or had not joined the union recognised at their company. For those who had joined, the aim was to identify what they expected of the the union.

Interviews

Each questionnaire asked workers to nominate themselves or a colleague to be interviewed as a follow up to the questionnaire results. Those who agreed to be interviewed were from a sample which was weighted to cover all work areas at each company. Interviews did not follow a fixed format, but comprised of open ended questions and covered the same set of issues examined by the questionnaire in more detail. Additional interviews concerning management/union relations at the company were conducted with shop stewards and local full-time union officials.

Interviews were also held with UK and Japanese management. Those interviewed were from the personnel, production and procurement areas. The interviews followed no fixed format, and asked open ended questions. They aimed to assess management views of their company's operation of managerial, organizational, personnel and industrial relations characteristics. Because under the research's UK model there is an emphasis on first line supervision, interviews were also conducted with all production supervisors at each company.

Observation

Observation enabled the examination of management and worker behaviour at each company. It was of great value in two respects. Firstly, it allowed identification of incidents and situations that assisted in the interpretation and explanation of strengths and weaknesses in each company's production

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system when compared to the research's UK model. Secondly, it helped to demonstrate how strengths and weaknesses in each company's production system characteristics impacted on workforce attitudes and behaviour related to "them and us".

The observation technique employed needed to enable observation and contact with a large cross section of employees at each company. After some consultation and negotiation with each company it was agreed that the observation would take a form similar to that of an "observer continuous diary" advocated by Thurley and Wirdenius. (Thurley and Wirdenius, 1973) Their work used this method of observation to record the actions and events surrounding a supervisor. In relation to this research it was felt that shadowing supervisors offered the most productive form of contact and observation of a large cross-section of employees. This was because the supervisor's work required them to move about within their respective areas of authority and responsibility. An emphasis on first line supervision also meant they were a key element of the management worker interface.

A first reaction might be to question whether shadowing a supervisor leads to employees associating the observer with management. Experience from this research suggests that this need not be the case provided employees are forewarned of your appearance and you explain to them what you are doing. I also found that unless the nature of the work prevented it, supervisors were happy to allow me the opportunity to talk to individuals at their work stations alone, and at any time I

wished. To this more structured form of observation can be added the observation of management meetings, of the management/worker advisory board, of the union organization and of socializing with employees both during their breaks and leisure time away from the company. Periods of observation totalled two months at Company A and four weeks at Company B.

3) SUMMARY AND CONCLUSIONS

In order to test the research's hypotheses it was necessary to use a methodology incorporating two mutually supportive approaches. The first necessitated the construction of the model of the Japanese production system for operation in the UK. This was then applied to a sample of nine companies and used to demonstrate key areas of variability variability among their respective production systems. This variability formed the basis of strengths and weaknesses within sample company production systems – strengths and weaknesses that might impact on their attempts to reduce "them and us" attitudes.

The research's second methodological approach incorporates the use of case study material. The extensive use of questionnaires, interviews and observation at two companies enables a linkage to be made between strengths and weaknesses in production system characteristics and workforce attitudes and behaviour related to "them and us".

The importance of the case studies is that having shown how strengths and weaknesses in their production systems affect

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"them and us" attitudes and behaviour among their workforces
the research can then return to the results of its comparison
of the other seven companies' production system
characteristics. Where it identifies similar strengths and
weaknesses, the implications for the non-case study companies'
attempts to reduce "them and us" attitudes among their
workforces are likely to be the same as those identified at the
two case study companies.

The methodology outlined in this chapter allows the
research to test whether the closer a company comes to
achieving the UK model then the more likely it is that the
company will reduce "them and us" attitudes among its
employees. In this respect, the results will concern
"intermediate" outcomes - they will not seek to confirm that a
"close fit" with the model leads to a company's statistically
proven better production performance. Thus the results do not
confirm that where a company reduces "them and us" attitudes
the "final" outcome will be its achievement of correspondingly
higher levels of say production output, efficiency or profit
when compared to companies that have not attempted to, or have
failed to, reduce "them and us" attitudes.

In the following three chapters the research hypotheses
are tested using the two forms of methodology outlined in this
chapter. Chapter 7 applies the research's UK model to the
sample nine companies in the UK consumer electronics company.
Chapters 8 and 9 go on to examine workforce attitudes and
behaviour concerning "them and us" at the two case study

companies. Each case study is treated separately. Chapter 8

presents the results of the first questionnaire, interviews and

period of observation conducted at Company A two months after

it had commenced production. It then looks at Company A

sixteen months later and analyses the results of the second

questionnaire, interviews and observation. Chapter 9 presents

the results of the questionnaire, interviews and observation

carried out at Company B.

CHAPTER 7

MEASURING UP TO THE UK MODEL: NINE JAPANESE COMPANIES
IN THE UK CONSUMER ELECTRONICS SECTOR

INTRODUCTION

Using the methodology outlined in Chapter 6, section 2.1 of this chapter presents evidence of key dimensions of variability among the production systems of nine Japanese companies operating in the UK consumer electronics sector. These key dimensions of variability reflect common strengths and weaknesses in the nine companies' production systems - strengths and weaknesses that explain why some of these companies are more successful than others in measuring up to the research's UK model.

Analysis of the strengths and weaknesses is supported by the extensive reporting of interviewee's comments on their respective company's production system characteristics. The summary and concluding section of the chapter identifies two case study companies and discusses why their production systems merit closer examination.

The chapter commences by highlighting three particular company traits that appear to influence strengths and weaknesses in sample companies' production system characteristics.

1) <u>MEASURING UP TO THE UK MODEL: EVIDENCE OF STRENGTHS AND</u>
<u>WEAKNESSES</u>

1.1) <u>The Sample Companies: General Details and Overall Scores</u>

Table 7.1 rank orders the nine sample companies in terms of the overall score they achieved when compared to the research's UK model. (The overall score combines total scores for the four sets of production system characteristics displayed by each company.) Overall scores demonstrate considerable variance between the production systems of the nine companies. Scores range from the highest of 87% to the lowest of 43%.

Table 7.1 also provides general details of each company. The longest any had been in production was nine years and ten months. (Company No 1) The shortest period was one year. (Company No 3) Size of workforce varied from 62 (Company No 4) to 1000 employees. (Company No 1) Seven (77%) of the nine companies were unionised. This is considerably higher than the 38% for all Japanese companies in the UK consumer electronics sector discussed earlier. (See table 1.7 chapter 1.) Union density at the nine companies ranged from between 45% at Companies No 2 and No 6, and 98% at Company No 3. There was an average union density of 64% among the sample.

As regards the possible link between company size and management structure, (See for instance Thurley 1981; Tsurumi 1978) only one company, Company No 6, (the joint second smallest of the sample) had what the research terms a single management structure. The other three smallest companies

TABLE 7.1

GENERAL DETAILS AND OVERALL SCORES OF NINE COMPANIES
IN THE UK CONSUMER ELECTRONICS SECTOR WHEN COMPARED TO THE UK MODEL

Company Number	No of Employees	Age at Time of Survey	Union Density if Unionsed	Manufacturer (M) or Supplier (S)	Single (S) or Dual (D) Management Structure	Overall Score Compared to UK Model *	** Parent Co Turnover 1990/91 (£000m)
Co No 1	1000	9 yrs 8 mths	60%	M	D	87%	>200
Co No 2	860	6 yrs 10 mths	65%	M	D	84%	100- 200
Co No 3	90	1 yr	98%	M	D	83%	10-99.9
Co No 4	62	2 yrs 2 mths	70%	M	D	81%	>200
Co No 5	150	4 yrs 1 mth	---	S	D	69%	>200
Co No 6	90	1 yr 8 mths	45%	S	S	66%	<9.99
Co No 7	500	4 yrs 2 mths	---	M	D	60%	<9.99
Co No 8	230	2 yrs	85%	M	D	49%	10-99.9
Co No 9	550	5 yrs 10 mths	50%	M	D	46%	<9.99

* Weighted and rounded
  to nearest percent

** To maintain the anonymity of the research's
   sample companies, specific turnover of parent
   companies is not given.

(Companies No 3, No 4 and No 5) argued that they expected to expand to a size in the next 2 years or less where it was necessary to operate a dual management structure. As a result, they felt it best to have a dual management team in place well before the expansion was undertaken even though it might not appear necessary given their current size.

Table 7.1 also shows that Companies No 5 and No 6 were suppliers within the UK consumer electronics sector. Finally, it shows that four of the top six rank ordered companies had parent companies with a turnover in excess of £100,000m in 1990/91.

Table 7.2 presents correlate analysis of the nine sample companies' general details as well as overall scores for each company and scores for their four sets of production system characteristics.

Analysis of the general details alongside each company's overall score reveals several issues for consideration. These relate to each transplant's age, size in terms of number of employees and its management structure.

On the issue of age, it might be argued that reaching something close to the research's UK model would take a company some time to achieve. Though the two longest established companies (Companies No 1 and No 2) scored highest when compared to model, table 7.2 shows there is no obvious correlation between age and score. Indeed, the third and fourth oldest companies are ranked fourth and ninth, while the youngest company is rank ordered third. This suggests that

TABLE 7.2

CORRELATIONS : GENERAL DETAILS AND SCORES WHEN COMPARED TO THE UK MODEL OF NINE SAMPLE COMPANIES

IN THE UK CONSUMER ELECTRONICS SECTOR

	1 Union Density at Co (%)	2 Age of Co (12 - 120 Months)	3 No. of Wafers Employed at Co (0 - 1000)	4 Turnover of Parent Co (£000M) 1990/91	5+ Overall Score Compared to Ideal UK Model (%)	6+ Score for Managerial Characteristics (%)	7+ Score for Organizational Characteristics (%)	8+ Score for Personnel Characteristics (%)	9+ Score for Industrial Relations Characteristics (%)	10 Overall Scores Rank Ordered by Group Membership 1=Group 2 2=Group 1 3=Group 3
(1)	-									
(2)	-.29	-								
(3)	-.12	.91***	-							
(4)	.44	.34	.36	-						
(5)	.26	.20	.23	.70*	-					
(6)	.10	.10	.02	.48	.89***	-				
(7)	-.18	.20	.10	.35	.84**	.88**	-			
(8)	.43	.41	.54	.91***	.77**	.52	.39	-		
(9)	.21	.04	.15	.77**	.83***	.56	.51	.78**	-	
(10)	.21	.43	.43	.64*	.88***	.88***	.71*	.76**	.59*	-

* = $\leq$ .05
** = $\leq$ .01
*** = $\leq$ .001

+ Scores weighted and rounded to nearest whole percent

N=9

there is no common timetable under which a Japanese transplant might expect to achieve a high score compared to the UK model. Moreover, Company No 3 has shown it to be possible within a year.

Turning to company size, this appears to be a significant factor in relation to both the score achieved and other general details on table 7.1. If the nine companies are divided into groups based on the number of employees several points emerge. Figure 7.1 places the companies into three groups while displaying each company's overall score when compared to the UK model. Companies in Group 1 employ up to 200 employees. Those in Group 2 employ more than 200 employees, but less than 800. Companies in Group 3 employ 800 or more. Companies in Group 2, irrespective of age, encounter difficulties in operating a production system close to that required by the model. If, as in table 7.2, overall scores are rank ordered in line with membership of these groups then a significant and strong association becomes apparent. Group 2 companies have low overall scores while companies in Groups 1 and 3 secure higher overall scores. Alternatively, if the same groupings are used and the overall scores are presented as a normal distribution curve then a U shape is obtained. (See figure 7.2)

Why do companies in Groups 1 and 3 encounter fewer difficulties than those in the "mid" size range? There are three possible and inter-related answers to this question.

The first answer can be seen if we return to overall scores when compared to the research's UK model. Four of the

FIGURE 7.1

OVERALL SCORES * OF SAMPLE COMPANIES BASED ON NUMBER OF EMPLOYEES
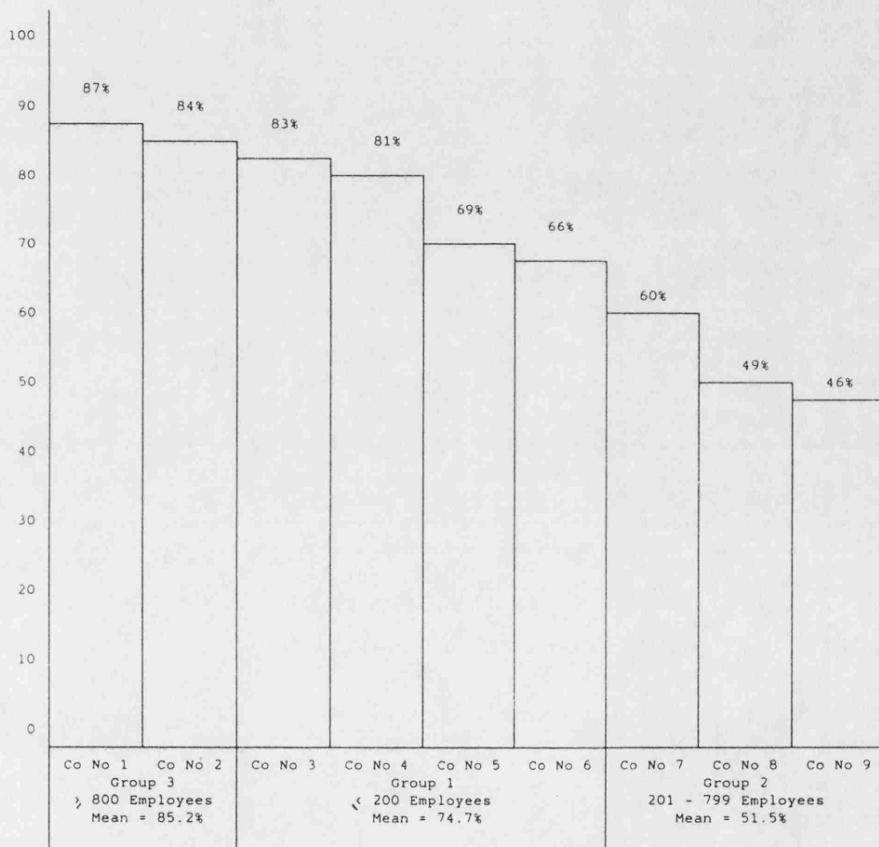
* Overall scores are weighted and
  rounded to the nearest whole percent

Means calculated from exact weighted scores

FIGURE 7.2

OVERALL SCORES * OF SAMPLE COMPANIES BASED ON NUMBER OF EMPLOYEES

PRESENTED AS A DISTRIBUTION CURVE
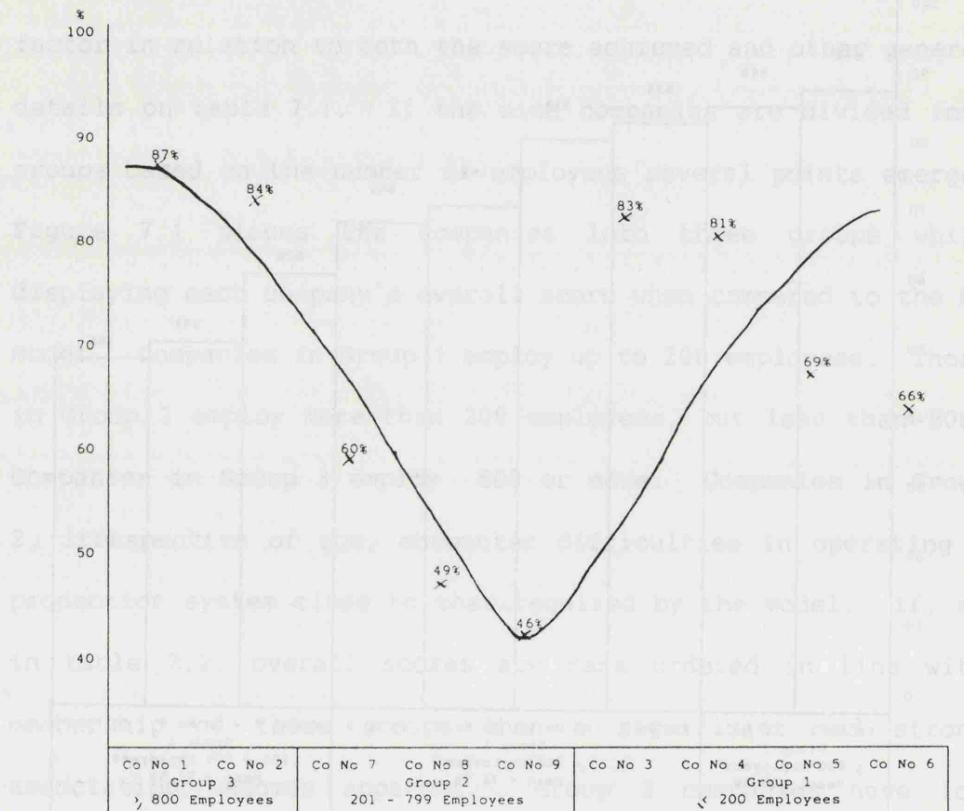
Co No 1	Co No 2	Co No 7	Co No 8	Co No 9	Co No 3	Co No 4	Co No 5	Co No 6
Group 3		Group 2			Group 1			
> 800 Employees		201 - 799 Employees			< 200 Employees			

* Overall scores are weighted and
rounded to the nearest whole percent

top five scores are achieved by companies who, in terms of annual turnover (1990/91), fall in the top six Japanese electronics manufacturers. (Source: JETRO) Three of these companies fall in Group 1 and two in Group 3. The ability of these transplants to match the model may therefore be influenced by the financial and management resources that their parent companies are able to direct towards them.

The second answer relates to the size of the manufacturing operation. It is fair to say that given the size of the companies in Group 1, it is easier to operate a production system with characteristics closer to that of the model than at those of companies in Groups 2 and 3. For example, several managers at these Group 1 companies argued that management/ employee communications and communications between departments was of a high standard simply because they had a small number of departments and fewer people were involved in the process. It may then be easier for the production systems at these companies to fulfil the model's requirements.

The third answer is that the products of all four companies in Group 1 were less complex to produce than those at companies in Groups 2 and 3. In the cases of the two manufacturers in Group 1 (Companies No 3 and No 4) their products were theoretically just as complicated to manufacture as those at companies in Groups 2 and 3. Like all the manufacturers in Groups 2 and 3, manufacturers in Group 1 were what Woodward would describe as "large batch" producers.

That is they manufactured large batches of a product, on

assembly lines. (Woodward, 1980, p.39) Batches were of the

same product, but different models. However, the task of

organizing production was made less complex at these companies

because they were still at a stage in their development where

they could be described as "screwdriver" assembly transplants,

simply assembling products out of kits sent by their parent

company. Neither had matched or exceeded local content

requirements for their products, though both were working

towards these levels through the development of close ties with

local suppliers (a characteristic required by the UK model).

These two companies also intended to increase their size

of operation to at least that of companies in Group 2. Whether

they could do so without developing similar production system

weaknesses to those in the sample that already fall into this

group may be determined by the fact that in each case their

parent companies had the financial and managerial resources to

assist them in overcoming such difficulties.

The two suppliers in Group 1, would fall under Woodward's

"combined category system", that is the production of

"standardized components in large batches to be subsequently

assembled diversely". (Woodward, 1980, p.39) The products at

these companies were less complex to assemble than those those

in Groups 2 and 3. They required fewer components and their

production en masse could be achieved with a small number of

managers and employees which as we have already seen, can make

it easier to fulfil the model's production system requirements.

A further question to consider is why companies in Group 2 appear to encounter greater difficulty in measuring up to the UK model than those in Groups 1 and 3? Firstly, all have parent companies who, in terms of turnover for 1990/91, fall outside the top eight Japanese electronics companies. (Source: JETRO) This may contribute to an inability on the part of these parent companies to direct the necessary financial and managerial resources at transplant production system problems. Secondly, the actual size and scope of the manufacturing operations in Group 2 mean that it is harder to operate a production system that exhibits a set of characteristics close to those identified under the research's UK model. Thirdly, all companies in this group were manufacturing products which were complex to assemble and none could be considered "screwdriver" assembly plants. All had matched or exceeded local content requirements for their products. A combination of these three factors could influence the extent of the weaknesses that these transplants displayed when compared to the UK model.

The final issue for consideration is that only Company No 6 in the sample has a single management structure. It is noticeable that this company achieves the poorest score (66%) of any in Groups 1 or 3. Granted, it is a joint venture between two Japanese companies. Neither of these companies fall within the top 100 Japanese manufacturers in terms of

annual turnover, but it might be expected that a Japanese

management team, at a small supplier and without the potential

hindrance of stresses and conflicts that can occur under a dual

management structure would result in a higher score when

compared to the model. There would appear to be weaknesses in

this company's production system that contradict the

successful image of single management structures at Japanese

transplants portrayed, for example, by White and Trevor's work

"Under Japanese Management". (White & Trevor, 1983)

The issues raised under this section suggest that the

evaluation of a sample company's production system

characteristics needs to take into account whether the company

exhibits one of the following three traits. These appear to

influence the extent of its production system's strengths or

weaknesses:

1) Companies that fall into Groups 1 and 3. (Companies in these groups received high overall scores when compared to the UK model.)

2) Companies that fall into Group 2. (Companies in this group received low overall scores when compared to the UK model.)

3) The company with a single management structure. (This is the only company with such a structure and it received the lowest overall score of any company in Groups 1 and 3 when compared with the UK model.)

1.2) Managerial Characteristics: The Strengths and Weaknesses

Table 7.3 provides details of the scores achieved for

individual characteristics within the managerial and other

three sets of production system characteristics at the nine

sample companies. Individual characteristics are identifiable

by the number above each score. These correspond to the numbers allocated to characteristics on figure 5.1. (Repeated next to table 7.3) Thus, a score allocated to number one of managerial characteristics represents a company's score for coherent vision. Figure 7.3 reports each company's total score for managerial characteristics. Companies are placed on the horizontal axis on the basis of their rank ordered overall score. (See table 7.1) The figure also divides the companies into the three groups based on workforce size.

Examination of figure 7.3 reveals that while companies in Groups 1 and 3 achieve high mean scores of 71% and 76% respectively for their managerial characteristics, those in Group 2 secure an extremely low mean score of 26%. This creates a strong and significant correlation between achieving a low score and being in Group 2 and achieving better scores by being in Groups 1 and 3.. Analysis of the results for individual characteristics in table 7.3 reveals the main causes of this variance.

1) Coherent Vision - In general, companies in Groups 1 and 3 demonstrated good levels of coherent management vision. Managers at each company generally shared a common set of management objectives. The two most common responses were those relating to the quality of the product and attempts to make the product price competitive. The inverse applied at companies in Group 2. Here, there was rarely a coherent vision of what the company hoped to achieve. Managers at these three companies never shared more than one common objective. At one company

FIGURE 5.1

THE MODEL OF JAPANESE PRODUCTION SYSTEM FOR OPERATION IN THE UK

PERSONAL CHARACTERISTICS (NIR Practices)
1) Core/Periphery workforce distinctions
2) **Guarantee of secure employment**
3) **Welfarism**
4) Single Status
5) **Market led pay levels**
6) **Merit based promotion**
7) **Intensive selection procedures**
8) Training
9) Elements of consensuality and participation
10) **Regimented work environment**

I-R-CHARACTERISTICS (NIR Practices)
1) **No unionism or single unionism**
2) **Enterprise level bargaining**
3) **Formalised union or other organization**
4) **New style agreement in operation or alternative procedures**

ORGANIZATIONAL CHARACTERISTICS
1) Co-ordination and co-operation of all departments
2) Company wide communications
3) **Emphasis on first line supervision**
4) **Close ties with supervisors**
5) **UK personnel management**

MANAGERIAL CHARACTERISTICS
1) Coherent vision
2) Consistency of style
3) **Consensual/groupist decision making procedures**
4) Circulation
5) **Special selection/ retention procedures**

PRODUCTION SYSTEM REQUIREMENTS
Organization of Labour
1) Direct Labour
2) Flexible
3) Teamwork

Quality Control
4) Continuous Improvement
5) Quality

Organization and Supply Production
6) Full utilization of production area
7) Full utilization of production machinery
8) Full use of new technology
9) **Just in time supply**

Product Strategy
10) Adaptability to diverse model range
11) **Continuous R & D**

NB: An unbroken line denotes a direct relationship
A broken lines denotes an indirect relationship.

Characteristics or requirements in bold type represent an area of difference in comparison to the domestic Japanese production system.

TABLE 7.3

SAMPLE COMPANY SCORES FOR INDIVIDUAL CHARACTERISTICS AND SETS OF

CHARACTERISTICS WHEN COMPARED TO THE UK MODEL

Company Number	Managerial Characteristics	Organizational Characteristics	Personnel Characteristics	Industrial Relations Characteristics
Co No 1	1 2 3 4 5 2 3 3 1 2.5 Total 11.5 (76%)* 11.5 (76%)**	1 2 3 4 5 3 2.7 2 2.5 3 Total 13.2 (88%)* 13.2 (88%)**	1 2 3 4 5 2 3 3 3 2.5 6 7 8 9 10 3 1 2.6 3 3 Total 26.1 (87%)* 13.05 (87%)**	1 2 3 4 3 3 3 3 Total 12 (100%)* 14.4 (96%)**
			Overall Score 62.8 (87.2%)* 52.15 (86.91%)**	
Co No 2	1 2 3 4 5 2 3 3 1 2.5 Total 11.5 (76%)* 11.5 (76%)**	1 2 3 4 5 2.6 2.9 1 3 3 Total 12.5 (83%)* 12.5 (83%)**	1 2 3 4 5 3 1 3 3 3 6 7 8 9 10 3 3 3 2.6 2.5 Total 27.1 (90.3%)* 13.55 (90.3%)**	1 2 3 4 1 2 3 2.5 Total 10.5 (87.5%)* 12.6 (84%)**
			Overall Score 61.59 (85.5%)* 60.15 (83.5%)**	
Co No 3	1 2 3 4 5 2 3 2 2 1.5 Total 10.5 (70%)* 10.5 (70%)**	1 2 3 4 5 3 2.2 3 3 3 Total 14.2 (87%)* 14.2 (87%)**	1 2 3 4 5 1 1 2 3 2.2 6 7 8 9 10 3 1 2.6 2.5 2.6 Total 20.9 (69.6%)* 10.45 (69.6%)**	1 2 3 4 3 3 3 3 Total 12 (100%)* 14.4 (96%)**
			Overall Score 57.6 (80%)* 49.55 (82.5%)**	
Co No 4	1 2 3 4 5 3 2 2.2 3 0 Total 11 (68%)* 11 (73.3%)**	1 2 3 4 5 3 2.8 1 2.5 2 Total 12.8 (85.3%)* 12.8 (85.3%)**	1 2 3 4 5 3 2 0 3 1.5 6 7 8 9 10 3 1 2.6 2.2 2 Total 23.8 (79.3%)* 11.9 (79.3%)**	1 2 3 4 1 3 2 2.3 Total 10.8 (90%)* 12.9 (86.4%)**
			Overall Score 58.4 (81.5%)* 48.16 (80.6%)**	
Co No 5	1 2 3 4 5 1 3 3 3 0 Total 11.1 (74%)* 11.1 (74%)**	1 2 3 4 5 3 2.4 2 2.5 3 Total 13.1 (87.3%)* 13.1 (87%)**	1 2 3 4 5 1 1 1 3 2 6 7 8 9 10 2 0 3 1 2.6 Total 16.6 (55.3%)* 8.3 (55.3%)**	1 2 3 4 3 3 2.5 2.3 Total 7.6 (63%)* 9.12 (60.8%)**
			Overall Score 48.4 (67.2%)* 41.62 (69.3%)**	

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TABLE 7.3 Cont'd.

Company Number	Managerial Characteristics	Organizational Characteristics	Personnel Characteristics	Industrial Relations Characteristics

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Co No 6

	Managerial	Organizational	Personnel	Industrial Relations
	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4
	3 2 2.2 3 0	3 2.4 2 2.5 3	1 1 1 3 2	3 3 2.5 2.3
	Total 10.2 (68%)*	Total 11.3 (75.3%)*		Total 8.3 (69.6%)*
	10.2 (68%)**	11.3 (75.3%)**		9.96 (66.4%)**

	6 7 8 9 10
	2 1 1.3 1 1.3
	Total 16.1 (53.6%)*
	8.05 (53.6%)**

Overall Score 45.9 (63.7%)*
39.51 (65.8%)**

Co No 7

	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4
	1 3 1.2 0 1	1 2.3 2 3 3	0 1 2 3 1.6	3 2 2 2.3
	Total 6.2 (41.3%)*	Total 11.3 (75.3%)*		Total 9.3 (77.5%)*
	6.2 (41.3%)**	11.3 (75.3%)**		11.1 (74.4%)**

	6 7 8 9 10
	3 2 2.6 2 2
	Total 17.2 (57.3%)*
	8.6 (57.3%)**

Overall Score 44 (61.1%)*
35.2 (60.3%)**

Co No 8

	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4
	0 1 0.2 1 0.5	0 1.8 1 3 3	3 1 1 3 1.6	3 3 1.5 1.6
	Total 2.7 (18%)*	Total 5.8 (38.6%)*		Total 9.1 (75.8%)*
	2.7 (18%)**	5.8 (38.6)**		10.92 (72.8%)**

	6 7 8 9 10
	3 2 1.6 1.6 1.6
	Total 19.4 (65.3%)*
	9.8 (65.3%)**

Overall Score 37.2 (51.6%)*
29.22 (48.7%)**

Co No 9

	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4
	1 2 0 0 0	1 2.5 0 3 2	1 2 2 3 1	1 3 1 1.6
	Total 3 (20%)*	Total 8.5 (56.6%)*		Total 6.6 (55%)*
	3 (20%)**	8.5 (56.6%)**		7.92 (52.8%)**

	6 7 8 9 10
	0 0 1.3 2 1.6
	Total 15.9 (53.6%)*
	7.95 (53.6%)**

Overall Score 33.9 (47.2%)*
27.37 (45.6%)**

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* Unweighted Totals
** Weighted Totals

FIGURE 7.3

TOTAL SCORES * FOR EACH SAMPLE COMPANY'S SET OF

MANAGERIAL CHARACTERISTICS
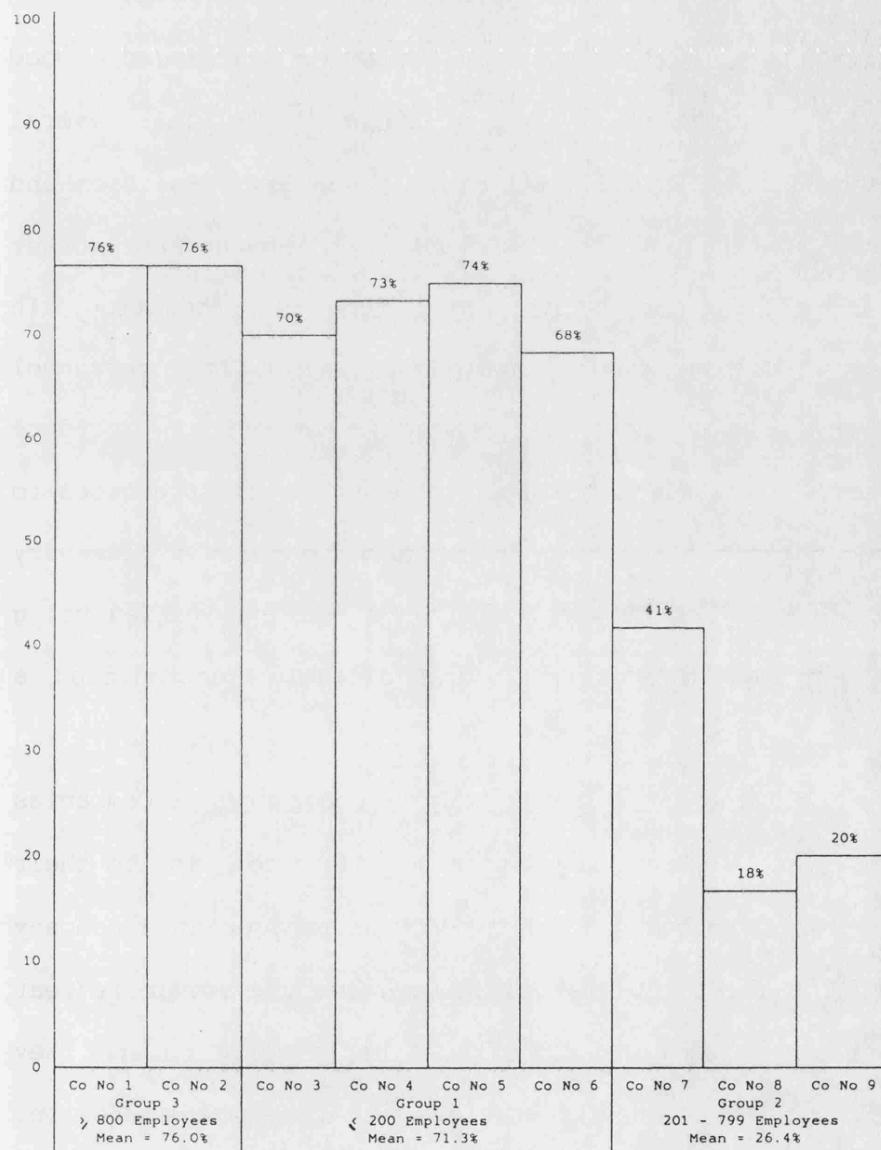
* Scores are weighted and rounded
  to the nearest whole percent

  Means calculated from exact weighted scores

three different objectives were shared between four managers. These ranged from "the production of high quality goods" to "getting the stuff out of the door at the end of the day".

2) Consistency of Style - All but Company No 8 achieved a good level of consistency in their management styles. Several managers commented that if consistently applied, policies and procedures contributed to the stability of management/worker relations and to the uninterrupted flow of production. In contrast, at Company No 8, (in Group 2) all but the personnel manager argued that there was no written promotion procedure and instead applied their own interpretations and practices to it. One manager stated that on occasion he felt it necessary to promote employees without the posts they had filled being first advertised internally. This directly contradicted a requirement of the written procedure.

3) Consensual/Groupist Decision making Procedures - Companies in Groups 1 and 3 all achieved high scores in relation to their decision making procedures. A production manager at a company in Group 1 was adamant that "the Japanese here never retreat into little huddles and not tell us what's going on and they are always coming to us with problems and ideas for discussion. We're also made to feel more secure about what's happening by the fact that right at the time of the company's start up they made a big issue about all business being conducted in English. I've never had cause to complain that that's not the case".

Japanese and UK managers at companies in both groups consistently talked of the compromise of attitudes and behaviour necessary to make "nemawashi/ringi" based decision making procedures accessible and useful to both parties. For one production manager the reasoning behind the compromise was simple: "You have to adapt to their way of working. Their way of reaching a decision is what make us successful". For other UK managers the compromise appeared to centre on the acceptance of the value of what one procurement manager described as "shared responsibility". He explained that he had initially found it difficult to accept that other managers should contribute to a decision affecting a department that in non Japanese companies would be regarded as being of their jurisdiction.

For one Japanese manager the need to compromise had, he believed, changed his management style: "In Japan I would never express my opinion about a proposal without hesitating. I would be very careful about what I said. But here, I've lost the hesitation, I don't think about all the things I would in Japan... The reason I have become like this is because British managers are suspicious if we hesitate. They think it means no or we don't like the proposal".

A very different situation was apparent at companies in Group 2. Local managers made the following types of observation about their Japanese colleagues: "In my mind there is no doubt that there are meetings (*between Japanese*) that go on and that while decisions are not exactly made in them they determine the

outcomes of proposals which we are meant to have helped evaluate"; "They're (*the Japanese*) incapable of a snap decision, it's exasperating"; "Meetings sometimes lapse into being bilingual, and we then rely on a Japanese manager's interpretation. We've got no way of knowing whether he's translating what was actually said"; "It often seems that they don't want to tell us something and then it's very hard for us to find out what's going on until we are told to go off and make it happen". Evidence of a compromise between local and Japanese attitudes and behaviour was in short supply. A personnel manager argued that there was "... no evidence of any strategy to harmonise the two cultures. It's all very piecemeal, 'a let's see what happens' approach. Production here has suffered accordingly."

Japanese managers at these companies seemed somewhat suspicious or dismissive of their local colleagues' abilities. Often their role was to act as advisor to local management, but on several occasions they made it quite clear that Japanese management felt that there was more to their role than that. One went as far as to describe the Japanese and local management relationship in terms of "Bunraku". (Japanese puppet theatre where each puppet is manipulated by puppeteers using sticks.) For him, local managers were puppets, which required manipulation by Japanese puppeteers. Other Japanese managers explained that much of their suspicion about local management's abilities stemmed from local management's refusal to accept the value of "shared responsibility". One believed that: "Not

every local manager understands that he is part of a team. They try to make decisions alone and do not look at the possible problems. They may cause other problems when they do this."

4) <u>Circulation</u> - All companies in Groups 2 and 3 received poor scores. Japanese managers complained that UK managers tended to resist taking on responsibilities in areas other than those that they had been employed to manage. They were deeply concerned that local personnel, sales or administrative management did not get enough experience of production and vice versa. Why, they constantly asked, did local management believe that they should remain specialists in one area, rather than become specialists in several? Local managers were perfectly aware that their Japanese colleagues wanted them to circulate, but talked of a fear of the unknown and a feeling that they would be most productive using the specialist skills they were employed to bring to the company. One explained: "It's something the Japanese would very much like us to do, but no one puts themselves forward for it. It only seems to happen between related departments. For example, we might move people between departments such as design and quality".

Companies in Group 1 scored highest in relation to this characteristic. There are two reasons for this. Firstly, all managers at these companies had been employed on the basis that while they might have a particular skill which the company needed, the small size of the company meant that they would be compelled to have a wide range of responsibilities and to carry

out a wide range of tasks. The Personnel manager at one company was also company secretary and responsible for procurement. Secondly, Company No 6 which had a single management structure falls in Group 1. Managers at this company being predominantly Japanese circulated as a matter of course.

5) Special Selection/Retention Procedures - All companies in Groups 1 and 2 scored poorly for this characteristic. Apart from paying local management a competitive salary based on the local median, their selection procedures usually consisted of using agencies to screen candidates followed by a series of formal interviews. Recruits were always selected on the basis of a particular skill, rather than attitude, and few local managers felt that they could honestly say what exactly their employer had been looking for when they had been interviewed.

Though several companies claimed to be aiming for a UK dominated management team, some local managers were sceptical as to how genuine a commitment this was, since no company had set a timetable in which to achieve it. Local managers at these companies were also concerned that a promotional ceiling existed for them; that there was nowhere for them to be promoted to after a certain level at the transplant. As one put it: "I worry that when I reach a high level here all I will be able to do is build horizontally". Others who expressed similar concerns, acknowledged that the only other alternative would be to leave.

Selection of Japanese managers at companies in Groups 1 and 2 was based purely on technical skills. Some had worked

with the transplant's product at equivalent parent company factories in Japan or elsewhere in the world. None had undergone any form of induction prior to arrival in the UK, and though several had voluntarily attended English classes either in Japan or the UK, none felt that it had been a prerequisite for selection to do their job. Indeed, at one company some Japanese managers could speak no English at all. A Japanese manager interviewed here candidly admitted that he had "no idea" why or how he had been selected.

At companies in Group 3 the selection of UK managers was far more intensive. At one company, a procurement manager described how a key element of his selection had involved him sitting in on a Group discussion with eight existing management staff. The procedure was clearly aimed at assessing his ability to contribute to a consensual style of decision making: "At the time I couldn't work it out, but what they'd done was put me in a team to see how I fitted in. There were people there I hadn't expected to work with. From finance etc. Within two minutes I'd forgotten their respective positions."

Japanese management at these companies also tended to have undergone selection procedures which as well as technical ability, included short induction courses prior to arrival in the UK, and made English one of the prerequisites of their selection. The procedures were also believed to have helped identify attitudes that might be helpful at the transplant. Interviewees at these companies talked of "compromise" with

local management and of encouraging "peaceful" or "harmonious"
management practices.

1.3) Organizational Characteristics: The Strengths and weaknesses

Figure 7.4 reports each of the nine companies' total
scores for organizational characteristics. Scores for
individual companies range from 39% to 88%. As with managerial
characteristics, the figure reveals that companies in Group
2 secure the lowest three scores out of the nine companies
resulting in a mean score of 56%. Companies in Group 1 secured
a mean score of 83% and those in Group 3 85%. Table 7.2
reveals a strong and significant association between achieving
a low score and being in Group 2 and and achieving a better
score as a Group 1 or 3 company. Each company's scores
for specific organizational characteristics are contained in
table 7.3.

1) Co-ordination and Co-operation of all Departments - Managers
at companies in Groups 1 and 3 reported good levels of inter-
departmental co-ordination and co-operation. Decision making
was clearly influenced by ringi/nemawashi procedures. As one
production manager argued: "There's tremendous interaction
between departments - a lot of informal meetings and
discussion. There are very few fancy official meetings with
formal presentations of ideas... . Formal meetings are just
for approval of proposals already discussed. If we have a
major new proposal we'll form a team of people from all the
relevant departments and with all the relevant experience in

FIGURE 7.4

TOTAL SCORES * FOR EACH SAMPLE COMPANY'S SET OF

ORGANIZATIONAL CHARACTERISTICS
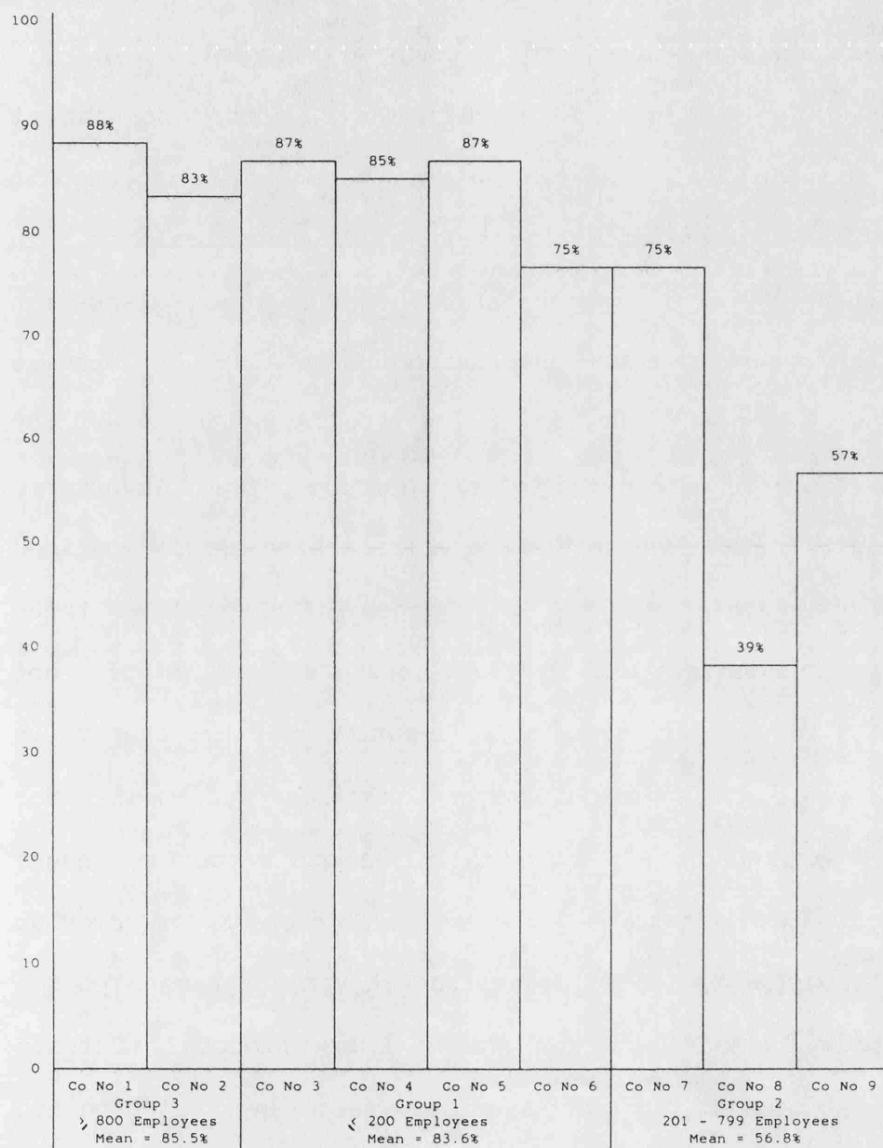
* Scores are weighted and rounded
  to the nearest whole percent

  Means calculated from exact weighted scores

order to consider it. There are no overnight decisions, every one goes away takes advice and then comes back. Time is the only drawback but then you're more likely to come to a decision with which everyone agrees and is keen to implement".

Such co-operation and co-ordination was not apparent at companies in Group 2. The reasons stem from those discussed in the previous section concerning managerial characteristics. In some instances, local managers argued that informal discussion of a new proposal or idea was confined to an elite of Japanese management so that by the time it reached them for consideration the outcome was a forgone conclusion. In others, contact with other departmental managers was generally confined to regular, formal meetings. Japanese management at these companies suggested that British managers were simply not interested in what was going on in departments other than their own, and would not approach managers in other departments for advice unless absolutely essential. As one Japanese manager explained: "UK managers don't believe there's an overlap between departments, they forget that they might have a common interest." In short, development of a new proposal at these companies could not be said to bare any relation to ringi/nemawashi processes.

2) <u>Company Wide Communications</u> – None of the nine companies received a maximum score for horizontal and vertical communications. Two of the three companies in Group 2 received a marginally poorer score than those in Groups 1 and 3. What tended to occur was that average scores for the characteristic

were negatively affected in instances where though companies received good scores for horizontal, inter-departmental communications they received a poorer score relating to the communication of information down to employees. While some companies did operate daily team briefings, others operated them on a weekly basis, some monthly.

Employee representatives often revealed that, while in theory line management were expected to operate regular daily or weekly briefings, some did not bother while others did so on an ad hoc basis. At one Group 2 company an employee representative talked of a manager who had reasoned that "I will give you information as and when I get it". This was not said as a criticism, for she went on to point out, that unless information was withheld that directly affected their pay or conditions of work, employees were unlikely to be bothered by such an attitude. It was not possible at this stage of the research to to discern whether these management actions were due to a lack of interest or a fear that such procedures challenged their authority in some way. The issue is more fully examined later in the case study material.

3) Emphasis on First Line Supervision - Several companies, irrespective of which group they were in achieved a low score for this characteristic. Most did attach considerable importance to their supervisors' leadership and managerial qualities, but only one out of the nine actually employed supervisors who were expected to attain or had attained a high

level of qualifications. (Higher National Diplomas and above.) Few paid their supervisors in excess of the local median.

On several occasions it was Japanese management at these companies who picked up on this deficiency. Their concern was summed up by one manager who argued that quality of the product rested on the quality of the operators who built it, and the quality of the operators was determined by the quality of supervision they received. He described each operator as a "baby" and was critical of UK supervisors: "All our supervisors do is watch. Operators don't know what is going on and it needs a good supervisor to show them. You can't develop a good operator without such supervision... If we're bad parents and show no interest in them the baby can't grow into a good adult and we can't expect it to be loyal to the company".

4) Close Ties with Suppliers - All but Company No 8 in Group 2 achieved good scores for their relationships with local suppliers. Of these eight, all but three applied what one company called a "Purchase Agreement" to each of their suppliers - some form of written criteria concerning price, delivery time and quality. All eight were willing to lend expertise and advice to jointly solve a supplier's problems. One, would if the need arose, underwrite its suppliers' stock purchases. Nonetheless, all were anxious to stress that there would come a point where it was necessary to phase out a consistently poor supplier rather than suffer themselves. Conversely all maintained some form of relationship with the

supplier even where it gave them no problems. At one company the procurement manager explained that "We keep our suppliers informed of our plans for up to the next five years so that if they don't think they can be part of them (say they haven't got the capacity and don't think they can expand to the level required) we can both plan accordingly." All eight conducted mini audits of suppliers before conducting business with them. This involved evaluation of a supplier's production capacity and its quality control practices, analysis of its customer base and a discussion of its long-term plans.

At Company No 8 none of this was happening. There appeared to be no procedures in place which either compelled or assisted local suppliers to reach the standards of price, delivery time, and quality required by the company. Interviews with production management revealed considerable concern that late delivery of components and more especially the supply of poor quality components was disrupting the efficiency of the production system.

5) UK Personnel Management - Only at two out of the nine companies could the level of influence and responsibility of the UK Personnel manager be questioned. At these companies, the Personnel managers reported to a more senior Japanese manager, and were at a level in the management structure which they believed on occasions hindered their influence over personnel and industrial relations issues.

At Company No 9 the lack of seniority for the Personnel manager was not simply based on its being a UK filled post.

Other UK management posts at the company were at a more senior and influential level. Company No 6 had a single management structure. The Personnel manager was concerned that exclusion from Japanese dominated senior management led to decisions being made without seeking this manager's opinion. It is for this reason that the company did not achieve a maximum score for consensual and groupist decision making. (Under managerial characteristics above.)

1.4) Personnel Characteristics: The Strengths and Weaknesses

Figure 7.5 presents each company's total score for personnel characteristics and shows that companies in Groups 1 and 3 achieve higher mean scores than those in Group 2. Table 7.2 reveals a significant association between securing a low score and being a Group 2 company and achieving better scores as a Group 1 or 3 company. However, when analysed company by company, scores for personnel characteristics do not divide up as easily into Groups 1, 2 and 3 as they did for managerial and organizational characteristics. The two highest scores of 90% and 87% were for companies in Group 3. Of the two lowest scores, one of 50% was for a company in Group 2, the other of 52% was for Company No 6, in Group 1. This is the only company in the sample with a single management structure.

Two out of the three companies with the lowest scores were not unionised and do not therefore fit the argument that non-unionised companies are compelled to offer their employees terms and conditions of employment in excess of unionised

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FIGURE 7.5

TOTAL SCORES * FOR EACH SAMPLE COMPANY'S SET OF

PERSONNEL CHARACTERISTICS
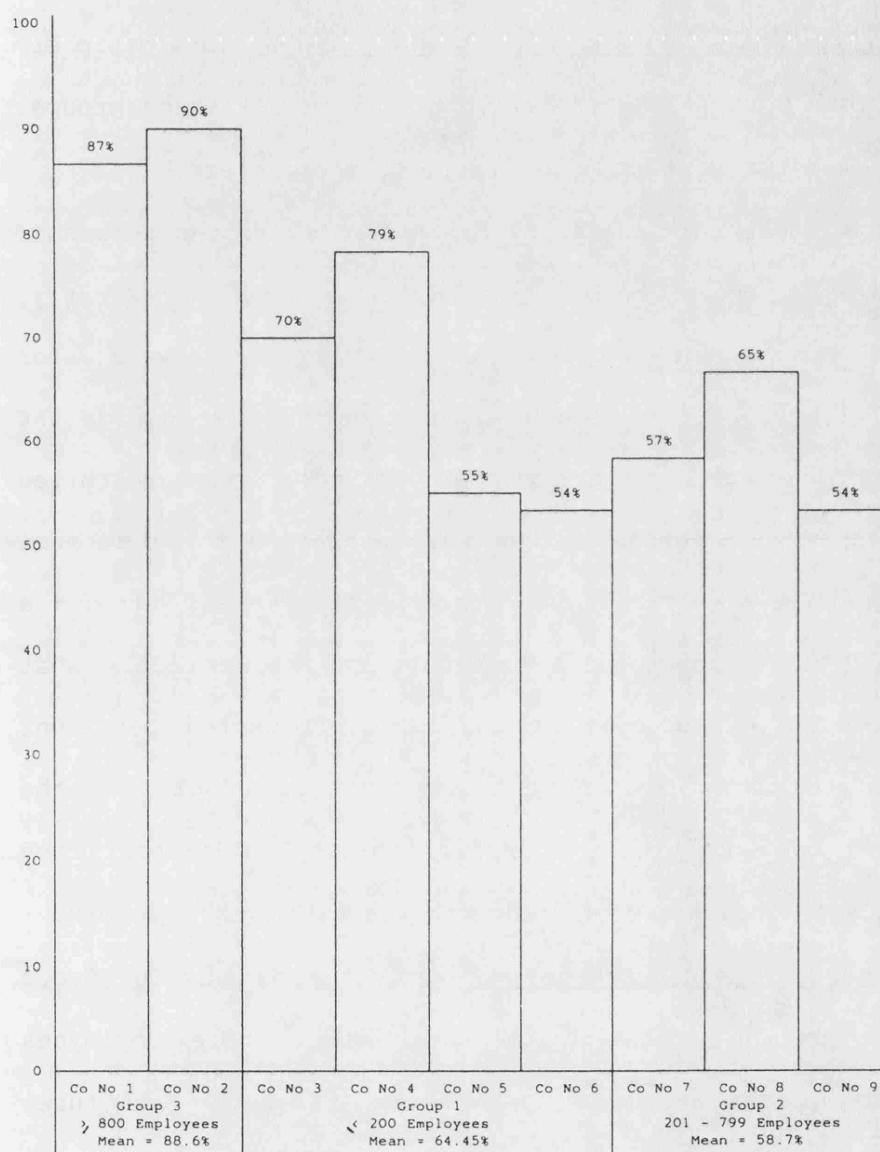
* Scores are weighted and rounded
  to the nearest whole percent

  Means calculated from exact weighted scores

companies. Examination of individual personnel characteristics in table 7.3 reveals several areas of variance from company to company.

1) Core/Periphery Workforce Distinctions - Core/periphery distinctions were a priority at companies in all three groups. Only three companies achieved a score of one or less.

Where clear core/periphery distinctions existed personnel managers cited one or both of two positive outcomes. Firstly, permanent employment appeared as a possible reward for temporary staff. It was something for them to work towards. At a company in Group 3, permanent operators were always recruited from temporary employees. That way, explained the personnel manager, "when a permanent vacancy arises we've already had a good look at the successful candidate and know exactly what we're getting". Secondly, these companies wanted permanent employees to attach status to their jobs; to feel that the additional benefits, level of pay or holiday entitlement they received were indicative of the company's valuing their work.

2) Guarantee of Secure Employment - Only one company in Group 3 had a written statement to avoid making core employees redundant except as a very last resort. Others in all three were less equivocal. Several explained that they gave a verbal undertaking when interviewing for temporary or permanent employees. "It adds status and value to a permanent job" said one personnel manager. Others were even less specific. One company relied on the premise that: "They know we'll not go away over night".

3) <u>Welfarism</u> - Both companies in Group 3 offered welfare benefits in excess of a pension and sick pay to all employees. Additional benefits included a week's extra holiday entitlement when getting married and two days paternity leave. Only the company with a single management structure operated neither a pension or sick pay scheme.

4) <u>Single Status</u> - All companies irrespective of which group they were in or their management structure achieved maximum scores for single status. All operated harmonised methods of payment and holiday entitlement and all had a policy of minimising the number of job grades.

5) <u>Market Led pay Levels</u> - Interviews with Personnel management at each company established that every company's pay was influenced by their conducting surveys and accruing other information in order to establish the local median for the skills required.   Irrespective of group or management structure, three companies claimed to pay above the top quartile of local pay rates, three claimed they paid above the median and three claimed that they paid the local median.

Only three companies, one from each group operated a payment system that incorporated an element of merit or performance related pay. Other companies had avoided these systems or, as in two cases, planned to implement them at a later date. There was often a desire to use performance or merit related pay, but it was matched by anxiety over its suitability for UK employees in manual occupations. This anxiety was summed up by one personnel manager: "I'm worried

about getting into a situation where we have to explain to operators every five minutes why the person next to them did better financially out of such a scheme when they're both doing exactly the same task. I'm also unsure how compatible some of these schemes are with single status. They open us up to allegations of favouring the 'blue eyed boy'".

6) <u>Merit Based Promotion</u> - Six of the nine companies, irrespective of the group they were in, had a written merit based promotion policy. At one, the employee handbook stated: "We have a policy of seeking to promote from within and to maximise opportunities for existing employees. To this end, all vacancies will initially be advertised internally whenever possible, and all suitable employees are welcome to apply". Two of the other companies operated an unwritten merit based policy. One, in Group 2, had no clear policy and the personnel manager was concerned that in some work areas "fitting a mould" created by the immediate manager was more important than genuine ability, commitment and performance. There was a tendency among certain managers to promote those "in their own image" rather than to look at who it might be best to promote in the interests of the company.

7) <u>Intensive Selection Procedures</u> - No clear pattern of variance emerged regarding employee selection procedures at the sample companies. Five companies used either one or two of the intensive selection procedures required by the research's UK model. Three companies, including company No 6 with a single management structure, operated none of the required procedures.

Only one company achieved a maximum score. It used detailed application forms which included questions ranging from employment and educational history to attitudes to work. Candidates also went through an initial screening interview conducted by the personnel department and then if successful went through a further interview which included management or supervisory representatives from the work area with the vacancy for which they had applied. Finally, the candidate had to undergo a series of dexterity, and comparison tests. The personnel manager at this company believed that such procedures enabled them to identify not only those candidates best suited to the nature of the work, but those with some sort of potential, either attitudinal or skills based, which could be developed to the future benefit of the company.

8) Training - A mixed set of results emerged for this characteristic. Only two companies one in Group 1 and one in Group 3 ensured that all employees received a period of regular formal training away from the production area, gave all employees a minimum period of a day's induction away from the work area and put all employees through a period of formal on-the-job training (OJT). All other companies offered either some of the procedures on a formal basis, or some or all of the procedures on an informal basis. At two companies, informal arrangements meant that it was left to the relevant supervisor to organize the procedures as and when they had the time.

9) Elements of Consensuality and Participation - Both management and employee representatives were asked to identify

any structure of employee participation at their respective company which they felt allowed the formulation of a decision based on consensus between management and employees. Only shop-floor based structures of participation were considered, such as quality circles, team meetings, or Kaizen discussions. Company advisory boards were not included. (These are discussed under section 2.5, industrial relations characteristics)

The highest scores achieved were by companies in Group 3. The lowest two were accredited to two companies in Group 1, one of which had a single management structure. Both management and employee representatives at these latter companies gave examples of participation structures that were in fact consultative and received low scores. Management used structures to inform employees of what was proposed, took their comments into account, and then implemented the proposal. Only one company, in Group 3, achieved a maximum score where both management and employee representatives agreed that structures existed where employees could formulate decisions related to their work areas. The decisions were rarely vetoed by management and were implemented on the basis of consensus. All other companies operated participative structures but some or all of the respondents believed that decisions were often vetoed by management.

10) <u>Regimented Work Environment</u> - Only one company, in Group 3, achieved a maximum score for this characteristic. The lowest two scores achieved were from companies in Group 2. Their scores were low because although they operated procedures that

created a regimented work environment, employee representatives reported that new rules and procedures related to the workplace were only occasionally implemented by management after verbal or written explanation. This was said to have caused resentment among the workforce. An employee representative argued that management; "... implement something, see the outcomes and judge it a success. That's all they're concerned with and that's why before they implement it, they don't actually talk to the people who it affects to see how they feel... Rules just appear at briefings. We can say something but by then it's too late". Other companies' scores were low either because their employee representatives had cited similar experiences, though such experiences were described as being the exception rather than the rule, or because they did not exhibit specific procedures required by the research's UK model for this characteristic.

2.5) Industrial Relations Characteristics: Strengths and Weaknesses

Total scores for each company's industrial relations characteristics are given in figure 7.6. Two companies, one in Group 1 and one in Group 3 achieved maximum scores. (Weighting of responses reduced these scores to 96%.) The lowest score was for a company in Group 2 which scored 53%. mean scores for each of the groups reflect this pattern of results.

FIGURE 7.6

TOTAL SCORES * FOR EACH SAMPLE COMPANY'S SET OF

INDUSTRIAL RELATIONS CHARACTERISTICS

* Scores are weighted and rounded
to the nearest whole percent

Means calculated from exact weighted scores

Correlations in table 7.2 show a significant relationship between gaining a low score and being in Group 2 and gaining a higher score as a Group 1 or 3 company. However, when analysed company by company, scores for industrial relations characteristics do not divide up on the basis of membership of Groups 1, 2, or 3. Nor are they influenced by management structure. Table 7.3 lists the scores for individual industrial relations characteristics at each company.

1) No Union or Single Union Recognition - Seven companies recognised a single union. In all cases the union recognised was the EETPU. Of these, two, one from Group 1 and one from Group 2, had not achieved union density levels above 60% and so achieved a low score. One of these two was company No 6 with a single management structure. Personnel managers at these companies all expressed disquiet at the thought that shop stewards did not speak for a significant majority of the workforce. One posited that low membership was not because the union was ineffective, but rather that it was a victim of its own success: "I wonder if its a general apathy. They don't bother joining because they feel they've got all they need anyway and they seem to fail to accredit any of what they've got to the union". Stewards at another of these companies saw the problem differently believing that membership was low because: "The union here is seen as being too weak. Management are seen to ignore us. We complain or act using the usual procedures but workers here never see any outcomes or

results. We're judged on that basis and it causes considerable problems".

Two companies, one in Group 2 and one in Group 1, were rot unionised. One, a manufacturer, had located to an area in which other Japanese companies had not unionised either. The other, a supplier, was based in an area with a strong tradition of unionisation and where other Japanese companies had recognised unions. In both cases management claimed that their was no desire among employees to join a union. They would rot however be drawn into discussing whether they would recognise a union if the desire to join a union were to subsequently emerge among their employees. At the smaller Group 1 company, employee representatives concurred with their management, arguing that the size of the company ensured good management/worker communications and that management attitudes determined a fair hearing of any employee relations problems that arose. One employee explained: "We're a small company - like a family. We don't need a union to sort out our problems. Management are very fair here. They operate an 'open-door' policy so that we can see them at any time and talk problems through."

Employee representatives at the larger Group 2 company were less assured as to whether the workforce desired union representation, arguing that some workers saw it as necessary to check management power. As one put it: "A lot of them would rather be in a union, because they feel that ... how can I put it ... if you don't get the right wage rise, then you can go on

strike and do this and do that to get it. You're not allowed
to join a union here - it's company policy and they tell you
from the word go, 'NO UNION'".

2) <u>Enterprise Level Bargaining</u> - One company, though its pay
was linked to the enterprise level only, did not operate a
formalised bargaining structure. This was Company No 5; the
smaller of the two companies that did not recognise a union.
The company did not have any form of elected employee
representation with which it consulted about pay. Instead,
management gave an annual presentation concerning the company's
performance. At this presentation they announced what the pay
rise for the year would be, and then explained how the figure
had been arrived at. (It was calculated on the basis of the
local median for the skills required and what the company could
afford to pay.) The increase was then actioned without further
discussion. Both management and employee representatives
interviewed at the company concurred that, to date, workers
appeared to have accepted increases as being fair and
satisfactory.

All other companies in the sample operated some formalised
bargaining procedure over pay and other terms and conditions of
work which was conducted at the enterprise level only.

3) <u>Formalized Union or Other Structure</u> - Only Company No 5 did
not have a formalised union or other structure of employee
representation that was supposed to deal with collective or
individual grievances.

Employee representatives at three companies with either of
the required structures (two in Group 3 and one in Group 1)
believed that management as a whole saw the structures as
necessary and useful. These companies achieved maximum scores
for the characteristic.

The existence of union or other structures elsewhere,
notably the three companies in Group 2 was not without its
problems. Employee representatives invariably criticised some
managers or management as a whole for not believing the
structure was necessary and perceiving it as a hindrance. At
one of these companies shop stewards argued that some managers
disliked the union's interference in grievance and disciplinary
procedures: "They (the procedures) are supposed to be based on
honesty, but if we complain about management's actions they
get defensive and hostile. They just can't handle our
involvement. Our existence is too much of a challenge to their
authority". Invariably, these criticisms were aimed at local
management, since it was they who were left to operate
industrial relations on a day to day basis at the transplants.

Employee representatives were uncertain as to what their
Japanese managers thought about their respective employee
representative structures since attempts to communicate
problems to Japanese management were hampered by having to use
local management as the intermediary. For one steward this
meant: "Local management act as a screen. They don't ask senior
Japanese managers what we've asked, they ask it differently so

the facts get distorted and we end up with an answer that isn't honest or accurate".

Only at Company No 6, with a single management structure, did shop stewards express specific concerns about some Japanese managers' attitudes towards the recognised union. The size of the company compelled Japanese management to become involved in day to day industrial relations issues. Accordingly, stewards had far more contact with them on this basis than employee representatives at other companies in the sample. The stewards here felt that some Japanese managers believed that the union was too adversarial and that this meant that it did not have the company's interests at heart. As one steward put it: "Because we do sometimes challenge a decision they've made they try and avoid telling us anything that they think we might not like. They think we're just a typical British union, anti whatever management do or say and pro-strike".

4) "New Style" Agreement in Operation or Alternative Procedures
- Two unionised companies one in Group 1 and one in Group 3 achieved maximum scores related to the operation of a NSA. All companies which recognised a union had a new style agreement (NSA) which incorporated the four key elements required by the UK model. (Single union recognition, participation, flexibility, and a no-strike procedure.) Three of these companies did not have pendulum arbitration. The personnel managers at Companies No 3 and No 4, both explained that avoidance of pendulum arbitration was based on the belief that

it created a winner and loser which was not conducive to the co-operative style of industrial relations the company wanted to pursue. All three companies had signed their agreements post-1986, when as Metcalf and Milner (1991) note, the number of companies signing agreements incorporating pendulum arbitration declined significantly.

Where both Japanese and local management were criticised for seeing the union or other structure of employee representation as unnecessary or a hindrance (discussed under item No 3 above - "Formalised Union or Other Structure") employee representatives believed they did not adhere to the "spirit of intent" that lay behind their company's NSA. These criticisms were what reduced scores concerning the NSA for all but the two unionised companies with maximum scores. At one of these latter two companies, a shop steward was adamant that management "from top to bottom" at the company abided by the agreement. This steward placed special emphasis on senior local and Japanese management's role. Local middle management were, he claimed, unlikely to abuse the agreement because: "In the past top management have rapped middle management's knuckles where they've misinterpreted the agreement or used it to their own ends".

At other unionised companies, senior management were not believed to play such a policing role. This was especially true of unionised companies in Group 2 where management were believed to not understand, or to dislike the trust and co-operation supposed to form the "spirit of intent" behind NSAs.

One steward lamented that: "Our agreement was set up before the union actually got to know anything about the management style here. On paper it looks really good, but some local managers constantly break procedures and they know what they're doing." Another argued: "You take our advisory board. It's supposed to be a place where all decisions reached are consensual and we can discuss anything but an individual grievance. But there's no real senior management on it. It's dominated by local middle management who just don't trust us with any information. If we have a proposal they don't like they just turn around and say they'll have to consult senior Japanese management. If we reach a decision that has to be taken away as well by middle management to be presented to senior Japanese management for acceptance. We quite often find its been accepted in a very different form to what was decided at the advisory board. Don't tell me that's how the agreement is supposed to run."

Stewards at Company No 6, with a single management structure, believed that Japanese managers were simply unable to comprehend what was expected of them in accordance with the spirit of intent underlying the company's NSA. This, they argued was because their Japanese managers believed British unions to prefer conflict to co-operation. Consequently, they did not entrust the union with information or allow it any real influence in the company's decision making processes. In the case of their advisory board the stewards claimed that it was

used by Japanese management as a consultative structure to simply convey information to the workforce.

The two companies without a recognised union also failed to achieve maximum scores. This was partly because neither operated all three key written procedures required by the UK model as an alternative to a NSA, and partly because employee representatives interviewed did not perceive management as a whole to be consistently fair when conducting industrial relations.

2) SUMMARY AND CONCLUSIONS

Many of strengths and weaknesses identified in this chapter were discernable in the literature and preliminary interviews discussed earlier in Chapters 4 and 5. It is these strengths and weaknesses that contribute to the considerable variability among companies' production system characteristics when compared alongside the research's UK model. Table 7.4 summarises these strengths and weaknesses and shows how they correspond to the company traits identified in section 2.1 of the chapter.

When measured alongside the research's UK model the scores achieved by the nine sample companies appear to have been influenced by two key factors. Firstly, companies in Groups 1 and 3 gain higher overall scores for their production systems than those in Group 2. Looking at figures 7.3 and 7.4, it becomes apparent that companies in these two groups score consistently higher for managerial and organizational

TABLE 7.4

MANAGERIAL CHARACTERISTICS	GROUP 1	GROUP 2	GROUP 3	COMPANY NO. 6 SINGLE MANAGEMENT STRUCTURE
Coherent Vision	Sharing of several common objectives among a majority of managers interviewed at each company.	Few common objectives identifiable among a majority of managers interviewed at each company.	As for Group 1	As for Group 1
Consistency of Style	Consistent use and interpretation of a policy or procedure by management.	As for Group 1, except at company no. 8, where policy and procedure was implemented on a discretionary basis.	As for Group 1	As for Group 1
Consensual/Groupist Decision Making Procedures	Compromise of local and Japanese management attitudes and styles. Incorporation of local management into a consensual style of decision making based on ringi/ nemawashi procedures. Appreciation of shared responsibility.	Concern among Japanese management of local management's abilities. Accusation of Japanese elitism from local managers regarding the decision making process.	As for Group 1	Japanese dominated management ha adopted a consensual/groupist decision making procedure, but local personnel manager was shut out of decision making process due to lack of seniority.
Circulation	High levels of circulation. Responsibilities for managers in areas beyond the remit of the department to which they were attached.	Japanese concerns over local managements' inability to specialise in several areas. Little circulation among local management.	As for Group 1	As for Group 1
Special Selection/Retention Procedures	Local management paid competitive salaries; selected for technical skills alone rather than attitude. Concern among local management of the existence of a promotional ceiling. No induction for Japanese management. English not a pre-requisite. Selected for technical skills alone.	As for Group 1	Selection of local management based, in part, on attitudes displayed. Some induction for Japanese management English a prerequisite. Indication that selection was, in part, based on attitudes.	As for Japanese management in Group 1.

TABLE 7.4 Cont'd.

ORGANIZATIONAL CHARACTERISTICS	GROUP 1	GROUP 2	GROUP 3	COMPANY NO. 6 SINGLE MANAGEMENT STRUCTURE
Co-ordination and Co-operation of all Departments.	Use of ringi/nemawashi procedures to maintain good departmental inter-action. Use of teams to consider major new proposals.	Accusations from local management that ringi/ nemawashi procedures were confined to Japanese elite. Use of regular formal meetings by local management to maintian contact between departments. Japanese concerns that local management displayed departmental insecurity and resisted intrusion of others into their areas of authority.	As for Group 1	As for Group 1
Company Wide Communications.	Good horizontal communications. Vertical communications infrequent or applied by management on a discretionary basis.	As for Group 1	As for Group 1	As for Group 1
Emphasis on First Line Supervision.	Emphasis matched by calibre of recruits only at one company. Supervisors rarely paid in excess of local medium.	Emphasis not matched by calibre of recruits. Supervisors rarely paid in in excess of local medium.	As for Group 2	Emphasis not matched by calibre of recruits. Supervisors rarely paid in in excess of local medium.
Close Ties with Suppliers.	Use of purchase agreements to ensure delivery time, quality and price match the criteria set by the company. Financial or technical support lent to supplier. Regular contact, irrespective of whether a problem arises.	As for Group 1, except company No. 8 which did not use any form of purchase agreement. Regular contact with suppliers not maintained.	As for Group 1	As for Group 1
UK Personnel Management.	High levels of seniority and influence for UK personnel management. (Except at company No. 6 with a single management structure).	As for Group 1, except at company No. 9, where the post was not senior and lacked the influence of other UK management posts.	High levels of seniority and influence for UK personnel management.	UK personnel management post at a lower level of seniority than Japanese colleagues. Influence resticted.

TABLE 7.4 Cont'd.

PERSONNEL CHARACTERISTICS	GROUP 1	GROUP 2	GROUP 3	COMPANY NO. 6 SINGLE MANAGEMENT STRUCTURE
Core/Periphery Workforce Restrictions.	Core/periphery distinctions a priority. Permanent employment made to appear as a possible reward for temporary staff.	As for Group 1	As for Group 1	As for Group 1
Guarantee of Secure Employment.	Verbal or implied guarantees.	As for Group 1	One written voluntary guarantee given, one verbal.	Verbal guarantee.
Welfarism.	No benefits in excess of pensions and/or sick pay.	As for Group 1	Welfare benefits in excess of pension and sick pay.	No welfare benefits.
Single Status.	Harmonised methods of payment and holiday entitlement. minimisation of the number of job grades.	As for Group 1	As for Group 1	As for Group 1
Market Led Pay Levels.	Pay based on local median or skills required. Various levels of pay in comparison to local median. At one company an element of pay was linked to performance.	As for Group 1	As for Group 1	Based on local median. Level of pay at local median. No element of pay linked to performance.
Merit Based Promotion.	Written and unwritten policies. Emphasis on promotion from within.	Written merit based promotion policies at two companies. Emphasis on promotion from within. One company without a clear written or unwritten policy - Concern that genuine ability, commitment and performance being overlooked.	Written merit based promotion Emphasis on promotion from within.	Unwritten merit based promotion policy. Emphasis on promotion from within.
Intensive Selection Procedures.	Selection based on some, but not all three of the following: Use of detailed application forms. intensive interviews and dexterity or aptitude tests.	As for Group 1	Use of one selection procedure required by the UK model by one company. Use of all selection procedures required by UK model by one company.	No use of any procedures required by the UK model.

TABLE 7.4 Cont'd.

PERSONNEL CHARACTERISTICS	GROUP 1	GROUP 2	GROUP 3	COMPANY NO. 6 SINGLE MANAGEMENT STRUCTURE
Training	Some or all of the following in use on a formal or informal basis: Regular training for all or some employees away from the production area; OJT; a minimum of a day's instruction away from the production area.	Some of the training requirements under the UK model in use on a formal basis; some or all on an informal basis.	As for Group 1	As for Group 2
Elements of Consensuality and Participation.	Participative structures allowed formulation of decisions based on consensus. Some employee representatives believed management often vetoed decisions. Two companies gave eamples of participative structures which were deemed consultative.	As for Group 1, but no participative structures deemed consultative.	As for Group 2, but at one company employee representatives believed management rarely vetoed decisions.	Example participative structure deemed consultative.
Regimented Work Environment	Rules and procedures usually implemented with prior written or verbal explanation.	Rules and Procedures often implemented without prior written or verbal explanation.	Rules and procedures usually or always implemented with prior written or verbal explanation.	As for Group 1

TABLE 7.4 Cont'd.

INDUSTRIAL RELATIONS CHARACTERISTICS	GROUP 1	GROUP 2	GROUP 3	COMPANY NO. 6 SINGLE MANAGEMENT STRUCTURE
No Union or Single Union.	Two companies with single union recognition where membership density was 50% +. One company with single union recognition where membership density was below 50%. One company with no union.	One company with no union. Two companies with single union recognition, one with membership density below 50%.	Both companies with single union recognition, one with membership density below 50%.	Single union recognised. Membe density below 50%.
Enterprise Level Bargaining.	Formalized bargaining procedure in place, in all but one (non-unionised) company. Bargaining at enterprise level.	Formalised bargaining. Conducted at enterprise level.	As for Group 2	As for Group 2
Formalized Union or Other Organization.	Formalized union structure was used for individual or collective grievances at all but one company. Belief among employee representatives at two companies that some managers saw unions as unnecessary or a hinderence. One company (non unionised) had no alternative form of employee representation, but instead operated an "open door" policy.	Two formalized union and one other structure of employee representation used for individual or collective grievances. Belief among employee representatives that some managers saw unions or the structure of employee representation as unnecessary and a hinderence.	Formlized union structures used for individual or collective grievances. Belief among employee representatives at one company that some managers saw the union as unnecessary or a hinderence.	As for Group 3, but employee representatives believed that Japanese management perceived the union to be adversarial rather than co-operative.
New Style Agreement (NSA) in Operation. (Or Alternative Procedures Where Non-Unionised).	All but one (non unionised) company operated a NSA incorporating single union recognition, participation, flexibility and a no-strike procedure. Employee representatives believed management adhered to spirit of intent at one company. The company with no NSA operated two key alternative procedures. Employee representatives believed that management were consistently fair.	As for Group 1, but employee representatives at all three companies belived that some local managers did not adhere to the spirit of intent behind the NSA or, where an NSA was not in operation, were not always fair when dealing with employees.	Both companies operated NSAs, with all procedures required by the UK model. Employee representatives at one company believed that not all local managers. adhered to the spirit of intent behind the NSA.	Operation of a NSA with all procedures required by the UK model. Employee representatives believed Japanese management did not understand the spirit of intent that lay behind the NSA and criticised them for not trusting the union.

characteristics than those in Group 2. All but one of the companies in these two groups (Company No 6) has a dual management structure. This suggests that some transplants do manage to overcome or avoid the sort of managerial and organizational problems encountered under dual management systems that were discussed in Chapter 4, often by using the remedies that were also highlighted in that chapter. Conversely, it is exactly these sorts of problems that companies in Group 2, especially those rank ordered eighth and ninth, have failed to overcome or avoid.

Though companies in Groups 1 and 3 gain higher scores for their managerial and organizational characteristics than those in Group 2, the same pattern does not apply to personnel and industrial relations characteristics. (See figures 7.5 and 7.6.) Inspection of scores achieved by individual companies reveals a far more mixed set of scores. For both sets of characteristics, there are two companies in Group 2 that achieve better scores than Company No 6 (with a single management structure) and Company No 5 in Group 1. Indeed, Company No 7, the non-unionised company in Group 2, achieves a better score for its industrial relations characteristics than Company No 2 in Group 3.

The second factor is that when compared alongside the model, Company No 6 with a single management structure, achieves the lowest overall score out of any company in Groups 1 and 3. Nevertheless, its scores for managerial and organizational characteristics are higher than those of

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companies in Group 2. This lends some credence to Tsurumi's argument that managerial and organizational problems at Japanese transplants tend to occur where the transplant is a size which of necessity requires the employment of local managers and the adoption of a dual management structure. (Tsurumi, 1978) However, Company No 6's overall score was lower than other companies in Groups 1 and 3 because it received weak scores for its personnel and industrial relations characteristics.

What the research's UK model has so far accomplished is to highlight variability among the production systems of Japanese transplants in the UK electronics sector on the basis of size related issues or management structure. In particular it has shown that the production systems of companies in Group 2 commonly display weak managerial and organizational characteristics while the overall score for the production system of Company No 6 with a single management structure is inhibited by poor scores for its personnel and industrial relations characteristics. But in relation to the research's examination of "them and us" attitudes and behaviour among employees at these companies that is as far as the model can take us. It cannot tell us how weaknesses in these companies' production system characteristics impact on workforce attitudes and behaviour linked to this issue.

Accordingly the next stage of the research is to take two companies from the sample of nine and to use them as case studies by applying the methodology described in Chapter 6 to

them. The two companies selected are Company No 8 from Group 2, and Company No 6, with a single management structure, from Group 1. **These companies are from here on named Company A and Company B respectively.**

Figures 7.7 and 7.8 give details of the two case studies' scores for each of their four sets of production system characteristics. A comparison of the two companies' scores raises two important issues in relation to the research's hypothesis.

Firstly, Company B achieves a higher overall score than Company A when its production system characteristics are compared to the research's UK model. The hypothesis would therefore expect it to experience a greater degree of success in its efforts to reduce "them and us" attitudes and behaviour among its workforce.

Secondly, on paper, Company A appears to exhibit a reasonable set of NIR practices. These are the personnel and industrial relations characteristics required by the model. However, the company's managerial and organizational characteristics are poor. This, argues the hypothesis, has a detrimental effect on the company's production output and hampers the effectiveness of NIR practices in reducing "them and us" attitudes and behaviour at the workplace.

Conversely, Company B, achieves lower scores than Company A in respect of its NIR practices - though not by a large margin. But in comparison to Company A, Company B achieves significantly higher scores in relation to its managerial and

FIGURE 7.7

**Total Scores * for Each of Company A's
Four Sets of Production System Characteristics**
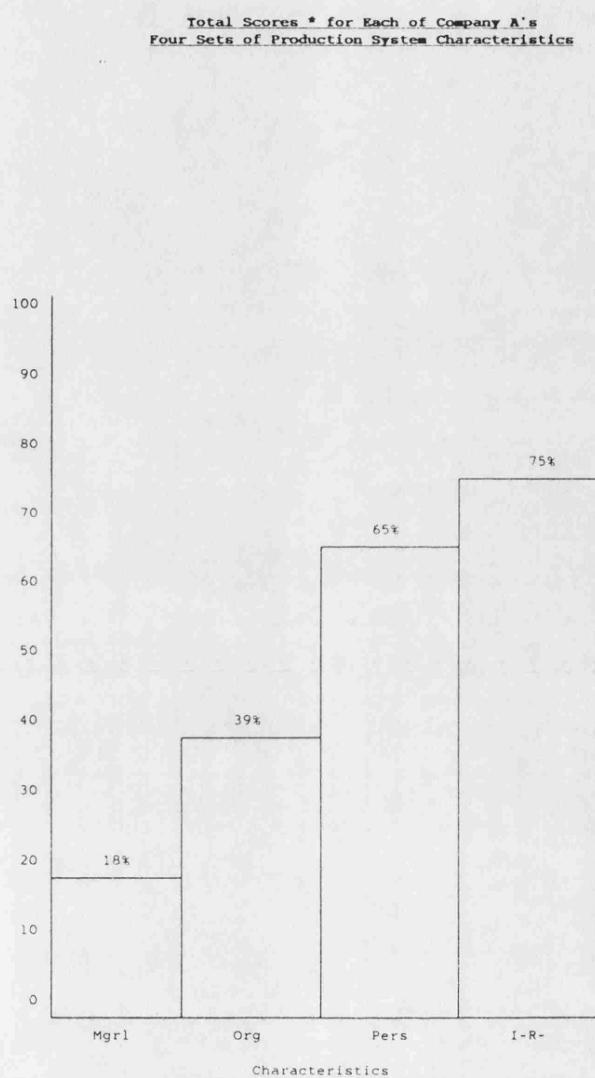
* Scores are weighted and rounded
  to the nearest whole percent

FIGURE 7.8

Total Scores * for Each of Company B's
Four Sets of Production System Characteristics
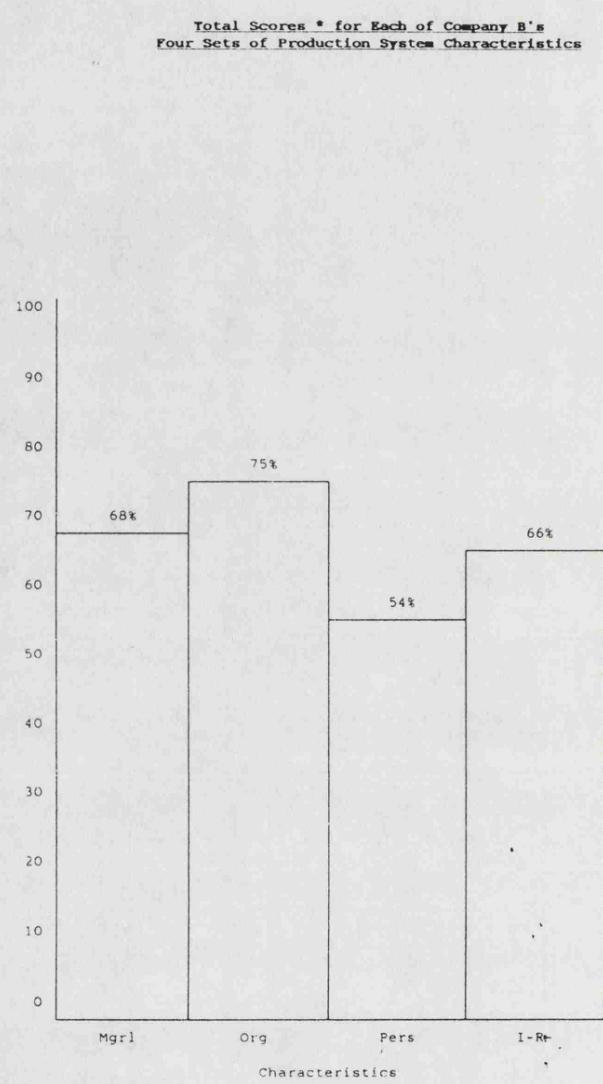
* Scores are weighted and rounded
  to the nearest whole percent

organizational characteristics.   In this situation the research's hypothesis points to Company B being more successful than Company A in   reducing "them and us" attitudes and behaviour among its employees.

Chapters 8 and 9 investigate these issues, beginning with an investigation of workforce expectations and attitudes regarding "them and us" at the time Company A commenced production.

CHAPTER 8

WORKFORCE ATTITUDES CONCERNING "THEM AND US" AT COMPANY A

INTRODUCTION

This study argues that the closer its fit with the production system characteristics of the research's UK model, the better the chances of a Japanese transplant reducing "them and us" attitudes. The further away from model's characteristics, then the less likely it is to reduce "them and us" attitudes.

Chapter 7 showed that when compared alongside the research's UK model, Company A was what the chapter defined as a Group 2 company. It achieved a low overall score coming eighth out of the nine sample companies. This could be attributed to weaknesses in all four sets of its production system characteristics. Firstly, it achieved very poor scores for its sets of managerial and organizational characteristics. Secondly, though it achieved better scores for its sets of personnel and industrial relations characteristics (NIR practices) they to displayed several weaknesses.

Interviews, observation and employee attitude surveys were used to show how weaknesses and strengths in Company A's production system characteristics impacted on "them and us" attitudes among its workers. In Company A's case this was a two part study. The first part was a scene setting exercise, examining workforce attitudes at the company two months after it had commenced manufacturing operations (Stage 1 of the

study). The second part aimed to assess "them and us"

attitudes after the company had been operational for a period

of eighteen months (Stage 2 of the study).

The Stage 2 results are especially important because they

reflect workforce attitudes at the time Company A's production

system was compared alongside the research's UK model. Hence,

they are used to test the research's second hypothesis

described in Chapter 6. This was that it was *not only*

strengths and weaknesses in Company A's personnel and

industrial relations characteristics (NIR practices) that

affected workforce attitudes concerning "them and us", *but*

also its managerial and organizational characteristics. Were

this to be the case, did the the effectiveness of NIR practices

and the effective performance of the company's production

system enjoy what the hypothesis terms a two-way relationship?

In addition, the results were used to look for evidence of the

emergence of either a *vicious* or *virtuous circle*.

1) COMPANY A: SOME GENERAL DETAILS

Company A produces one type of product in consumer

electrical manufacturing and is, in Woodward's (1980) terms, a

"large batch" manufacturer, producing different models of the

same product using assembly lines. At Stage 1 of the study

the manufacturing site was divided into two departments. One

was an area where the finished product was assembled. The

other was an area where the main body, the facia and other

metal components of the product were pressed and welded

before being sent to the assembly area. By the time Stage 2 was conducted a third department had been established for 14 months. This was located some miles away from the main production site and assembled an essential electrical component for the company's product. Here it is referred to as the sub-assembly department.

From the day it opened, Company A had a dual management structure. Most of the senior management positions were occupied by Japanese managers. The company recognised a single union (the EETPU) and by Stage 2 of the study operated a NSA which incorporated pendulum arbitration.

At Stage 1 of the study Company A employed 108 people including Japanese and local management. Of these, 75 workers up to supervisory level were classified as non-management. They had gone through an intensive selection procedure in comparison with most UK manufacturing employers. This involved the use of a detailed application form, and two interviews. Before a final decision was made, the individual was invited to tour the factory with a manager. While this tour was going on the manager was also assessing how the candidate reacted to the work environment in terms of interest shown in or familiarity with any of the work in progress.

The company argued that it had tried to employ experienced workers (as opposed to school leavers) who were receptive to its aim of reducing "them and us". For the personnel manager, any successful reduction of "them and us" would enable the company to "lock in" employees. Workers would not wish to

leave the company because it offered a work environment that made them feel they had helped make it successful. They would therefore come to feel a "sense of ownership" of the company. Employee motivation to work and a commitment to stay with the company were not to be simply based on financial reward, but rather because they felt that this was "our company".

The 75 workers selected were invited to fill in a questionnaire. 58 replies were received, a response rate of 77.3%. By Stage 2 of the study the company had expanded its workforce to 230 using the same selection techniques. Of these 180 were classified as non-managerial and eligible to fill in a second questionnaire. 144 responses were received, a response rate of 80%. No clerical staff responded to either the first or second questionnaire though invited to do so. (See Chapter 6 for details of the questionnaires' structures.)

From here on the chapter is divided into sections reflecting the two stage approach. Section two gives an overview of attitudes displayed by employees at the time Company A commenced production (Stage 1 of the study). It examines their perceptions of issues related to British Industrial Relations in general and their expectations and initial impressions of the company's work environment.

Section three links these early results to a number of key factors that had become highly apparent by Stage 2 of the study and which were influencing workforce attitudes. Section four takes these key factors and using regression analysis shows the extent to which they influenced attitudes specifically related

to "them and us". A number of these key factors are found to relate to weaknesses in Company A's production system characteristics.

The regression finds that weaknesses in all four sets of the company's production system characteristics had an unfavourable impact on "them and us" attitudes among its workers. This confirms that part of the research hypothesis which argues that it is *not only* personnel and industrial relations characteristics (NIR practices) in operation at a company which influence "them and us" related attitudes, *but also* managerial and organizational characteristics. The regression also suggests that the influence of financial reward over "them and us" attitudes cannot be discounted. **A summary of the results of the case study at Company A is given in table 8.1.**

2) WORKFORCE ATTITUDES AT COMPANY A: STAGE 1

2.1) Workforce Perceptions of Issues Related to British Industrial Relations in General

At this early stage in Company A's development and since 97% of the questionnaire respondents had worked elsewhere, their responses to this set of questions might have reflected previous employment experiences. Those employees interviewed talked of having worked at companies where management/employee relations were low-trust and conflictual. Percentage scores, means and standard deviations for these questions are shown in

TABLE 8.1

SIGNIFICANT STRENGTHS AND WEAKNESSES IN COMPANY A'S PRODUCTION

SYSTEM CHARACTERISTICS : THEIR ASSOCIATION WITH WORKFORCE

ATTITUDES RELATED TO "THEM AND US"

Significant Strengths/Weaknesses in Production System Characteristics	Association with "Them and Us" Related Attitudes

----

Managerial Characteristics

Conflict and no compromise of Japanese and local management attitudes and styles; hence no consistency of style or coherent vision.
Japanese use of ringi/nemawashi decision making believed by local management to shut them out of the decision making process.
Evidence of Van-Wolferen's malleable reality.
Japanese accused of making little effort to explain Japanese management practices to local colleagues.
No special selection/retention procedures. No circulation of local managers.
Belief among local management that a promotional ceiling existed.

Organizational Characteristics

Poor inter-departmental co-operation and co-ordination. Local management resented Japanese made decisions, retreated into own area of authority, resisted intrusion of others into it and refused to communicate with other areas of the organization.
Local management hostile/uninterested in vertical communications.
Emphasis on poorly skilled, low paid supervisors supervising in the traditional UK sense, rather than leading.
Poor relationship with suppliers leading to constant disruption of production.

Personnel Characteristics

Avoidance of a policy concentrating on the selection of school leavers.
Attempts to recruit those with attitudes and values responsive to efforts to reduce "them and us".
Concern among core employees that the company's apparent lack of success would jeopardize their prospects of secure employment.
Employee dissatisfaction with pay and concern that the company was not paying what it could afford. Dissatisfaction with the allocation and explanations of promotion.
Control and discipline in the workplace left to local management who maintained it in a traditional and adversarial style. They also avoided implementing elements of consensuality and participation.

Industrial Relations Characteristics

Operation of an NSA designed to foster co-operative industrial relations was left to local colleagues by Japanese management.
Local management adhered to traditional low trust, adversarial industrial relations.
The EETPU seen as being weakened by the NSA and as failing to satisfy membership expectations.

The company has failed to live up to many employees' expectations of success. Employees perceived personal costs as a result of management's (especially local management's) inability to manage and organize production effectively.
This contributed to "changes in attitudes and behaviour" the "creation of a superordinate goal", "increased contact across group boundaries" and "propensity to leave the firm".

Local management's methods of maintaining control and discipline in the workplace and their low trust relationship with the EETPU contributed to a "propensity to leave the firm". In addition it affected perceptions of "changes in attitudes and behaviour" and "increased contact across group boundaries".

Evidence of dissatisfaction with pay and promotion influencing perceptions of "changes in attitudes and behaviour", "increased contact across group boundaries" and "propensity to leave the firm".

"Propensity to leave the firm" and no belief that "changes in attitudes and behaviour" had occurred at Company A influenced "perceptions of "them and us" as a general feature of British Industrial relations".

table 8.2. Responses were measured on a five point scale, from strongly agree to strongly disagree. The results of correlate analysis are shown in table 8.3.

Several strong and significant correlations demonstrated that the issue of "them and us" was believed a central feature of British industrial relations. Respondents saw British industrial relations as being based on inherent conflict between management and employees with management instigating the conflict. These attitudes were associated with what might be termed traditional trade union values. Unions were perceived as a "good thing", and as protecting workers' interests. It was not thought possible to be a union member and support management at the same time.

A set of questions also tapped views about issues related to NSAs. Respondents agreed that there should be some other way to resolve disputes other than striking, and disagreed that one union weakens the workforce. However, they disagreed with the idea that workers never gain by striking. Interviews revealed that employees thought that an alternative to striking was preferable to conflict and a loss of earnings, but that it should still be available as a very last resort. As one operator explained: "You can't really afford to do it, but if there is no other way then you have to come out and to hell with any no-strike agreement." On the issue of single unionism interviewees argued either that one union created a single channel of communication and representation with an employer or that they had not given the issue any thought. These attitudes

TABLE 8.2

WORKFORCE ATTITUDES AT COMPANY A: STAGE 1

Perceptions of Issues Related to British Industrial Relations in General	Mean	Std Dev	1 Strongly Agree %	2 Agree %	3 No View %	4 Disagree %	5 Strongly Disagree %
1) Co-operation in firms is impossible because workers and management are really on different sides.	2.30	1.21	29.3	39.7	8.6	17.2	5.2
2) Managaers always try and get the better of workers.	1.98	1.10	41.4	39.7	0.0	19.0	0.0
3) Managers do not always know what is best for a firm.	1.22	0.88	17.2	55.2	15.5	12.1	0.0
4) It is not easy to be loyal to both your union and management.	1.59	1.00	15.5	34.5	27.6	22.4	0.0
5) Workers must have some say in management decisions that affect the work they do.	1.33	0.47	67.2	32.8	0.0	0.0	0.0
6) Unions should always try and co-operate with management.	2.26	1.07	24.1	48.3	3.4	24.1	0.0
7) Unions are a good thing.	2.01	0.55	13.8	69.8	15.5	1.7	0.0
8) You can be a union member and support management at the same time.	1.95	1.03	1.8	45.6	15.8	31.6	5.3
9) People need a union to protect their interests at work.	1.78	0.94	42.1	47.4	3.5	3.5	3.5
10) Trade unions in Britain are not too powerful.	1.54	1.23	19.0	41.4	15.5	15.5	8.6
11) Single unionism at a company does not weaken the workforce.	1.42	1.07	12.1	55.2	15.5	8.6	8.6
12) There should be some other way to resolve disputes other than going on strike.	1.96	0.93	25.9	62.1	3.4	3.4	5.2
13) Striking can benefit workers.	1.95	1.41	17.2	31.0	8.6	25.9	17.2

Workforce Impressions of Working at Company A			1 Agree Very Strongly	2 Agree Fairly Strongly	3 Agree a Little	4 Disagree a Little	5 Disagree Fairly Strongly	6 Disagree Very Strongly
14) This firm is good to its workers.	3.42	1.26	5.2	13.8	43.1	19.0	10.3	8.6
15) I am very satisfied with my job.	3.15	1.41	13.8	19.0	29.3	24.1	5.2	8.6
16) This is a very friendly place to work.	2.31	1.37	36.2	29.3	15.5	10.3	5.2	3.4
17) I feel loyalty towards this firm.	2.87	1.29	10.3	32.8	36.2	8.6	5.2	6.9
18) Morale is good here.	4.07	1.78	8.6	15.5	19.0	10.3	12.1	34.5
19) If a problem comes up at work I can get it sorted out easily.	3.98	1.34	1.7	12.1	25.9	22.4	22.4	15.5
20) It is worth complaining here.	2.72	1.55	5.2	17.2	29.3	17.2	8.6	22.4
21) My job gives me freedom to get on with my work in my own way.	2.51	1.62	15.5	15.5	13.8	31.0	8.6	15.5
22) The job I do has responsibility attached to it.	1.84	1.44	24.1	22.4	29.3	10.3	8.6	5.2
23) Communications between workers and management are good here.	2.76	1.58	7.0	21.1	14.0	24.6	14.0	19.3
24) It would take a lot for me to leave this firm.	2.55	1.73	17.2	15.5	17.2	20.7	8.6	20.7

TABLE 8.2 Cont'd.

Workforce Impressions of Working at Company A	1 Agree Very Strongly	2 Agree Fairly Strongly	3 Agree a Little	4 Disagree a Little	5 Disagree Fairly Strongly	6 Disagree Very Strongly
25) I am not made to work too hard here.	1.61	1.21	31.0	15.5	31.0	19.0	3.4	0.0
26) It bothers me if I do not do my job well.	1.50	0.98	72.4	15.5	6.9	3.4	1.7	0.0
27) The way I am supervised makes me like the work that I do.	2.15	1.90	34.5	12.1	13.8	5.2	17.2	17.2
28) There is variety in my job.	2.42	1.67	19.0	17.2	17.2	22.4	10.3	13.8
29) The way I am managed at Company A is different to other companies I have worked at.	1.64	1.69	36.2	20.7	10.3	15.5	8.6	8.6

N = 58

To ease statistical analysis some of these questions and their scores are presented reversed.
e.g. Scores for question 22 were originally based on responses to the statement "The job I do has no responsibility attached to it".

TABLE 8.3

CORRELATIONS - PERCEPTIONS OF ISSUES RELATED TO BRITISH INDUSTRIAL RELATIONS

IN GENERAL : STAGE 1

		1	2	3	4	5	6	7	8	9	10	11	12	13
1	Co-operation in firms is impossible because workers and management are really on different sides	-												
2	Managers always try and get the better better of workers	.46***	-											
3	Managers do not always know what is best for a firm	.19	.15	-										
4	It is not easy to be loyal to both your union and management	.17	.33**	.32**	-									
5	Workers must have some say in management decisions that affect the work that they do	-.16	.11	.12	-.12	-								
6	Unions should always try and co-operate with management	-.24*	-.19	.32**	-.13	-.00	-							
7	Unions are a good thing	.04	-.08	-.08	-.05	.11	-.03	-						
8	You cannot be a union member and support management at the same time	.03	.28*	-.15	-.08	-.00	.06	-.08	-					
9	People need a union to protect their interests at work	.23*	.08	.12	-.01	.08	-.08	.35**	.23*	-				
10	Trade unions in Britain are not too powerful	.25*	.19	.02	.02	.17	.12	.06	.01	.05	-			
11	Single unionism at a company does not weaken the workforce	.30*	.05	.13	.00	.09	-.17	.01	.09	.07	.27*	-		
12	There should be some other way to resolve disputes other than going on strike	-.38*	-.17	.36*	.32*	-.01	.21	.10	-.15	-.11	.26*	.37*	-	
13	Striking can benefit workers	.33**	.33**	.05	.12	.02	.00	.04	.07	.09	.51***	.31**	.41***	-

N = 56
* P = < .05
** P = < .01
*** P = < .001

NB: 5 point scale 1 = strongly agree 5 = strongly disagree
Some of these questions and their scores are presented
reversed. See table 8.2 for an explanation of this procedure.

may have been influenced by union representatives during initial recruitment drives at the company.

2.2) Expectations of the Work Environment at Company A

Stage 1 of the study revealed two sets of expectations about working at the company. Both were relevant to the company's aim of reducing "them and us" among the workforce. The first concerned how it would treat its employees. The second concerned the role of the trade union at the company.

Given their perception of "them and us" related issues as a general feature of British industrial relations, employees might have been expected to be cynical of attempts by the company to overcome "them and us" attitudes. Interviews revealed no cynicism but rather a "wait and see" attitude. There was a hope that because the company was Japanese its management would treat its workers differently. Employees also expected that being Japanese it would be successful thereby offering the chance of secure employment. This was despite the company not giving an explicit written or verbal guarantee that core employees would be the last to be laid off.

Two other well known and successful Japanese manufacturers operated in the area and Company A employees made their judgements on this basis. As one put it: "I thought the chance of a permanent new job in a Japanese factory would be great. They look after their workers differently and they know how to make a place run. You've only got to look at how well .... has done." These expectations were combined with an awareness of,

and willingness to strive for, the superordinate goal of management and workers alike, working to make the company successful because its success was in workers' as well as management's interests.

84.5% of the Stage 1 questionnaire sample had joined the EETPU at the company. To test what they expected of their union they were presented with a list of ten reasons for their joining. They were then asked to rank order the three most important reasons why they had joined. (See appendix 8.1.) The four reasons most cited demonstrated traditional beliefs in union membership being an investment based on both collective interests (e.g. workers need trade unions to protect them), and individual interests (e.g. it will give me job security). The fifth less traditional reason for joining was a desire for greater participation in the company's decision making process. These results suggest that most union members expected the union to play a role in keeping with their earlier answers about issues related to British industrial relations in general. (See section 2.1 above.) It remained to be seen whether the union would be able to carry out such a role under the provisions of an NSA which called for it to place the company's before sectional interests.

2.3) Initial Impressions of Working at Company A

A section of the Stage 1 questionnaire aimed to assess the workforce's initial impressions of working at the company. Individuals' responses were measured on a six point scale from

"agree very strongly" to "disagree very strongly". The means and standard deviations for these questions are shown in table 8.2. Correlations are shown in table 8.4.

Responses to these questions suggest a dichotomy of attitudes among employees. One set of significant and promising correlations suggested that the company had started off with a reasonable level of loyalty, by being seen as a friendly place to work, and as treating its employees well. These also correlated with positive responses to general and some specific aspects of job satisfaction such as supervision and responsibility. However, these positive responses were undermined by a second set of correlations. These associated low morale, poor management worker communications and the belief that "it would not take much for me to leave this firm."

This second set of negative responses were attributable to two factors. The first related to British management's operation of NIR practices at the company. During interviews, employees argued that several British managers exhibited what might be termed traditional UK management attitudes concerning control and discipline of the workplace. "They're not looking for co-operation, they haven't the time to be patient", observed one. "They believe that bawling you out and using threats is more effective and far quicker."

The second factor concerns the effectiveness of the production system resulting from the way it was managed and organized. Workers expressed a number of concerns. Few felt

TABLE 8.4

INTERCORRELATIONS - WORKFORCE IMPRESSIONS OF WORKING AT COMPANY A

STAGE 1

		14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
14	This firm is good to its workers	-															
15	I am very satisfied with my job	.71***	-														
16	This is a friendly place to work	.50***	.44***	-													
17	I feel loyalty towards this firm	.70***	.62***	.50***	-												
18	Morale is good here	-.43***	-.39**	-.48***	-.34**	-											
19	If a problem comes up at work I can get it sorted out easily	-.35**	.18	.29*	.14	-.43***	-										
20	It is worth complaining here	.31**	.23*	.09	.28*	-.47***	.36**	-									
21	My job gives me freedom to get on with my work in my own way	.55***	.39***	.26*	.32**	-.07	.39***	.35**	-								
22	The job I do has responsibility attached to it	.23*	.16	.14	.13	-.33**	.38**	.18	.14	-							
23	Communications between workers and management are good here	-.39**	-.10	-.28*	-.10	.49***	-.38**	-.60***	-.19	-.29*	-						
24	It would take a lot for me to leave this firm	-.65***	-.50***	-.41***	-.53***	.25*	-.39**	-.32**	-.61***	-.31**	.29*	-					
25	I am not made to work too hard here	.50***	.26*	.41***	.25*	-.23*	.40***	.04	.41***	.05	-.19	-.36**	-				
26	It bothers me if I do not do my job well	.44***	.29*	.01	.48***	-.08	.20	.24*	.33**	.18	-.06	-.30*	.37**	-			
27	The way I am supervised makes me like the work I do	.49***	.37**	.41***	.37**	-.33**	.36**	.08	.48***	.25*	-.24*	-.46***	.33**	.39***	-		
28	There is variety in my job	.34**	.34**	.11	.24*	-.07	.18	.12	.24*	.21*	-.07	-.25*	.23*	.37**	.40***	-	
29	The way I am managed at Company A is different to other companies I have worked at	.00	.04	.02	.15	-.16	.08	.26*	.00	.04	-.02	-.13	.24*	.03	.06	.26*	-

N = 57
* P = < .05
** P = < .01
*** P = < .001

NB: 6 point scale 1 = Agree very strongly 6 = disagree very strongly
Some of these questions and their scores are presented reversed.
See table 8.2 for an explanation of this procedure.

that they were made to work hard enough, simply because there was no continuous flow of production. "It's all stop start" said one operator from the assembly area. "The line often has to close down and we're left with nothing to do. When it opens back up we're expected to try and meet the day's target. We go too fast and then make more mistakes so that the line stops again."

A number of employees who were interviewed believed that British management were not capable of managing to Japanese standards. They detected a drive among UK management for quantity rather than quality and found this confusing. Quality had been a major feature of the selection process and they talked of a far more quality conscious Japanese management who patiently explained how to overcome problems.

Disruption to production and the differing emphasis on quality and quantity were partially indicative of the emergence of communications problems between Japanese and UK management. Several of the British managers argued that they did not feel part of a team. Initially all British managers had been present at management meetings but by Stage 1 of the study only a handful of senior British managers were allowed to be present. There was, said one UK manager; "a groundswell of opinion among UK middle management that they want more information and involvement in the decision-making process. I'm perfectly willing to learn their methods and to compromise the way I do things with how they (the Japanese) do them. But how can they expect us to do our jobs effectively if they

don't tell us what they want or give us any guidance in their ways."

The following conclusions can be drawn from Stage 1 of the study of Company A:

a) New employees imported strong beliefs in "them and us" as a general feature of British industrial relations into the company. However, they hoped that their new work environment would help to reduce such attitudes.

b) There existed among all interviewees a strong belief that Japanese management would organize and manage the company in way that would lead to its being highly successful.

c) Employees' propensity for joining the union and their expectations of it, suggested a deep rooted belief that a union was insurance to protect them against any excessive management power. Few saw the union's primary role as being a proactive force in the company's decision-making process or of helping to ensure the success of the company.

d) Though some NIR practices at the company received promising responses from some employees, the majority of respondents also gave negative responses that were attributable to concerns over UK management's ability to manage the company successfully, and their attitude towards management/employee relations.

e) There were signs of poor interaction and communication between Japanese and local management which directly contributed to the poor performance of the production system.

3) WORKFORCE ATTITUDES AT COMPANY A: STAGE 2

3.1) Workforce Perceptions of Issues Related to British Industrial Relations in General

As with Stage 1, a section of the Stage 2 questionnaire assessed respondent's views about issues related to British industrial relations in general. Table 8.5 gives means, standard deviations and percentage scores for these questions. There appeared to be similar responses to these questions

TABLE 8.5

WORKFORCE ATTITUDES AT COMPANY A: STAGE 2

Perceptions of Issues Related to British Industrial Relations in General	Mean	Std Dev	1 Strongly Agree %	2 Agree %	3 No View %	4 Disagree %	5 Strongly Disagree %
1) Co-operation in firms is impossible because workers and management are really on different sides.	2.18	1.24	38.9	31.9	4.2	22.2	2.8
2) Managers always try and get the better of workers.	2.17	1.23	38.2	31.9	8.3	17.4	4.2
3) Managers do not always know what is best for a firm.	1.15	1.09	33.3	47.2	7.6	5.6	6.3
4) It is not easy to be loyal to both your union and management.	1.83	1.06	13.2	31.9	25.7	27.1	2.2
5) Workers must have some say in management decisions that affect the work they do.	1.50	0.73	59.7	34.0	4.2	0.7	1.4
6) Unions should always try and co-operate with management.	2.41	1.20	24.3	39.6	12.5	17.4	6.3
7) Unions are a good thing.	2.18	1.01	22.2	53.5	13.9	4.9	5.6
8) People need a union to protect their interests at work.	1.78	0.82	38.9	50.0	6.9	2.1	2.1
9) Single unionism at a company does not weaken the workforce.	1.94	1.22	8.3	38.2	20.8	17.4	15.3
10) There should be some other way to resolve disputes other than going on strike.	1.94	0.85	3.5	2.1	6.9	60.4	27.1
11) Striking can benefit workers.	2.00	1.21	7.6	36.8	17.4	24.3	18.9

Workforce Impressions of Working at Company A	Mean	Std Dev	1 Agree Very Strongly	2 Agree Fairly Strongly	3 Agree a Little	4 Disagree a Little	5 Disagree Fairly Strongly	6 Disagree Very Strongly
12) This firm is good to its workers.	4.05	1.33	1.4	9.0	34.7	20.8	14.8	19.4
13) I am very satisfied with my job.	3.66	1.41	4.9	18.1	28.5	21.5	13.9	13.2
14) This is a friendly place to work.	2.63	1.32	18.8	31.3	34.0	6.9	2.8	6.3
15) There is a good team spirit in my work area.	2.97	1.61	19.4	27.8	25.7	8.3	5.6	13.2
16) Getting promoted at Company A is important to me.	2.25	1.58	22.2	13.2	18.8	27.8	8.3	9.7
17) I feel loyalty towards this firm.	3.43	1.54	11.1	19.4	31.3	14.6	9.0	14.8
18) I can influence management decisions that affect the work I do	3.66	1.56	6.3	5.6	14.6	14.6	18.1	41.0
19) Promotion at Company A is given on a fair basis.	4.21	1.46	4.2	6.9	25.0	20.8	16.7	26.4
20) I frequently get ideas about how to improve the way I do my job.	2.64	1.19	16.0	30.6	37.5	9.7	2.1	4.2
21) Morale is good here.	4.67	1.44	2.1	6.9	16.7	15.3	15.3	43.8
22) It is worth complaining here.	3.48	1.72	9.0	9.7	13.9	11.1	11.8	44.4
23) Management here are interested if I have an idea that might improve the way I do my job.	3.16	1.76	15.3	9.7	18.8	16.0	12.5	27.8
24) My job gives me freedom to get on with my work in my own way.	2.80	1.53	10.4	10.4	20.1	27.8	14.6	16.7

TABLE 8.5 Cont'd.

Workforce Impressions of Working at Company A			1 Agree Very Strongly	2 Agree Fairly Strongly	3 Agree a Little	4 Disagree a Little	5 Disagree Fairly Strongly	6 Disagree Very Strongly
25) The job I do has responsibility attached to it.	1.79	1.76	34.0	17.4	19.4	9.0	8.3	11.8
26) If a problem comes up in my work area the workers there usually try and sort it out themselves.	2.38	1.22	29.2	28.5	26.4	10.4	4.2	1.4
27) Communications between workers and management are good here.	3.30	1.74	3.5	7.6	9.0	17.4	16.7	45.8
28) It would take a lot for me to leave this firm.	3.30	1.74	8.3	15.3	8.3	16.7	13.9	37.5
29) I am satisfied with management's explanations of other people's promotions.	4.13	1.33	2.8	7.6	21.5	30.6	18.1	19.4
30) I am not made to work too hard here.	2.26	1.46	10.4	22.2	35.4	12.5	7.6	11.8
31) It bothers me if I do not do my job well.	1.53	1.07	70.1	19.4	4.9	1.4	2.1	2.1
32) The way I am supervised makes me like the work that I do.	2.55	1.60	24.3	7.6	16.7	15.3	16.7	19.4
33) There is variety in my job.	2.59	1.76	20.1	6.3	22.2	20.1	11.8	19.4
34) The way I am managed at Company A is different to other companies I have worked at.	1.43	1.60	43.1	15.3	18.8	11.1	4.2	7.6
35) Company A gives its workers enough information about its present and future plans.	3.06	1.61	6.9	13.2	13.2	26.4	11.8	28.5
36) The union here is good at taking up our individual grievances.	3.85	1.52	5.6	9.0	34.7	16.0	13.9	20.8
37) The union here influences some of the management decisions that affect the work I do.	4.04	1.38	2.1	9.0	28.5	25.7	13.9	20.8
38) I feel loyalty towards the union here.	3.88	1.57	6.7	9.6	32.6	16.3	8.1	26.7
39) Having a "No Strike" agreement at Company A does not weaken the union.	3.14	1.60	9.1	9.8	13.3	28.0	13.3	26.6
40) The union here is not too co-operative with management.	3.19	1.49	3.5	11.2	19.6	21.7	18.2	25.9

N = 144

To ease statistical analysis some of these questions and their scores are presented reversed.
e.g. Scores for question 33 were originally based on responses to the statement "There is no variety in my job".

to those recorded at Stage 1 of the study and many were strongly and significantly correlated (see table 8.6). These responses emphasised a belief in the existence of conflictual low trust industrial relations where management and workers have divergent interests. Trade unions were still perceived as "a good thing", vital to the protection of peoples' interests at work in the face of hostile management.

3.2) Workforce Impressions of Working at Company A

A further section of the questionnaire assessed employee impressions of the work environment at the Company. Means, standard deviations and percentage scores for these responses are shown in table 8.5. Table 8.7 shows that two distinct patterns of correlations emerged reflecting the views of a majority of the workforce.

Firstly, a pattern of correlations linked poor morale, dissatisfaction with the company's treatment of workers, low levels of loyalty and a propensity to leave the company. Also included were poor perceptions of management/worker communications, hostility to supervisory style, dissatisfaction with management explanations and allocation of promotion, and the belief that there was no point in complaining about anything. Furthermore, most of the items in this pattern corresponded to poor perceptions of the union's performance at the company. It was seen as too co-operative, lacking influence over management decisions and as weakened by the no-strike clause in the NSA at the company.

TABLE 8.6

CORRELATIONS - PERCEPTIONS OF ISSUES RELATED TO BRITISH INDUSTRIAL RELATIONS

IN GENERAL : STAGE 2

		1	2	3	4	5	6	7	8	9	10	11
1	Co-operation in firms is impossible because workers and management are really on different sides	-										
2	Managers always try and get the better better or workers	.53***	-									
3	Managers do not always know what is best for a firm	.19**	.01	-								
4	It is not easy to be loyal to both your union and management	.26***	.34***	.10	-							
5	Workers must have some say in management decisions that affect the work that they do	.18	.14	.00	.03	-						
6	Unions should always try and co-operate with management	.01	.08	.17*	.16*	.18*	-					
7	Unions are a good thing	.11	.18*	.08	.12	.08	-.02	-				
8	People need a union to protect their interests at work	.11	.31***	.06	.01	-.02	-.03	.57***	-			
9	Single unionism at a company does not weaken the workforce	.30***	.18*	.03	-.11	.21**	.08	.24***	-.09	-		
10	There should be some other way to resolve disputes other than going on strike	-.07	-.09	-.15*	-.08	-.00	.04	.14*	.01	.08	-	
11	Striking can benefit workers	.00	.10	.02	.00	.00	.01	.08	.17*	-.04	-.40***	-

N = 144

* P = < .05
** P = < .01
*** P = < .001

5 point scale 1 = Strongle Agree 5 = Strongly Disagree
Some of these questions and their scores are presented reversed.
See Table 8.5 for an explanation of this procedure.

CORRELATIONS - WORKFORCE IMPRESSIONS OF WORKING AT COMPANY A : STAGE 2

	12	13	14	15
12) This firm is good to its workers.	-			
13) I am very satisfied with my job.	*** .41	-		
14) This is a friendly place to work.	.10	* .19	-	
15) There is a good team spirit in my work area.	*** .29	*** .39	*** .40	-
16) Getting promoted at Company A is important to me.	*** .30	* .15	.00	* .14
17) I feel loyalty towards this firm.	*** .55	*** .46	** .23	*** .36
18) I can influence management decisions that affect the work I do.	.12	.03	.02	* -.18
19) Promotion at Company A is given on a fair basis.	*** .34	*** .47	* .16	* .17
20) I frequently get ideas about how to improve the way I do my job.	** .24	.13	.05	-.05
21) Morale is good here.	*** .42	*** .43	.12	*** .35
22) It is worth complaining here.	*** .45	** .23	-.09	* -.16
23) Management here are interested if I have an idea that might improve the way I do my job.	*** .50	*** .33	* -.17	*** -.36
24) My job gives me freedom to get on with my work in my own way.	*** .34	*** .36	* -.18	** -.22
25) The job I do has responsibility attached to it.	-.02	-.06	.12	* .14
26) If a problem comes up in my work area the workers there usually try and sort it out themselves.	.00	.13	.10	** .19
27) Communications between workers and management are good here.	*** .53	*** .48	-.07	*** -.34
28) It would take a lot for me to leave this firm.	*** .57	*** .61	** -.22	*** -.48
29) I am satisfied with management's explanations of other people's promotions.	*** .32	*** .43	-.00	* .19
30) I am not made to work too hard here.	*** -.46	*** -.38	.00	* .19
31) It bothers me if I do not do my job well.	-.01	-.01	.14	* .08
32) The way I am supervised makes me like the work that I do.	** .25	** .43	-.06	*** -.25
33) There is variety in my job.	* -.15	** -.23	*** .31	** .25
34) The way I am managed at Company A is different to other companies I have worked for.	** -.20	* -.16	-.09	.10
35) Company A gives its workers enough information about its present and future plans.	*** .32	*** .26	-.11	*** -.29
36) The union here is good at taking up our individual grievances.	*** .27	*** .26	.08	.07
37) The union here influences some of the management decisions that affect the work I do.	*** .26	** .25	.08	.04
38) I feel loyalty towards the union here.	** .23	* .15	* .18	-.00
39) Having a "No Strike" agreement at Company A does not weaken the union.	*** .36	*** .31	-.05	-.16
40) The union here is not too co-operative with management.	*** .32	*** .27	.02	* -.17

* P = < .05   6 Point Scale 1 = Agree Very Strongly 6 = Disagree Very Strongly

```
    16    17    18    19    20    21    22    23    24    25    26    27    28    29    30    31    32    33    34    35    36    37    38    39    40


     *
  -.18   -

   .00   .03   -

     *   ***
  -.15   .31   .03   -

         ***               *
  -.10   .30  -.04   .14   -

  **.   ***               ***
  -.23   .43   .00   .42   .12   -

  ***   **     *    **          ***
  -.25   .20   .16   .19  -.02   .29   -

  ***   ***          ***        *** ***
  -.32   .50   .10   .27  -.09   .40   .46   -

        ***    *   ***          **  *** ***
  -.12   .30   .16   .37  -.08   .22   .34   .39   -

          *          *                   *** **
   .02  -.12   .06  -.17   .07  -.15  -.07  -.28  -.20   -

                                           *     *
   .02   .07  -.12  -.00   .10  -.01  -.09  -.02  -.16  -.16   -

  ***   ***         ***        *** *** *** ***
  -.27   .43   .11   .32  -.13   .45   .45   .53   .45  -.25  -.09   -

  **    ***         ***        *** *** *** *** **          ***
  -.23   .64   .02   .42  -.13   52    .30   .58   .35  -.22  -.12   .60   -

  **     *    ***               ** ***  ** ***          ** *** ***
  -.23   .17   .02   .37   .02   .22   .26   .24   .47   .03  -.21   .41   .28   -

  ***   ***         **         **  *** *** ***              *** *** ***
  -.32  -.30  -.05  -.20   .06  -.24  -.35  -.41  -.33   .01   .05  -.34  -.37  -.38   -

        **     *                                  *
  -.03  -.20  -.15  -.01   .00  -.04  -.12  -.10  -.07   .17   .02  -.10  -.11  -.01   .05   -

        **    ***               *** *** ***            *** *** *** ***
   .13   .23   .10   .27   .01   .18   .28   .30   .48  -.03  -.12   .38   .35  -.44  -.38  -.08   -

        ***          **         ***      ***        *  ***               ** **
  -.02  -.27   .00  -.22  -.01  -.29   .00  -.29  -.12   .43   .09  -.19  -.36  -.12   .12   .24  -.23   -

  **     *               **   *  ***        ** ***        ***
  -.17  -.19   .09   .08   .13  -.25  -.14  -.32  -.03   .04   .05  -.21  -.35  -.10   .26   .04  -.07   .00   -

   *   ***       **          *** *** *** ***        *** *** *** ***      ***        ***
   .19   .29   .11   .20  -.04   .31   .29   .38   .32  -.11  -.06   .43   .41   .29  -.31  -.09   .31  -.14   .43   -

        ***         ***        *** *** ** ***        * *** *** ***  *       ***                *
  -.05   .28   .14   .27   .12   .29   .32   .20   .39   .05  -.18   .32   .27   .35  -.16  -.01   .42  -.03  -.12   .18   -

   *   ***         ***        *** *              *** *              *       ** *  **
  -.15   .33   .06   .34   .14   .27   .19   .12   .11   .03   .10   .14   .27   .09  -.13  -.05   .18  -.01  -.17   .14   .21   -

   *    **         ***        *** * * ***           * ** ** **              ***         *** ***
   .15   .25  -.09   .33   .11   .31  -17   -.14  -.34   .04  -.16  -.22  -.23   .22   .09   .10  -.31   .08   .04  -.07   .66   .31   -

        ***         ***        *** ** ** **        *** *** ***  *       ***             ** *** *** ***
   .08   .45  -.00   .35   .03   .27   .25   .25   .32  -.08  -.07   .28   .42   .29  -.16  -.08   .26  -.11  -.02   .21   .37   .28  -.33   -

  **   ***    *   ***    *  *** *** *** ***        *** *** *** **       ***        *  *** *** ** *** ***
   .22   .29   .15   .35   .16   .39   .42   .28   .35  -.06  -.13   .30   .42   .28  -.20   .03   .50   .04  -.17   .29   .54   .20  -.44  -.57   -
```

These perceptions of the EETPU's performance contradicted employee expectations of it. As at Stage 1, respondents were asked to rank order their three most important expectations of their union. Once again, they placed heavy emphasis on it playing a traditional role of defending workers' terms and conditions of work. (See appendix 8.2.) Given the correlation results, the union was not fulfilling that role to their satisfaction.

What is noticeable about this first set of significant correlations is that they focus on **management's style of control and discipline** of employees. This is in contrast to the second pattern of correlations.

This second pattern of significant correlations, like the first, included poor perceptions of management/worker communications, a propensity to leave the firm, and dissatisfaction with the way the company treated its workers. However, other items related to employee dissatisfaction with the extent to which management involved them in decisions and actions concerning **production-related issues.** The items included general job dissatisfaction, the poor supply of information concerning the company's present and future plans, management's lack of interest in employee ideas about improving the way they did their jobs, a lack of job autonomy and dissatisfaction with influence over management decisions concerning work related issues. These responses suggest that any desire workers had to improve performance was frustrated by the way in which production was managed and organized.

3.3) Association of Attitudes About British Industrial
Relations in General and About Working at Company A

Responses to the two sets of questions about issues
related to British industrial relations in general and the work
environment at Company A were tested for correlations. (See
table 8.8) There was a strong and significant association
between beliefs in the existence of conflictual and low trust
management/employee relations as a general feature of British
industrial relations and negative perceptions of Company A's
work environment. In addition, support for trade unionism
external to the company correlated with negative perceptions of
the EETPU's performance within it.

These results show that one set of responses was
influencing the other. The question is whether it was the work
environment at the company that was influencing respondents'
perceptions of issues related to British industrial relations
in general, or vice versa. The direction of this association
is examined in section 3.4 below.

3.4) The Association of Workforce Attitudes at Company A With
Factors Other Than the Research Hypothesis

Before examining the research hypothesis in light of
results obtained at Company A, this section briefly takes
account of factors *other* than the hypothesis that might have
influenced employee attitudes at Stage 2 of the study.

A series of t-tests were carried out on job related and
personal characteristics. In order to test for interaction
among them these characteristics were also subjected to Anova

TABLE 8.8

INTERCORRELATIONS - PERCEPTIONS OF ISSUES RELATED TO BRITISH INDUSTRIAL RELATIONS
IN GENERAL AND OF WORKING AT COMPANY A: STAGE 2

	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
1	-.50	-.30	.03	-.24	.35	-.38	.06	-.30	-.11	-.34	-.35	-.41	-.36	.11	-.00	-.47	-.45	-.29	.38	-.05	-.41	.09	-.12	-.35	-.37	-.11	.21	-.37	-.44
2	-.30	-.08	-.09	-.25	.21	-.18	-.00	-.19	.12	-.19	-.29	-.28	-.21	.19	.01	-.20	-.28	-.16	.18	.15	-.22	.21	-.01	.09	-.22	-.11	.14	-.20	-.40
3	.31	.34	.20	.18	.19	.31	-.07	-.34	.10	-.40	-.11	-.32	.09	-.08	.09	-.21	-.45	.04	.16	-.05	-.13	.25	.16	-.18	.13	-.22	.18	-.17	-.14
4	.28	.15	.14	.11	.16	.26	-.02	.11	.04	-.19	-.10	-.16	-.16	.01	.00	-.16	-.24	-.21	.15	.12	-.13	.14	.08	-.15	.18	.08	.10	-.22	-.21
5	-.10	.01	.01	-.06	.13	.06	-.19	-.00	.00	-.07	-.24	-.34	-.22	.00	.23	.20	.00	-.03	.07	.14	.18	.10	.01	.14	-.14	-.02	.11	-.06	-.23
6	-.18	-.17	-.04	-.00	.07	.22	.06	-.28	.09	-.15	.07	-.09	.09	-.06	.08	-.03	-.22	.09	.11	.11	.11	.18	.15	.04	-.11	-.29	-.00	-.13	.05
7	-.16	.06	.01	.01	.04	.19	.01	-.07	.08	-.14	-.23	-.18	-.15	.12	-.06	-.17	-.20	-.17	.18	-.00	-.16	.03	.17	-.16	-.38	.09	.43	-.17	-.28
8	-.02	-.03	-.04	-.25	.04	-.03	-.08	-.15	.14	-.01	-.02	.01	.03	.09	.01	.07	.10	-.01	.05	.02	.02	.12	.06	.08	.11	.11	.24	.08	-.00
9	-.28	-.06	.06	.00	.06	.16	.09	-.04	.05	-.05	-.26	-.17	-.26	-.04	.17	-.15	-.23	-.13	.23	.05	-.32	.07	.16	-.24	-.36	-.10	.32	-.25	-.44
10	.12	-.01	.01	.02	.20	.02	.06	-.12	-.04	-.20	.06	.02	.03	-.08	.00	-.03	-.03	.04	-.04	.13	-.04	-.03	.13	.12	.09	-.06	.10	-.23	-.03
11	.03	.13	.23	.18	.16	.02	.02	-.08	-.08	-.03	.09	-.50	-.11	-.03	.01	-.05	-.12	-.00	.10	.07	-.09	-.08	-.12	.09	-.27	-.00	.07	-.29	-.07

N = 144

* P = < .05   Questions one to eleven - 5 point scale   1 = Strongly Agree   5 = Strongly Disagree
** P = < .01   Questions twelve to forty - 6 point scale   1 = Agree Very Strongly   6 = Disagree Very Strongly
*** P = < .001   Some of these questions and their scores are presented reversed - See Table 8.5 for an explanation of this procedure.

Question Key:

1) Co-operation in firms is impossible because workers and management are really on different sides.

2) Managers always try and get the better of workers.

3) Managers do not always know what is best for a firm.

4) It is not easy to be loyal to both your union and management.

5) Workers must have some say in management decisions that affect the work they do.

6) Unions should always try and co-operate with management.

7) Unions are a good thing.

8) People need a union to protect their interests at work.

9) Single unionism at a company does not weaken the workforce.

10) There should be some other way to resolve disputes other than going on strike.

11) Striking can benefit workers.

12) This firm is good to its workers.

13) I am very satisfied with my job.

14) This is a friendly place to work.

15) There is a good team spirit in my work area.

16) Getting promoted at Company A is important to me.

17) I feel loyalty towards this firm.

18) I can influence management decisions that affect the work I do

19) Promotion at Company A is given on a fair basis.

20) I frequently get ideas about how to improve the way I do my job.

21) Morale is good here.

22) It is worth complaining here.

23) Management here are interested if I have an idea that might improve the way I do my job.

24) My job gives me freedom to get on with my work in my own way.

25) The job I do has responsibility attached to it.

26) If a problem comes up in my work area the workers there usually try and sort it out themselves.

27) Communications between workers and management are good here.

28) It would take a lot for me to leave this firm.

29) I am satisfied with management's explanations of other people's promotions.

30) I am not made to work too hard here.

31) It bothers me if I do not do my job well.

32) The way I am supervised makes me like the work that I do.

33) There is variety in my job.

34) The way I am managed at Company A is different to other companies I have worked at.

35) Company A gives its workers enough information about its present and future plans.

36) The union here is good at taking up our individual grievances.

37) The union here influences some of the management decisions that affect the work I do.

38) I feel loyalty towards the union here.

39) Having a "No Strike" agreement at Company A does not weaken the union.

40) The union here is not too co-operative with management.

tests.   The Anova test showed no significant   patterns   of

interaction.   t-tests   on   the   influence   of   union

membership/non-membership and respondent's   age, gender, and

perception of own class revealed   little significant variance

in questionnaire responses.   However, t-tests related to

duration of employment at the company and satisfaction with pay

showed significant variance.

T-tests were conducted which compared the responses of

the 33 (22.9%) Stage 2 questionnaire respondents who had also

participated in Stage 1 of the study to those employed

subsequently.   (See appendix 8.3.) This factor influenced

workforce attitudes at the company in two ways. Firstly, those

who had participated in Stage 1 often had more negative

perceptions of issues related to British industrial relations

in general and of the work environment at Company A than those

subsequently employed. This suggests that their attitudes had

been   influenced by being exposed to Company A's work

environment for longer.

Secondly, the results explain the direction of the

association   between respondents'   perceptions of issues

related to British industrial relations in general and the work

environment   at Company A.   (The pattern of questionnaire

correlations discussed in section 3.3) They show that length

of exposure to the Company's work environment determined poor

perceptions of issues both external to the company and within

it.   It therefore follows that it was perceptions of the work

environment   at Company A that   were influencing   perceptions

of "them and us" as a general feature of British industrial relations.

A second set of t-tests found respondents' satisfaction with pay also appeared to have a significant effect on their attitudes. (See appendix 8.4.)   Pay or the "cash nexus", was for many employees an influential factor in their assessment of the company. 60% of respondents who believed their pay was "pretty" unfair or "very" unfair tended to have poor perceptions of the company's work environment.   In contrast, the 40% who expressed some degree of satisfaction with pay had more positive perceptions.

3.5) The Association of Workforce Attitudes at Company A With the Research Hypothesis

The research hypothesis under consideration argues that it is *not only* the use of personnel and industrial relations characteristics (NIR practices) that may influence "them and us" attitudes, *but also* other managerial and organizational production system characteristics.   Further, poor managerial and organizational characteristics may lead to the emergence of a *vicious* or *virtuous circle*.

Interviews and observation led to the identification of two key sets of problems in line with the hypothesis.   The first set of problems relate to weaknesses in Company A's personnel and industrial relations characteristics. (NIR practices.)   The second concern weaknesses in the company's managerial and organizational characteristics.   These

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problems were the cause of the two patterns of questionnaire correlations concerning **management's style of control and discipline** of employees and management/worker interaction and communications about **production related issues.** (Discussed in section 3.2 above.)

a) The Hypothesis and NIR Practices at Company A
    Compared to the research's UK model, Company A's personnel characteristics displayed poor training and lack of welfare benefits. Interviews revealed that the **extent** to which these and other NIR practices were in operation at the company was not the focus of employee discontent. The exceptions to this rule were characteristics relating to the financial rewards of pay and promotion.

Though not cross-checked using the New Earnings Survey, it was established in interviews with local full-time union officials, lay officials and the company's management that the company paid the local median for the skills required. Already, we have seen that 60% of questionnaire respondents were dissatisfied with the fairness of their pay and it was suggested that this contributed to their negative perceptions of the work environment at the company. Interviewees argued that the pay was too little, especially where it was the primary income for a family and that it contributed to many employees' desire to leave the company.

On promotion, interviewees claimed a "blue eyed boy" syndrome existed rather than its being merit based as required under the model. In line with responses to the questionnaire,

they expressed dissatisfaction with its allocation and explanations of its allocation. They did not want more responsibility or a more interesting job, but saw promotion, one of the few possibilities of earning more money at the company, as unavailable.

If the extent to which NIR practices were in operation at the company was not the overriding concern of employees, what was? The answer appeared to lie with the style in which local management operated them.

The majority of middle management positions were occupied by local managers so that it was they who were inevitably involved in most day to day interaction with employees. Local management made poor use of NIR practices related to personnel characteristics at the company. For example, they were criticised for their lack of enthusiasm about practices designed to foster consensuality and participation. As an operator from the assembly area argued: "When we first came here we had a morning meeting every day. I think we're still supposed to, but we don't any more. That sums up their interest in telling us what's going on. They assume we're too thick to understand or not interested."

Local management were also accused of applying rules related to the regimentation of the work environment in a harsh unfair style. One particular rule was that workers should not talk to each other in the work areas. It was based on Japanese management's belief that a worker talking was less productive than one who did not. The rule was bitterly

resented and the style of enforcement was harshly criticised. Employees complained that there had been no explanation of the reasoning behind it. Further, they believed that it was enforced in an arbitrary fashion. The result, as one operator explained, was that some local managers "hand out warnings like sweets. I've worked nineteen years and I'd never had a warning until I came here."

This management style appeared to be emulated by supervisors. The relevant organizational characteristic of the UK model requires that supervisors act as leaders, encouraging and developing the skills of workers. Supervisors at Company A did not do this and were harshly criticised: "They were meant to be part of the team, helping out when things get rough", lamented an operator from the press/weld area. "Instead they just watch you waiting for you to make a mistake so they can report you."

The problems so far discussed, show why responses to the questionnaire created a pattern of correlations reflecting concern about local **management's style when maintaining control and discipline** of the workforce. This pattern of correlations included critical responses to questions evaluating the performance of the union at the company. The inclusion of these responses can be explained by examining the style in which local management dealt with their workforce on a collective basis.

Industrial relations at Company A was predominantly the remit of UK management. This was because as one Japanese

manager explained, Japanese management felt they lacked the knowledge and confidence to deal with UK trade unionism. Moreover, day to day industrial relations at the company was conducted between middle management and shop stewards and middle management was dominated by local managers. Japanese management were therefore somewhat remote from the workforce. As one operator put it: "We only see them when there are problems with production. They don't get involved in our disputes with the British managers."

The local management dominance over industrial relations led to a situation in which they were allowed to maintain control and discipline of the workplace in a low trust and adversarial manner. Japanese management appeared content to let this happen. Their remoteness from industrial relations matters meant that during the study they never directly interfered in, questioned or criticised the methods used by local management to maintain control and discipline of workers. Nor was there any suggestion of disquiet about the issue at Company HQ in Japan.

The style in which local management operated industrial relations at the company had a further vital implication. It rendered the union ineffective, to the extent that employees believed the union was weak and/or too co-operative.

Though union membership at the company was high at 85%, stewards recognised that many of its members believed the union to be weak and/or too co-operative. One explained why this sentiment was only half correct. "Weak yes, but too co-

operative no. Management won't let us be co-operative. Depending on the issue, I've tried suggesting that rather than go into a disciplinary procedure they should let me have a quiet chat with the individual to warn him or her that they're being watched. But they just call me in to the disciplinary as the rep and that's that. Our relations are very formal. The idea that we are supposed to help the place run better just doesn't cross management's minds. They just see us as the other side. We do our best, but with management having that sort of attitude we rarely get a fair hearing. Workers see what's going on and think that because we're not allowed to organise a strike we're weak."

Only in the sub-assembly area where there was no local management presence was there little employee concern about management's control and discipline of the workforce and its effect on the union's performance. Japanese management left day to day disciplinary matters and grievances to be dealt with by the one UK supervisor on site who had adopted a very different style to local managers and supervisors employed elsewhere at the company. The steward for the department had no complaints about his fairness in handling these matters. She described her role in the exact opposite way to that of the steward discussed above. "It's the union's role to keep things on an even keel here. If we (the steward and supervisor) see trouble brewing he'll often let me go and have a word with the individuals concerned rather than letting things get to a disciplinary."

The co-operative supervisor/union relationship may well have influenced employee responses to the questionnaire in this area. T-tests revealed that, unlike workers elsewhere at the company, they had better perceptions of the union's performance and were more loyal to it. They were also more inclined to believe it was worth complaining. (See appendix 8.5.)

Overall poor perceptions of the union's performance at Company A may have been exacerbated by events surrounding the most recent pay discussions. These events are a good illustration of the sort of difficulties the union encountered when dealing with a local management. Local management took responsibility for these pay discussions. Their actions showed they were not interested in using the company's NSA for a reduction of "them and us" at the workplace and so ignored the spirit of trust and co-operation supposed to underlie it.

Pay discussions took place at the company's advisory board. Management's first offer was rejected by the workforce in a ballot. This was despite a recommendation from employee representatives on the board that they accept it because it was all the company could afford. These representatives were either stewards and/or union members.

Eventually, and after the issue had been referred to ACAS for conciliation – as required under the NSA's disputes procedure – a revised and complicated package was assembled. This did not improve on the basic rate of pay previously offered because management remained adamant that the company could not afford such an increase. Instead, it offered

additional payments and benefits related to sick pay and skills accrued. These were to pay for themselves by improving the company's performance.

Once again, employee representatives accepted in good faith that the offer was all the company could afford, and along with management set about persuading the workforce to accept it. They encountered considerable difficulty. Many workers found it hard to understand the package. Others asked why management could find extra money to fund the additional payments and benefits, but not an increase in basic pay.

Management realised that the offer was likely to be rejected. Their reaction was simple and suggested that during the pay talks they had had little regard for the "spirit of intent" that was supposed form the basis of the NSA. Three months from the date the first offer was put forward management called in the local full-time official and the senior steward and made an increased offer on the basic rate of pay for all shop floor workers. There were no additional payments and benefits attached.

Shop floor workers were delighted and accepted this offer, but as the the basis of the deal sank in they became aware that they, the advisory board and the union had been misled. For many, the events showed that management could not be trusted and therefore the advisory board was an ineffective body. One operator remarked that: "For weeks now management have been telling them on the board that they can't afford any more and

then when they realise they can't get what they want they suddenly find the extra money."

For the union the events were a blow to its credibility. A steward explained: "Anything we bring back from the advisory board, they're (the employees) going to be deeply suspicious of now. We've been made to look like management mouthpieces." She also noted: "We're (the union) not going to believe anything they tell us on the board anyway." This was a poor portent for future industrial relations at the company.

In summary, even where institutional processes which could be termed NIR practices were in operation at the company (such as its NSA or consensuality and participation) their success at influencing "them and us" attitudes among the workforce appeared to be hampered by the style in which local management attempted to maintain control and discipline of the workplace. This was a style which was becoming apparent at Stage 1 of the study. It was a style which could best be termed as traditional British industrial relations - low trust and adversarial.

b) <u>The Hypothesis and Managerial and Organizational Characteristics at Company A</u>

The second set of problems which are connected to the hypothesis concern the effect of weaknesses in the managerial and organizational characteristics in use at the company. These appeared to account for the second, further pattern of correlations concerning management/worker communications and interaction about **production related issues.** (Discussed in section 3.2 above.)

The extent to which managerial and organizational characteristics influenced workforce perceptions of the work environment at Company A becomes most apparent when employee attitudes are linked to the level of disruption to production in the department in which they worked. In the main assembly area, where production was most disrupted and worst organized, a series of t-tests on the questionnaire results showed employees to have the most significant and negative perceptions of the work environment at the company. Workers there complained about the lack of information from management, and management's lack of interest in ideas workers had to improve their jobs. They felt communications were poor, lacked job satisfaction, believed the company treated them poorly and displayed most propensity to leave. (See appendix 8.5.) Similar attitudes prevailed among workers in the press/weld area but were less pronounced.

By contrast, perceptions of the work environment in the sub-assembly area, where production flowed uninterrupted and was better organized, were the most positive. Here, workers displayed least propensity to leave, had positive perceptions of management/worker communications and were happiest with the way that the company treated its workforce. (See appendix 8.5.)

There was then considerable variance in the level of disruption to production between departments. Interviews and observation established that this was related to the management structure at the company. Where it was dual it caused

weaknesses in managerial and organizational characteristics which affected "them and us" attitudes among its workers.

Where dual management structures existed communications between Japanese and local management were particularly poor. The two groups regarded each other as separate structures and this caused problems such as a lack of coherent vision, no consistency of style and non-consensual/groupist decision making. (All contrary to managerial characteristics required by the research's UK model.) The Japanese appeared to have little respect for many UK managers based on their lack of skills (at doing things the Japanese way) and as one exclaimed, "because they are lazy and don't care." That may be a fair description of some UK managers but begs the question of how the Japanese came to employ them.

The selection procedures for both Japanese and local managers were inconsistent and contrary to the relevant managerial characteristic of the model. Japanese managers simply arrived at the company at short notice. They believed they had been selected for their skills with little regard for their attitude or linguistic abilities. UK management were usually screened via an agency and then interviewed at the company with a view to filling a specific post. Few of them were clear as to the exact reasons why they had been employed and contrary to the relevant managerial characteristic of the model, they were all unsure of their promotional prospects. As one complained: "They've said (Japanese management) that this company will eventually be UK managed, but they've given

no timetable and when any senior Japanese manager goes back to Japan another one comes over here to take his place."

There was no policy to circulate UK managers so that they would accrue a wider range of management skills. Several preferred to be insular from other departments. As one put it: "I'm not interested in other people's problems. I get what I need to know and give them what they need to know as and when required." This prevented good horizontal communications between departments and limited departmental co-ordination and co-operation - organizational requirements of the model.

By Stage 2, the overall management structure, though dual, might also be described as two tier. An Executive Management Committee (EMC) existed which several local managers described as "the inner cabinet". Only the UK Personnel Manager sat on it. Key policies were formulated and decisions taken in this committee, but even the UK Personnel Manager was sceptical as to his role. "I'm pretty sure that a lot of late night meetings go on before anything arrives for discussion there" he remarked. "The result is usually a foregone conclusion. The only time I have any real influence is when they come to me for advice over a personnel or industrial relations issue. That's because they simply haven't the knowledge or communications skills to handle those areas and it was the justification for me getting on the committee."

All other UK managers got their feedback from the EMC via Japanese managers. Local managers from both the press/weld and assembly area expressed concern about not being properly

consulted over decisions taken by the EMC. One local manager explained: "What we have is an elite of Japanese. They want to know everything we're doing but rarely tell us what they're up to! Of course we've got some influence over what happens on a day to day basis but we have little influence over longer term strategies. They never actually talk about that with us. They decide the policy at the EMC. It then suddenly arrives as a memo or is brought up at a production meeting and is only to be discussed in terms of how we're going to implement it."

Local managers also complained about Japanese senior management in terms of Van Wolferen's "malleable reality", discussed in Chapter 4. (Van Wolferen, 1989) In one instance, a local manager in the assembly area informed his Japanese superior that initial quality checks on a particular product batch had revealed a faulty electrical component. He had reason to believe that the whole batch of this component was faulty but he could not prove it. He suggested suspending production until the components were cleared for use rather than continue using them and risk production of a large number of faulty units. This was a major decision to take and the Japanese manager opted to continue production.

The whole batch of the component was found to be faulty and the best part of a day's production contained the component. The UK production manager explained that this was the case to his Japanese superior and was asked why this had been allowed to happen and why had he not stopped production earlier? A pointless argument ensued in which it was clear that

the Japanese manager regarded it as his right to deny that he had been informed that an early stop on production would be wise and that his UK subordinate was wrong to challenge his interpretation of events. "It's as if they deny something was ever said or happened..." the UK manager subsequently complained.

Problems of management communication and interaction were apparent in the assembly and press/weld areas, but not the sub-assembly area because it was solely Japanese managed. For example, no elite of Japanese management were shutting out UK management from the decision making process. There was no UK management to shut out.

So far, instances of poor interaction and communication between Japanese and local managers can all be seen as weaknesses in the company's managerial characteristics. These weaknesses impacted on the company's organizational characteristics and as will be shown particularly the organizational characteristic concerning the company's relationship with its suppliers.

Company A's relationship with its suppliers often led to severely disrupted production which in turn affected workforce attitudes and behaviour there. In the assembly area in particular, the poor company/supplier relationship contributed to poor component quality and late component delivery.

There were two reasons for the poor relationships with suppliers. Firstly, the manager in charge of procurement was British, though he reported to a senior Japanese manager. His

system of procurement did not involve the use of written criteria concerning component price, delivery time or quality as required under the research's UK model. Instead, they were all based on a verbal understanding. Secondly, there was no close supportive relationship of the company with its suppliers. Problems with the quality of components supplied were never speedily redressed and appeared to be accepted as a fact of production life by management.

One way in which poor quality components impacted on workforce attitudes at the company was their effect on the routine of work tasks. One of several examples in the assembly area concerned the front facia of the product. The facia was metal and was sent out to a sub-contractor to be painted. It incorporated two holes into which slotted two pins that acted as hinges. Every facia that was returned from this sub-contractor had the hinge holes drilled out by an operator. This was because the paint had been allowed to run into the hinge holes and harden. This had been going on for at least six months according to the production manager. The operator concerned was annoyed that nothing appeared to have been done about the problem. "Why don't they tell the painter that he'll lose the job unless he gets his act together. What I'm doing is a complete waste of time. We're supposed to think of ways to improve our jobs. My job shouldn't even exist!"

A lack of communications and interaction between Japanese and local management contributed to their not affecting any change in the quality of the component supplied for this

particular job. Had they done so it would have freed workers to do other tasks in a production system that required functional flexibility and the use of direct labour and might have increased worker confidence in management's competence.

Poor quality and late delivery of components also affected attitudes at the company by interrupting the flow of production. (On one occasion the assembly area produced nothing for three days because a batch of a vital component was found to be faulty.) This was an area that was extremely vulnerable to disruption because it was dependent on a host of components from outside suppliers.

Frequent disruption to the flow of production in the assembly area led to workers complaining that all they wanted was for management to organize work to come down the assembly line consistently. This suggests a plea for "traction" as discussed by Baldamus. He maintained that a rhythm of line work made it more acceptable and that its disruption leads to exaggerated weariness and tedium. (Baldamus, 1961) For the personnel manager, interrupted production was a major concern. "It affects worker morale. Without a continuous flow of production workers know we can't deliver the success that we constantly promise."

As a result of disruption related to quality a *vicious circle* as is described by the hypothesis emerged in the assembly area. However, an important link in the circle could not be proven. This link ought to have shown that the effectiveness of NIR practices in operation at the company in

reducing "them and us" attitudes was restricted by the ineffective performance of the production system owing to managerial and organizational characteristics. The link could not be proved because the effective operation of NIR practices was already impaired by the style in which local management operated many of them when trying to maintain control and discipline.

The vicious circle with its unproven link highlighted, is summarised in figure 8.1. It shows that despite the company placing great emphasis on the issue, workers believed management were uninterested in quality. As has been described, they often supplied the workforce with poor quality components which often disrupted the flow of production. Employees were supposed to take responsibility for the quality of products by self-checking their work. However, several explained that they saw little point in self-checking what they did when they doubted the quality of the components used to build the product. As one pointed out: "Why bother to self-check when you know you're going to see the thing back on the line as re-work anyway?" This of course further contributed to the company's already poor performance - hence the emergence of a vicious circle.

Many employees felt that the poor performance of the company's production system had resulted in some personal cost to themselves. They expressed doubts and cynicism about the superordinate goal of both management and workers working to make the company successful. Expectations of management as

FIGURE 8.1

How the Relationship Between NIR Practices and the Production System's
Performance at Company A Led to the Emergence of a Vicious Circle,
With Special Reference to the Issue of Quality

Poor Performance
of workforce.
(Workers cease to
pursue the manufacture
of quality products.)

Maintenance of strong
"them and us" attitudes.
Cynicism about the
value of, and rejection
of, NIR practices.
(Especially those related
to quality.)
(Unproven.)

Poor organization
and management
of the production
system. (Poor buyer/
supplier relations
leads to problems
of component quality.)

Poor performance
of production.
(Evidenced by
disruption of production
and rework due to poor
quality components.)

Workforce perceives
personal costs to
themselves. Efforts
devoted to superordinate
goal (in this case quality)
believed pointless due to
managerial and organizational
failings. Fear that failings
will lead to loss of job.

Workforce perceives
poor performance of
production system.

expressed at Stage 1 were not being met. They had no confidence in management's ability to manage the company successfully and were especially critical of local management with which they had the most contact.

An operator summed up these feelings: "As far as I can see there's no respect for management's ability to manage here any more. The British management just don't know what they're doing. A lot of them don't even seem to care about what's going on. Everyone can see that. If they're no good then they won't get any respect and I don't see how they can expect people to work for the good of the company." Others saw the personal cost in more dramatic terms: "I can't see how we'll still be open in a year's time when nothing's going out of the door", said one. Given their initial expectations of the company supplying a permanent job, this was a major setback.

What appeared to be happening in the main assembly area was that the production system's perceived poor performance was being blamed by employees for the company's inability to meet their expectations. This inability to meet expectations worked to the detriment of the company's efforts to reduce "them and us" attitudes among its workforce. Had expectations been met, then efforts to reduce "them and us" attitudes would have been more favourably received.

Turning to the press/weld area there appeared to be better organization of production. It relied on the procurement department for the purchase of a small number of mainly steel and aluminium supplies in bulk rather than the large number of

different components required by the assembly area. This meant fewer problems with quality and delivery deadlines.

The main disruption to this production area stemmed from machine faults. Poor organization for their repair and maintainence meant that the production system requirement of full utilization of production machinery was not being met. Insufficient spares were carried while the reputation of the UK maintainence technicians among operators was of them being poorly skilled. One of the technicians explained their reputation arguing that: "We can't get anything from the maintainence manuals because they're all written in Japanese! Our only real training is done by watching the Japanese work on machinery that is unfamiliar to us."

These problems meant that the press/weld area suffered frequent and often lengthy machine shutdowns and relied on Japanese management to repair them when they had the time. For example, a semi-automatic weld line was particularly prone to break down which necessitated a reversion to manual welding while it was being repaired. The frequency with which this happened led to numerous complaints from operators about the "stop start" nature of work that it caused. Despite this, it was apparent that the area suffered far less disruption due to poor components or materials than the assembly area. Complaints registered during interviews and observation were less aimed at management incompetence and more at local management's attitude and treatment of the workforce.

At the sub-assembly department production was rarely disrupted. A number of factors contributed to this. As already shown, the possibility of poor UK/Japanese management communications and interaction affecting the performance of the production system was not an issue here. The area also relied on a minimal number of components and materials from outside the company to make its product which caused few problems related to quality and delivery deadlines. Further, the production line was half robotics and half manual. The robotics were not prone to breakdown like the technology employed in the press/weld area.

It might be expected that a *virtuous circle* had emerged in the sub-assembly area. The conditions for its emergence appeared ideal. Production flowed uninterrupted, the area did not suffer from managerial and organizational weaknesses experienced in the press/weld or assembly areas, nor were its workers concerned about the style in which the supervisor operated NIR practices.

Nonetheless, a virtuous circle had not emerged. This was because workers were aware of and had negative perceptions of what was happening at the company elsewhere and how it affected them. They knew from team briefings and feedback from the company's advisory board how poorly the company was performing overall. (See appendix 8.5.) Typically they would argue: "What's the point of us putting in the effort here when the rest of the company's a mess?" They believed that even if they worked harder the rest of the company's performance

undermined their job security. Several went on to express

concerns about their job security. In short positive

perceptions of the immediate work environment were cancelled

out by negative perceptions of what was going on elsewhere in

the company.

To conclude section 3 of this chapter, a combination of

questionnaire results, interviews and observation led to the

identification of four factors that may have influenced

workforce attitudes regarding "them and us" during Stage 2 of

the study. Two of them do not form part of the research

hypothesis but rather may co-exist with it. These are:

1) Length of employment at the company. (Was the respondent a participant in Stage 1 of the study?)

2) Financial reward based on satisfaction with pay and promotion.

The other two factors clearly relate to the hypothesis

under investigation. They are:

3) The style in which local management maintained control and discipline of the workplace, thereby impeding the effectiveness of NIR practices supposedly in operation at the company.

4) The management and organization of production in the respondent's work area and its affect on the production system's performance. (Production related issues.)

In the case of factors three and four, it is suggested

that as they concern attitudes about the work environment,

within Company A they influence attitudes about issues related

to British industrial relations in general.

4) <u>KEY EXPLANATIONS OF "THEM AND US" AT COMPANY A: STAGE 2</u>

Section 3 identified four factors as influencing attitudes regarding the work environment at Company A and perceptions of issues related to British industrial relations in general. This section assesses the extent to which these factors account for "them and us" related attitudes among the company's employees.

Each factor was introduced into five regression models. (See table 8.9.) The models also included dummy variables concerning the job related and personal characteristics of union membership, age, gender and perception of own class. Other relevant variables based on responses to specific questions on the questionnaire were also inserted. Only those dummy or other variables showing a significant relationship with one or more dependent variables are displayed on table 8.9.

The dependent variables for these models were based on the responses to five key questions on the questionnaire. Responses to these questions were taken to indicate how successful the company had been in influencing "them and us" attitudes. The research does not argue that any one of these dependent variables is the best indicator of what had influenced "them and us" attitudes at the company. (Chapter 6 provides an explanation of why these questions were chosen to represent influences on "them and us" attitudes.) Four of the questions concerned "them and us" related issues within the company.

TABLE 8.9

KEY EXPLANATIONS OF "THEM AND US" AT COMPANY A : REGRESSION ANALYSIS

	(a)** Increased Contact Across Group	(b)** Creation of a superordinate Goal	(c)** Changes in attitude and and behaviour	(d)** Propensity to leave the firm	(e)* "Them and Us" as a general feature of British IR
Works in assembly area.		-0.1759 (-2.42)	-0.1505 (-2.05)	-0.1757 (-2.54)	
Works in either assembly or press/weld areas.	-0.1618 (-2.18)				
Dissatisfaction with pay.			-0.1435 (-1.98)	-0.1670 (-2.62)	
Promotion not given on a fair basis.			-0.1882 (-2.54)	-0.1591 -(2.27)	
No variety in job.		-0.2317 -(3.34)			
No autonomy in job.		-0.1997 -(2.70)			
No overall job satisfaction.				-0.3604 (-5.12)	
Dissatisfied with explanation of promotion	-0.3362 (-4.54)				
No point in complaining at Company A		-0.3245 (-4.24)	-0.2896 (-3.80)		
Not enough information given about company A's present and future plans.	-0.2682 (-3.34)			-0.1365 (1.98)	
Union perceived as not influencing management decisions.	-0.1785 (-1.896)				
No strike clause in NSA believed weaken the union.			-0.1815 (-2.32)		
Union believed too co-operative.				-0.1356 (-1.95)	
Management/worker communications are good here.					0.3287 (4.00)
Company A believed to treat its workers well.					0.3095 (3.76)
Constant	4.59 (5.53)	2.046 (4.41)	4.232 (7.10)	4.320 (6.07)	2.701 (6.45)
Mean of D.V.	3.30	3.16	4.05	3.30	2.18
Adjusted R^2	0.2934	0.3356	0.3315	0.5141	0.3010
F	15.84	19.05	14.98	25.87	31.80
N=	144	144	144	144	144

** = six point scale   t = statistics in parentheses
 * = five point scale

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The first three questions were designed to assess whether reductions in "them and us" attitudes had been secured via any of Kelly and Kelly's (1991) three routes to attitude change. These three routes were firstly, "increased contact across group boundaries" (assessed by responses to the question "management/worker communications are good here"). Secondly, the creation of a "superordinate goal" (assessed by responses to the question "management here are interested if I have an idea that might improve the way I do my job). Thirdly, "changes in attitudes and behaviour" (assessed by responses to the question "this firm is good to its workers").

The fourth dependent variable concerned whether the company had created a work environment which retained workers for reasons other than purely financial reward (assessed by responses to the question "it would not take much for me to leave this firm").

The fifth and final dependent variable was taken to represent attitudes about "them and us" as a general feature of British industrial relations. It featured responses to the question "co-operation in firms is impossible because workers and management are really on different sides." The regression model was based on the acceptance that attitudes concerning "them and us" related issues within the company affected attitudes concerning "them and us" related issues as a general feature of British industrial relations. i.e. to see if respondents' perceptions of what happened at Company A would influence their perceptions of what is, or might be, the

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norm at other workplaces.   Accordingly, four independent

variables put into the model were the four tested as dependent

variables representing "them and us" related attitudes within

Company A.   The dummy variables concerning job related and

personal characteristics were also used. Only those dummy or

other independent variables showing a significant relationship

with the dependent variable are displayed on table 8.9.

4.1) <u>Increased Contact Across Group Boundaries</u>
     Increased management/worker interaction did not appear to

have   led   to   positive   perceptions   of   management/worker

communications at Company A. 80% of respondents disagreed to

some extent that communications were good. Four items accounted

for 29% of variance (Column a, table 8.9).

Kelly and Kelly (1991) describe this interaction in terms

of the use of NIR practices designed to enhance participation

and consultation. Two items suggested that employees did not

believe such practices at the company had contributed to a

reduction in "them and us" attitudes. One concerned the lack

of information employees received about the company's present

and future plans, indicating a failure in the company's

vertical   communications   structure   (an   organizational

characteristic under the UK model). A   second   item

demonstrated employee discontent with the style in which local

management maintained control and discipline of the workplace.

It concerned the belief that the union had little influence

over management decisions that affected the work done by

respondents.

A third item suggested that poor perceptions of management/worker communications were most pronounced in the assembly and press/weld areas. These were the areas in production that were worst organized due to poor interaction and communication between Japanese and local management and in which local management style in relation to the control and discipline of the workplace came in for the most criticism from employees. A further item linked poor communications to discontent with management explanations about promotion which offered a financial reward for employees, if achieved. None of the dummy variables for job related and personnel characteristics featured as significant in the model. This suggests that poor perceptions of management/worker communications were purely based on the above three items.

4.2) Creation of a Superordinate Goal
56% of workers disagreed to some extent that management would be interested if they had an idea that might improve the way they did their job. Four items accounted for 33% of variance (Column b). This response was linked to the belief that there was no point in complaining. Employees may have taken this view because of the unenthusiastic way in which local management responded to employees who expressed views about production related issues. The belief that management lacked interest in employee ideas about how to improve their jobs was also accentuated by the inclusion in the model of variables expressing employee dissatisfaction with the amount of autonomy and variety in their jobs.

A fourth item indicated that the lack of belief in a superordinate goal was most pronounced in the assembly area. This would explain why a vicious circle was highly apparent there.

4.3) Changes in Attitudes and Behaviour

55% of workers disagreed to some extent that the company treated its workers well. Five items contributed to this criticism and accounted for 33% of variance (Column c). Management's general attitudes and behaviour were not believed to have altered to the benefit of "them and us" attitudes. Again, workers believed the company treated them poorly in terms of whether management took notice of their grievances. This suggests that they had this belief not only because of management reactions when they expressed views about production related issues, but also because of the style in which local management operated NIR practices. This response was also linked to poor perceptions of the union's performance, in part, due to the terms of the NSA in operation at the company. Consequently, the regression model included workers' beliefs that the no strike clause in the company's NSA weakened the union.

Management's operation of NIR practices was not the only factor influencing workers' perceptions of how the company treated them. The regression model showed they also reacted to weaknesses in its managerial and organizational production system characteristics. The company's treatment of workers was likely to be perceived most poorly by those working in the

assembly area. This was the area in which poor interaction and communications between Japanese and local management contributed to weak managerial and organizational characteristics. As a result production was considerably disrupted and the emergence of a vicious circle related to the issue of quality was apparent.

Finally, despite the company's attempts to motivate workers by other means, the model also showed the influence of the financial rewards of pay and promotion in employees' assessments of how the company treated them.

4.4) <u>Propensity to Leave the Firm</u>
That 68% of respondents disagreed that it would take a lot for them to leave the company can be attributed to seven items accounting for 51% of variance (Column d). Dissatisfaction with pay and promotion were strong features re-emphasising the influence of financial reward in attempts to reduce "them and us" thereby inducing loyalty to a company. That said, a lack of information about the company's present and future plans also featured as did poor job satisfaction and whether the respondent worked in the assembly area. The inclusion of items concerning financial reward suggests that had the company operated a set of more effective managerial and organizational characteristics (i.e. closer to those of the UK model) employees might have been more receptive to management efforts to reduce "them and us" thereby increasing their loyalty to the company.

Similarly, a seventh item concerned the belief that the union was too co-operative with management. That employees perceived it this way was as we have seen a reflection of management operating NIR practices in operation in the company in a traditional style. Had they not done so this might have influenced "them and us" attitudes and employee desires to leave.

4.5) "Them and Us" as a General Feature of British Industrial Relations

Column e in table 8.9 shows the result of regression analysis on the belief that co-operation in firms is impossible because workers and management are really on different sides. 69% of respondents agreed to some extent with this statement. Two items accounted for 30% of variance. These were both responses to the work environment at Company A. They were the firm's treatment of its workers, and management worker/communications.

At first sight, it may seem surprising that none of the dummy variables inserted featured in this model. Nonetheless, satisfaction with pay and whether the respondent worked in the assembly area, have already been shown to account for considerable variance in attitudes concerning the firm's treatment of workers and employee commitment to staying with the company. Since we are arguing that perceptions of "them and us" as a general feature of British industrial relations are affected by perceptions of "them and us" related issues within the company, these factors must remain significantly influential.

Overall, the results of this regression model imply that what happens to a person at their place of work colours their views and judgement of management/employee relations at other workplaces. They believe that what they experience at their workplace is representative of what happens elsewhere.

Three conclusions can be drawn from the results of these regression analyses. Firstly, in all but the model concerning the creation of a superordinate goal there were items demonstrating that *not only* weaknesses in NIR practices were affecting "them and us" attitudes, *but also* weaknesses in managerial and organizational characteristics. Regression models displayed employee dissatisfaction with both the style in which local management operated NIR practices and the way in which poor managerial and organizational characteristics affected the performance of the production system. This would appear to be in keeping with the research hypothesis.

Secondly, it appears that for many respondents, and in relation to several of the models, financial motivation was still a major influencing factor in their receptivity towards any attempts to reduce their "them and us" attitudes. It blocked efforts by the company to lock them in to its work environment using non-financial rewards. However, it is difficult to assess the true impact of financial rewards since neither NIR practices nor managerial and organizational characteristics at the company operated effectively enough to compete with this factor's influence.

The issue of financial rewards at Company A raises an important question. If the company had paid better, would employees have been happier and therefore responded more positively to attempts to reduce "them and us"? There are two ways to test answer this. The first way would be to take a company with similar production system weaknesses, but which pays more than Company A. Were workers at this company co-operative with management, it could then be argued that it is possible to buy a reduction in "them and us" attitudes. The second way would be to take a company with four strong sets of production system characteristics, but which pays low wages. If "them and us" attitudes among workers were found to be affected then the influence of pay over workforce co-operation might be deniable.

Thirdly, the dummy variable of Stage 1 respondents versus those subsequently employed at the company did not appear in any regression model. It is acknowledged that this conflicts with t-tests identifying some significant variance between Stage 1 respondents and those subsequently employed. The regression results may therefore reflect the fact that Stage 1 respondents' "them and us" attitudes were in line with the majority of negative responses to the work environment. Thus, even though Stage 1 respondents gave more negative responses to the company's attempts to reduce "them and us" attitudes and behaviour (because they had been exposed longest to the company's work environment), it would be unlikely that they

would become a separate and a significant feature in any regression model.

5) SUMMARY AND CONCLUSIONS

Chapter 7 found that Company A had weaknesses in all four sets of its production system characteristics. Here it has been argued that in line with the research hypothesis, weaknesses in all four sets of its characteristics influenced "them and us" related attitudes at the company. This was confirmed by regression analysis which suggested that by Stage 2 of the study *not only* personnel and industrial relations characteristics (NIR practices) in operation at the company influenced "them and us" attitudes, *but also* managerial and organizational characteristics. (See table 8.1 for a summary of these results.)

With regard to NIR practices, whether they were in operation or not was of little concern to employees. Regression analysis showed that it was the style in which local management operated them while trying to maintain control and discipline of the workplace that employees reacted to. This was a style that inhibited the union's ability to represent its members to their satisfaction and accounted for their poor perceptions of its performance.

Failures in the company's managerial and organizational characteristics were attributed to its dual management structure in two work areas. Japanese and local management were unable to communicate and interact leading to a disruption of

production in the assembly area and, to a lesser extent, the press weld area. It is suggested that this explains why regression analysis demonstrated that those who worked in the assembly area exhibited stronger "them and us" related attitudes than workers elsewhere in the company.

Poor managerial and organizational characteristics in the assembly area also led to the development of a *vicious circle.* Workers showed cynicism and a lack of enthusiasm about NIR practices in operation at the company. They also believed that management's inability to make the production system perform effectively made their efforts pointless in respect of the superordinate goal of working hard to contribute to the company's success. Accordingly, they abandoned their commitment to the goal.

It also seems that the production system's inability to perform effectively had undermined workers' initial expectations of a favourable work environment at the company. For many workers, especially those employed at Stage 1 of the study, the company's continued inability to meet these expectations had by Stage 2 contributed to their poor perceptions of "them and us" related issues.

On the basis of these results the *not only but also* aspect of the hypothesis appears to be valid. We can say that managerial and organizational characteristics definitely act as an intervening variable where NIR practices attempt to secure reductions in "them and us" and this is an important finding. However, local management did not operate NIR practices in use

at the company effectively. Thus, we can only suggest that NIR practices would have been more successful at reducing "them and us" attitudes to the benefit of the production system's performance had the company's production system performed better due to stronger managerial and organizational characteristics.

The results of the study at Company A do not therefore validate a further part of the hypothesis. They do not show that a two-way relationship exists between the performance of the production system (due to managerial and organizational characteristics), and the effectiveness of NIR practices at reducing "them and us" attitudes.

This inability to demonstrate the two-way relationship was the reason why a key link in the *vicious circle* apparent in the assembly area could not be proven. This was the link suggesting that workers perceived the poor performance of the production system owing to poor managerial and organizational characteristics and were therefore cynical and hostile to NIR practices designed to reduce "them and us". It has to be accepted that this cynicism and hostility may, at least in part, have been a result of the style in which management operated NIR practices.

A further important factor is how the results relate to the mechanisms of the UK model. (See figure 5.1) As explained in Chapter 3, managerial characteristics play a different role to the other three sets of characteristics in that their effectiveness will impact on the effectiveness of the other

three in reducing "them and us" attitudes, but not vice versa.
At Company A, weaknesses in its managerial characteristics due
to problems with its dual management structure   meant that
management's initiating, decision making and operating role in
relation to both organizational characteristics, and NIR
practices was detrimental to their success and therefore their
ability to influence "them and us" attitudes.

Finally, as has been pointed out in section four, where
the research's hypothesis has been shown to be valid, there
was strong evidence that "them and us" attitudes were also
partially influenced by financial rewards, especially pay. If
the company had operated its four sets of production system
characteristics so that they successfully impacted on "them
and us" attitudes, would pay have been a less influential
factor?

WORKFORCE ATTITUDES CONCERNING "THEM AND US" AT COMPANY B

INTRODUCTION

In Chapter 7 it was shown that when compared alongside the research's UK model, Company B's overall score was sixth highest out of the research's nine sample companies. The company was what Chapter 7 defined as a Group 1 company. Companies in this Group and in Group 3 achieved higher overall scores than those in Group 2.

Scores for Company B's individual sets of production system characteristics revealed a pattern of strengths and weaknesses. The company achieved high scores for its managerial and organizational characteristics, but when compared to other companies in the research's sample of nine its scores for personnel and industrial relations characteristics (NIR practices) were less impressive. It was these low scores for personnel and industrial relations characteristics that caused the company to obtain the lowest overall score of any Group 1 or 3 company.

As at Company A, the aim of this second case study was to test the second of the research's two hypotheses. The study was therefore looking to see whether it was *not only* strengths or weaknesses in Company B's personnel and industrial relations characteristics that affected "them and us" attitudes among its workforce, *but also* strengths and weaknesses in its managerial and organizational characteristics. If there was,

could this be seen as evidence of what the hypothesis terms a two-way relationship between the performance of the company's production system and the effectiveness of its NIR practices? The study was also looking for any evidence of the emergence of either a *vicious* or *virtuous circle*.

The results of the case study at Company B are drawn from a questionnaire, interviews and observation. The study was cross-sectional, representing a snapshot of the company eighteen months after it had commenced production. It was at this point in its development that its production system was compared alongside the research's UK model.

1) COMPANY B: SOME GENERAL DETAILS

Company B falls into the research's category of consumer electrical supplier. As discussed in Chapter 7, it operates a "combined category" production system, producing "standardized components in large batches to be subsequently assembled diversely." (Woodward, 1980, p.30)

The company produces a component essential to the manufacture of most electrical consumer goods. This product is fairly simple to assemble, and depends on a number of standardized parts. The number of parts used in the manufacture of the product varies from batch to batch, depending on what electrical consumer item it is designed to fit. At the time of the study, some batches of the product comprised of three parts, other a hundred and fifty.

Manufacture of the product was divided into three stages. In the first area, the preparation area, its most essential part was prepared and batched. Here, about 50% of specific job tasks identified by the company were automated. The preparation area then passed its work on to an assembly area where all remaining parts necessary for the completed manufacture of the product were added. None of the tasks in this area were automated. The product batches were finally passed on to a quality inspection area.

The production system at the company was labour intensive. Apart from the 50% of the tasks in the preparation area, the technology did not exist or was too costly to replace operators. At all three stages of manufacture the work carried out by most operators was highly repetitive and required considerable operator concentration to ensure quality.

The company had what has here been defined as a single management structure. It recognised a single union (the EETPU) and had negotiated a NSA which included a "no-strike" clause.

A total of 90 people including management were employed at Company B. 55 of the 84 workers classified as non-management completed the study's questionnaire. This represents a response rate of 65.4%. None of these respondents were clerical workers.

Non-managerial employees had not been subjected to a particularly intensive selection procedure (a personnel characteristic required under the research's UK model).

Prospective employees were asked to fill in a short application form which determined whether or not they were called for a short interview.

For the personnel manager, selection of employees using this procedure was based on their having three key attributes. The first related to age. Few employees were older than 25 years. The company was looking for workers who would remain with it long-term. It was hoped that as they matured with the company they would come to identify more strongly with its aims. The assumption was, that the younger employees were at the time of employment, the longer the process of maturation and the stronger the identification.

Secondly, despite their relative youth, employees at Company B had some experience of a manufacturing environment. 78% of questionnaire respondents had worked elsewhere in manufacturing.

Thirdly, as the personnel manager put it: "We're looking for workers who show an interest in what's going on. Certainly, some of the work here is mundane and repetitive, but we want them to have pride in the quality of their work, and their team; a recognition that these aims are good for the company and good for them. It seems to me that those qualities display a potential for the development of a long-term commitment to staying with us. After all, quality work is an expression of commitment." As with Company A, the intention was to bind a core of employees to the company not simply on the basis of the level of financial reward but, as one Japanese

manager remarked; "... because they will feel part of a community to which they have a responsibility."

The results of the study of Company B's attempts to influence "them and us" attitudes are presented in the following two sections. Section two uses the results of the questionnaire, interviews and observation carried out at Company B to identify attitudes and behaviour among employees. It presents their perceptions of issues related to British industrial relations in general, and of the work environment at the company. These results are used to identify key factors which may have influenced how successful the company was at creating a work environment that encouraged low levels of "them and us" attitudes among workers (tested in section 3). Some of these key factors are shown to be related to strengths and weaknesses in Company B's four sets of production system characteristics.

In section three, regression analysis shows that strengths among Company B's managerial and organizational characteristics had a favourable impact on "them and us" attitudes among its workforce, while weaknesses among the company's personnel and industrial relations characteristics had an unfavourable effect. This confirms the section of the research hypothesis which asserts that it is *not only* personnel and industrial relations characteristics (NIR practices) which influence "them and us" attitudes at a workplace, *but also* managerial and organizational characteristics. The regression also suggests that as at Company A the influences of financial reward on

"them and us" attitudes cannot be ignored. A summary of the case study results obtained at Company B is shown in table 9.1.

2) WORKFORCE ATTITUDES AT COMPANY B

2.1) Workforce Perceptions of Issues Related to British Industrial Relations in General

A section of the questionnaire assessed employee perceptions of issues related to British industrial relations in general. Responses to these questions were measured on a five point scale from strongly agree to strongly disagree. The means, standard deviations and percentage scores for these questions are shown in table 9.2.

Several beliefs similar to those identified at Company A, were recorded for responses to these questions. They suggested a belief that "them and us" related attitudes and behaviour were endemic within British industrial relations.

These beliefs were strongly and significantly correlated. For example, the belief that management and employees are on "different sides" was associated with a poor perception of management's ability to manage and the belief that they "always try and get the better of workers". These responses were also aligned with a belief in the traditional role of trade unions. Unions were seen as a "good thing" - for the protection of employee interests against employers.

TABLE 9.1

Significant Strengths/Weaknesses in Production System Characteristics	Association With "Them and Us" Related Attitudes

Managerial Characteristics

Single management structure ensured no inter-management conflict and enabled the achievement of coherent vision, consistency of management style, consensual/groupist decision making and management circulation. No special management selection procedures.

Employees respected management's ability to manage and organize the company effectively. They reacted positively to interaction and communication with management where this concerned production related issues. This accounted for their positive reactions to "changes in attitudes and behaviour" and their willingness to pursue a "superordinate goal".

Organizational Characteristics

Effective co-ordination and co-operation of departments due to company size and/or single management structure. Effective horizontal communications between all departments due to company size and/or single management structure. Good vertical communication with employees regarding the management and organization of production. Emphasis on leadership by supervisors, though not particularly skilled or highly paid. Close relationship with suppliers. UK Personnel manager did not occupy a senior management position and was somewhat excluded from the decision making process. The post was advisory. Its influence over employee relations related policy was restricted.

Japanese managements' methods of maintaining control and discipline in the workplace and their low trust relationship with the EETPU contributed to a "propensity to leave the firm". There was also no evidence of weak "them and us" attitudes due to "increased contact across group boundaries"

Personnel Characteristics

Avoidance of a policy concentrating on the selection of school leavers. Attempts to recruit those with attitudes and values responsive to efforts to reduce "them and us". Satisfaction among employees that the company offered secure employment. Dissatisfaction with pay levels among many employees. Evidence of employee concern over allocation and explanations of promotion. Elements of consensuality and participation in connection with management and organization of production, but resentment of methods used by Japanese management to maintain discipline and control of the workplace.

Evidence of dissatisfaction with pay influencing "propensity to leave the firm". Evidence that dissatisfaction with promotion was not only linked to financial motivation, but also to making a long-term commitment to staying with the company.

Industrial Relations Characteristics

Evidence of beliefs among Japanese management that the EETPU was disruptive to production and would place its own interests before those of the company. Adoption by Japanese management of a low trust relationship with the EETPU, contrary to the spirit of intent needed to make the company's NSA operate successfully. Indications that having failed to satisfy some workers' expectations the union lost members.

Ineffective "contact across group boundaries" influenced "perceptions of "them and us" as a general feature of British industrial relations".

TABLE 9.2

WORKFORCE ATTITUDES AT COMPANY B

Perceptions of Issues Related to British Industrial Relations in General	Mean	Std Dev	1 Strongly Agree %	2 Agree %	3 No View %	4 Disagree %	5 Strongly Disagree %
1) Co-operation in firms is impossible because workers and management are really on different sides.	2.42	1.12	22.2	37.0	20.4	16.7	3.7
2) Managers always try and get the better of workers.	2.35	1.11	25.9	61.1	18.5	18.5	1.9
3) Managers do not always know what is best for a firm.	1.60	1.09	13.0	44.4	16.7	22.2	3.7
4) It is not easy to be loyal to both your union and management.	1.12	1.06	11.1	25.9	40.7	14.8	7.4
5) Workers must have some say in management decisions that affect the work they do.	1.68	0.90	50.0	40.7	1.9	5.6	1.9
6) Unions should always try and co-operate with management.	2.92	1.11	11.1	20.4	22.2	42.6	3.7
7) Unions are a good thing.	2.35	1.16	27.3	32.7	23.6	10.9	5.5
8) People need a union to protect their interests at work.	2.22	1.05	25.5	43.6	18.2	9.1	3.6
9) Single unionism at a company does not weaken the workforce.	1.95	1.10	9.1	27.3	30.9	25.5	7.3
10) There should be some other way to resolve disputes other than going on strike.	2.40	1.12	16.4	50.9	14.5	10.9	7.3
11) Striking can benefit workers.	1.50	1.27	21.8	43.6	10.9	12.7	10.9

Workforce Impressions of Working at Company B	Mean	Std Dev	1 Agree Very Strongly	2 Agree Fairly Strongly	3 Agree a Little	4 Disagree a Little	5 Disagree Fairly Strongly	6 Disagree Very Strongly
12) This firm is good to its workers.	3.38	1.35	9.1	16.4	32.7	18.2	18.2	5.5
13) I am very satisfied with my job.	3.40	1.39	9.1	18.2	32.7	16.4	14.5	9.1
14) This is a friendly place to work.	3.07	1.61	16.4	27.3	23.6	14.5	3.6	14.5
15) There is a good team spirit in my work area.	3.09	1.74	20.0	20.0	25.5	16.4	5.5	12.7
16) Getting promoted at Company B is important to me.	2.60	1.46	18.2	14.5	14.5	21.8	10.9	20.0
17) I feel loyalty towards this firm.	2.42	1.57	10.9	12.7	34.5	21.8	7.3	12.7
18) I can influence management decisions that affect the work that I do.	2.12	1.28	5.5	9.1	10.9	18.2	14.5	41.8
19) Promotion at Company B is given on a fair basis.	3.21	1.32	0.00	10.9	38.2	20.0	14.5	16.4
20) I frequently get ideas about how to improve the way I do my job.	4.11	1.51	20.0	20.0	38.2	14.5	0.00	7.3
21) Morale is good here.	3.05	1.84	5.5	10.9	18.2	20.0	23.6	21.8
22) It is worth complaining here.	2.32	1.71	12.7	14.5	18.2	12.7	7.3	34.5
23) Management here are interested if I have an idea that might improve the way I do my job.	2.75	1.46	23.6	9.1	25.5	14.5	12.7	14.5
24) Communications between workers and their line leaders and supervisors are good here.	1.69	1.76	3.6	20.0	23.6	18.2	20.0	14.5

TABLE 9.2 Cont'd.

Workforce Impressions of Working at Company B			1 Agree Very Strongly	2 Agree Fairly Strongly	3 Agree a Little	4 Disagree a Little	5 Disagree Fairly Strongly	6 Disagree Very Strongly
25) The job I do has responsibility attached to it.	3.28	1.21	34.5	21.8	18.2	7.3	3.6	14.5
26) If a problem comes up in my work area the workers there usually try and sort it our themselves.	3.03	1.45	14.5	32.7	30.9	14.5	3.6	3.6
27) Communications between workers and management are good here.	3.26	1.53	5.5	9.1	27.3	25.5	10.9	21.8
28) It would take a lot for me to leave this firm.	3.32	1.29	3.6	12.7	12.7	25.5	10.9	34.5
29) I am satisfied with management's explanations of other people's promotions.	3.72	1.29	3.6	7.3	41.8	23.6	9.1	14.5
30) I am not made to work too hard here.	2.82	1.57	9.1	12.7	27.3	16.4	12.7	21.8
31) It bothers me if I do not do my job well.	1.19	1.54	49.1	20.0	14.5	5.5	3.6	7.3
32) The way I am supervised makes me like the work that I do.	1.80	1.49	23.6	21.8	30.9	12.7	0.00	10.9
33) There is variety in my job.	2.97	1.67	12.7	5.5	25.5	20.0	7.3	29.1
34) The way I am managed at Company B is different to other companies I have worked at.	1.07	1.59	36.4	15.9	15.9	20.5	6.8	4.5
35) Company B gives its workers enough information about its present and future plans.	2.15	1.61	18.2	20.0	27.3	12.7	9.1	12.7
36) The union here is good at taking up our individual grievances.	4.48	1.51	7.4	3.7	9.3	27.8	16.7	35.2
37) The union here influences some of the management decisions that affect the work I do.	4.37	1.20	0.0	1.9	27.8	27.8	16.7	25.9
38) I feel loyalty towards the union here.	4.72	1.40	1.9	5.6	14.8	18.5	14.8	44.4
39) Having a "No Strike" agreement at Company B does not weaken the union.	4.44	1.65	9.3	3.7	13.0	24.1	7.4	42.6
40) The union here is not co-operative enough with management.	3.48	1.90	27.8	7.4	5.6	29.6	7.4	22.2

N = 55

To ease statistical analysis some of these questions and their scores are presented reversed.
e.g. Scores for question 33 were originally based on responses to the statement "There is no variety in my job ".

TABLE 9.3

CORRELATIONS - PERCEPTIONS OF ISSUES RELATED TO BRITISH INDUSTRIAL RELATIONS IN GENERAL

		1	2	3	4	5	6	7	8	9	10	11
1	Co-operation in firms is impossible because workers and management are really on different sides	-										
2	Managers always try and get the better better of workers	.52***	-									
3	Managers do not always know what is best for the firm	.11	.15	-								
4	It is not easy to be loyal to both your union and management	.09	.02	.37**	-							
5	Workers must have some say in management decisions that affect the work that they do	.04	.35**	.15	.23*	-						
6	Unions should always try and co-operate with management	-.26*	-.06	-.16	-.18	-.04	-					
7	Unions are a good thing	.05	.13	.09	.02	.10	.02	-				
8	People need a union to protect their interests at work	.01	.02	.11	.14	.25*	-.09	.53***	-			
9	Single unionsim at a company does not weaken the workforce	.11	.02	.15	.13	.18	.00	.32**	.31*	-		
10	There should be some other way to resolve disputes other than going on strike	.27*	.11	.12	.07	.12	.02	-.06	.09	.28*	-	
11	Striking can benefit workers	.19	.17	.53***	.13	.20	-.25*	.13	.08	.22	.39**	-

N = 55

* P = < .05
** P = < .01
*** P = < .001

NB: 5 point scale 1 = strongly agree 5 = strongly disagree
Some of these questions and their scores are presented
reversed. See table 9.2 for an explanation of this procedure.

These correlations suggest that management were seen as the instigators of conflict at the workplace, not unions or their members. Unions were perceived as reactive to provocative management actions. This is in line with responses to questions related to NSAs. Respondents were happy with the idea of single unionism and though they believed that there could be a good reason to strike, they agreed that such action should be avoided where at all possible.

2.2) Workforce Impressions of Working at Company B

A second set of questions asked respondents for their impressions of the work environment at Company B. This was a work environment which was supposed to be conducive to a reduction in "them and us" attitudes. Responses to these questions were measured on a six point scale, from agree very strongly to disagree very strongly. Means, standard deviations and percentage scores are shown in table 9.2.

Responses identified two distinct patterns of correlations. (See table 9.4.) The first, included dissatisfaction with the way in which management communicated with and supervised employees. This was not in terms of communication and supervision about production related issues. Instead, it concerned **management's style of maintaining control and discipline of the workforce.** Hence, poor management/worker communications correlated with poor morale and agreement that it would not take much to leave the company. These items also associated with poor perceptions of

TABLE 9.4

	12	13	14	15
12) This firm is good to its workers.	-			
13) I am very satisfied with my job.	*** .65	-		
14) This is a friendly place to work.	** .35	** .33	-	
15) There is a good team spirit in my work area.	.21	** .36	** .54	-
16) Getting promoted at Company B is important to me.	* .30	** .32	.02	.04
17) I feel loyalty towards this firm.	*** .61	*** .59	** .34	* .29
18) I can influence management decisions that affect the work I do.	-.15	-.03	-.11	** -.32
19) Promotion at Company B is given on a fair basis.	** -.34	*** -.42	-.22	** -.36
20) I frequently get ideas about how to improve the way I do my job.	.09	21	.07	* .25
21) Morale is good here.	*** -.49	* -.30	* -.25	** -.30
22) It is worth complaining here.	-.12	* -.22	-.14	-.18
23) Management here are interested if I have an idea that might improve the way I do my job.	.20	** .36	.01	.13
24) Communications between workers and their line leaders and supervisors are good here.	-.16	-.02	-.03	-.17
25) The job I do has responsibility attached to it.	** .32	* .24	* .24	.15
26) If a problem comes up in my work area the workers there usually try and sort it out themselves.	* .23	.15	.19	.20
27) Communications between workers and management are good here.	*** -.47	*** -.44	-.08	-.00
28) It would take a lot for me to leave this firm.	*** -.54	*** -.58	* -.31	* -.24
29) I am satisfied with management's explanations of other people's promotions.	-.18	-.19	* -.31	* -.25
30) I am not made to work too hard here.	*** 40	*** .42	** .32	* .26
31) It bothers me if I do not do my job well.	.07	.05	.00	.06
32) The way I am supervised makes me like the work that I do.	.00	* .25	.13	.09
33) There is variety in my job.	* -.30	*** -.41	-.05	-.04
34) The way I am managed at Company B is different to other companies I have worked for.	* .23	** .32	* .17	* .17
35) Company B gives its workers enough information about its present and future plans.	* .24	* .24	* .28	.16
36) The union here is good at taking up our individual grievances.	-.00	* -.25	-.11	-.04
37) The union here influences some of the management decisions that affect the work I do.	-.22	-.04	-.03	-.17
38) I feel loyalty towards the union here.	* -.29	-.07	-.12	-.12
39) Having a "No Strike" agreement at Company B does not weaken the union.	-.03	-.05	-.11	-.03
40) The union here is not co-operative with management.	-.05	* -.27	* -.30	** -.32

* p = .05   6 Point Scale 1 = Agree Very Strongly 6 = Disagree Very Strongly

```
  16   17   18   19   20   21   22   23   24   25   26   27   28   29   30   31   32   33   34   35   36   37   38   39   40

  -

   *
 .28   -

      **
-.01 -.31   -

       *
-.04 -.29  .06   -

       *
 .20  .28 -.16 -.11   -

      **        **
-.08 -.32  .15  .36 -.04   -

                    *
-.01 -.21  .17  .29 -.07  .04   -

  **   **        **         **
 .31  .33 -.11 -.16  .31 -.00 -.36   -

            *              *
-.13 -.06  .09  .25 -.10  .04  .30  .13   -

  **
 .39  .02 -.12 -.03  .18 -.20 -.18  .04  .17   -

       **                       *
 .07  .32 -.12 -.16  .00 -.16 -.22 -.01  .30  .15   -

  **  **        **    ***  **    *        *
-.35 -.36  .17  .31  .18  .21  .41  .39 -.26 -.12 -.25   -

  *  ***        *        **  ***   *    *              **
-.27 -.58  .00  .26 -.05  .37  .40  .23 -.22 -.16 -.21  .41   -

         *        ***        ***         *       **  ***   *
-.13 -.29  .09  .51  .12  .11  .45  .03 -.30 -.19 -.36 -.44  .27   -

 ***  **              *              *             **  **
 .45  .35 -.03 -.15  .27 -.09 -.03 -.26  .11  .26  .15 -.32 -.37 -.09   -

 ***                 *              *              *            ***
 .42  .15 -.04  .00  .28 -.06 -.10 -.22  .02  .25  .04 -.30 -.08  .07 -.40   -

        *                              *                         *
 .11  .04 -.23 -.10  .09 -.08  .08  .17  .31  .01  .19 -.17 -.18 -.07 -.06  .25   -

       *       **   *              **              ***  **    *  ***   *   **
-.09 -.23  .20  .32 -.27  .15 -.15 -.33  .17  .20 -.20  .46  .36  .28  .39 -.31 -.33   -

  *              *   **              *                    **                   *
 .23  .14 -.03 -.12  .24 -.34  .08  .06 -.17 -.04  .03 -.04 -.33  .06 -.16  .13  .17 -.06   -

  *    *        **   *              ***         *       **   *   *   **   *
 .29  .27 -.04 -.31  .22  .13 -.13 -.53  .22  .28  .15 -.35 -.28 -.23 -.32  .26  .13 -.16  .12   -

  **                               *                    **  **
-.32  .00  .21  .03 -.02  .16 -.16 -.08  .04  .28 -.08  .13  .15  .05  .35 -.35 -.04  .21 -.08 -.05   -

             *                                                          ***
-.08 -.15  .10  .23 -.00  .09  .09  .12 -.07 -.13 -.02  .13  .15  .03  .05 -.18 -.14  .03 -.03 -.04  .48   -

       *   **                                          ***  ***
-.09 -.30  .31  .13 -.09  .11  .11  .17  .09 -.03 -.13 -.05  .11  .15  .08 -.02 -.04 -.02 -.30  .00  .45  .50   -

            *        *   *   *   *              **         **         *
-.01 -.18  .03  .23 -.11  .22  .22  .26  .29 -.13 -.07  .39  .12  .31  .01 -.29 -.01  .22 -.12 -.16  .12  .03  .18   -

                                                                                          *
-.05 -.05  .13  .11 -.02  .13  .13  .01 -.04 -.16 -.13  .05  .09 -.05  .18  .07 -.13  .11  .01 -.17  .02  .11  .06  .24   -
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supervision at the company, and beliefs that there was no point in complaining about anything.

This set of correlations also included generally negative responses about the union's performance at the company. Less than a quarter of respondents felt any loyalty to the union and this was associated with poor perceptions of its ability to represent individual and collective grievances, and the belief that it was too co-operative with management. Those that believed the union was too co-operative, were also likely to believe that the no-strike clause in the Company's NSA weakened the union.

Certainly, members' reasons for joining the union at the company suggested that they expected it to play a traditional role. This was a role in line with their views about trade unionism and British industrial relations in general. (See section 2.1)

54.5% of questionnaire respondents were members of the union and were presented with a list of six possible issues that they expected the union to concentrate on achieving at Company B. They were then asked to rank order the two most important issues. The two most commonly cited represent traditional expectations of protecting individual interests (e.g. the union will increase my wages). The next two most commonly cited concern traditional expectations of protecting workers' collective interests (e.g. the union will improve working conditions). The two least cited issues relate to less traditional expectations of "working with management to

try and find solutions to problems" and giving individuals an "opportunity to participate in making some of the decisions that affect how the company is run". (See appendix 9.1.)

These reasons for joining the union help explain the workforce's negative perceptions of the union's performance at the company and correlations concerning this issue. Though members attached considerable importance to the union playing a traditional role of protecting their individual and collective interests against exploitative management, it was not able to perform it to their satisfaction. This was due to the way in which management maintained control and discipline of the workplace.

The second pattern of correlations to emerge from responses to questions about the work environment at Company B concern perceptions of working at the company. They included agreement to some extent that the company was good to its workers, that morale was good and indicated overall job satisfaction. Many of these responses were also associated with positive perceptions of job related items, notably friendliness of the work environment, teamwork, job innovation and the belief that management were interested when workers had ideas to improve their jobs.

What is noticeable about this second pattern of correlations is that they refer to **production related issues** concerning how production at the company was organized and the nature of the individual's work. They do not include any

positive perceptions of management/worker communications or the trade union's performance.

2.3) Association of Attitudes About British Industrial Relations in General and About Working at Company B

Responses to the two sets of questions about "them and us" as a general feature of British industrial relations and about the work environment at Company B were examined for correlations. (See table 9.5.) It was apparent that one set of responses influenced the other. The direction of this link is examined in section 2.4.

Negative perceptions of "them and us" external to the company correlated strongly with negative perceptions of the work environment within it. At the same time, though support for trade unionism was high external to Company B (e.g. unions are a good thing), these attitudes correlated with negative perceptions of the union's performance within the company. This again suggests that employees took their perceived traditional role of trade unions in Britain and used it as a benchmark against which to measure the performance of the EETPU at Company B. These correlations also give further credence to the suggestion that it was the way management had maintained control and discipline at Company B that had inhibited the union playing such a role.

2.4) The Association of Workforce Attitudes at Company B With Factors Other Than the Research Hypothesis

Before applying the research hypothesis to the results obtained at Company B, this section briefly examines factors other than the hypothesis that might have influenced employee attitudes.

T-tests were carried out on a series of job related and personal characteristics. To check for any interactions these characteristics were subjected to anova tests. No significant interactions were revealed. The t-tests conducted on the influence of union membership/non-membership, age, and gender revealed that no significant variance in responses could be attributed to these characteristics. However, t-tests conducted on respondents' duration of employment at the company and satisfaction with pay did account for some variance.

37% of respondents had been employed with the company when it first commenced manufacturing eighteen months previously. T-tests revealed that compared to the responses of those employed subsequent to the company's commencing production, these respondents held some stronger negative perceptions about issues related to British industrial relations in general and of the work environment at Company B. They also showed that these respondents held more negative views about the union's performance at the company. (See appendix 9.2.)

The results of these particular t-tests have the same two implications as similar tests related to duration of employment at Company A. Firstly, they suggest that length of exposure

TABLE 9.5

CORRELATIONS - PERCEPTIONS OF ISSUES RELATED TO BRITISH INDUSTRIAL RELATIONS IN GENERAL AND WORKFORCE IMPRESSIONS OF WORKING AT COMPANY B

	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
1	.31**	.28*	.21	.04	.40***	.29*	-.04	-.04	.28*	-.04	-.14	.33**	-.12	.25*	07	-.46***	-.29*	-.11	-.41***	-.19	.36**	-.01	.20	.00	-.11	-.39**	-.08	-.15	-.10
2	.45***	.47***	.12	04	.36**	.29*	-.14	-.05	.01	-.39**	-.14	.36**	-.19	.28*	.10	-.45***	-.47***	-.06	-.04	.26*	.36**	-.24*	.38**	.14	-.01	-.16	-.10	-.13	.01
3	.48**	.24*	.30*	.08	.19	.37**	-.09	-.43***	.07	-.25	-.20	.21*	-.02	-.08	-.14	-.42***	-.37**	-.24*	-.19	.00	.40***	-.12	.09	-.03	.09	-.20	-.31**	-.23*	-.12
4	.26*	.16	.16	.05	.48***	.19	.05	-.00	.44***	-.19	.02	.20	-.24*	.29*	.11	-.19	-.21	-.26	-.48***	-.03	-.01	-.08	.00	-.18	-.06	-.23	-.11	-.24*	-.23*
5	.12	.00	.20	.13	.21	.05	-.35**	-.07	.34**	-.17	-.16	-.08	-.15	.08	.21	-.25*	-.18	-.23*	-.07	-.01	.08	-.20	-.06	.00	-.03	-.04	-.01	-.07	-.07
6	-.21	-.06	-.44***	-.23*	-.04	-.23*	.03	.10	-.14	.10	.10	-.08	.15	-.25*	-.09	16	.32**	.22	.31**	-.19	-.10	08	.06	-.26*	.10	.00	.20	.01	.15
7	.01	.17	-.01	.19	.04	.05	-.07	-.07	.08	-.16	-.08	07	-.14	.12	.07	-.15	-.04	-.11	-.12	.08	-.09	-.02	.01	-.11	-.14	.00	-.15*	-.23	-.12
8	.07	.30*	.06	-.06	.12	.23	-.29*	-.00*	.05	-.06	-.07	.12	.01	.11	.19	-.01	-.15	.06	-.12	.03	.10	-.00	.07	.02	-.03	-.05	-.29*	-.06	-.08
9	.08	.06	-.06	.03	-.07	.13	-.36**	.07	-.01	.26*	.08	.07	.00	.08	.10	.04	-.06	.07	-.15	.12	.00	-.22	.05	-.01	-.22	.12	.20	.06	.14
10	.06	-.06	.08	.23*	.05	.27*	-.12	-.22	.19	.05	.01	-.11	-.16	.06	.09	-.17	-.17	.09	-.13	.27*	-.04	-.20	.21*	-.08	.00	-.08	-.04	-.19	.01
11	.25*	-.12	.37**	.25*	-.11	.44***	.07	-.28*	.08	-.25*	-.10	09	-.10	00	.21	-.23*	-.17	-.27*	-.12	-.03	.10	-.16	.26*	.09	-.15	-.07	-.16	-.13	-.05

N = 55

Question Key:

1) Co-operation in firms is impossible because workers and management are really on different sides.

2) Managers always try and get the better of workers.

3) Managers do not always know what is best for a firm.

4) It is not easy to be loyal to both your union and management.

5) Workers must have some say in management decisions that affect the work they do.

6) Unions should always try and co-operate with management.

7) Unions are a good thing.

8) People need a union to protect their interests at work.

9) Single unionism at a company does not weaken the workforce.

10) There should be some other way to resolve disputes other than going on strike.

11) Striking can benefit workers.

12) This firm is good to its workers.

13) I am very satisfied with my job.

14) This is a friendly place to work.

15) There is a good team spirit in my work area.

16) Getting promoted at Company B is important to me.

17) I feel loyalty towards this firm.

18) I can influence management decisions that affect the work I do

19) Promotion at Company B is given on a fair basis.

20) I frequently get ideas about how to improve the way I do my job.

21) Morale is good here.

22) It is worth complaining here.

23) Management here are interested if I have an idea that might improve the way I do my job.

24) Communications between workers and their line leaders and supervisors are good here.

25) The job I do has responsibility attached to it.

26) If a problem comes up in my work area the workers there usually try and sort it out themselves.

27) Communications between workers and management are good here.

28) It would take a lot for me to leave this firm.

29) I am satisfied with management's explanations of other people's promotions.

30) I am not made to work too hard here.

31) It bothers me if I do not do my job well.

32) The way I am supervised makes me like the work that I do.

33) There is variety in my job.

34) The way I am managed at Company B is different to other companies I have worked at.

35) Company B gives it workers enough information about its present and future plans.

36) The union here is good at taking up our individual grievances.

37) The union here influences some of the management decisions that affect the work I do.

38) I feel loyalty towards the union here.

39) Having a "No Strike" agreement at Company B does not weaken the union.

40) The union here is not co-operative enough with management.

to the company's work environment might have influenced perceptions of "them and us" related issues external to the company and of the work environment within it. Secondly, and in relation to the first implication, they show the direction of the link between respondents' perceptions of issues related to British industrial relations in general and of the work environment at Company B (as described in section 2.3.). If length of employment at the company affected both perceptions of the work environment at the company and of British industrial relations in general, then it follows that it was the work environment at Company B that was affecting perceptions of British industrial relations in general.

A t-test was also conducted on the effect of satisfaction with pay on attitudes. 51% of respondents believed their pay to be pretty or very unfair. Their dissatisfaction with pay appeared to influence how they viewed the work environment at Company B and issues related to British industrial relations in general. Firstly, they were more hostile to management external to the company and were less likely to believe that loyalty could be given to one's union and management at the same time. Secondly, they believed, less strongly, that the company was good to its workers, and they held more negative perceptions of morale at the company and how friendly a place it was to work at. They were also more likely to leave, more likely to believe that they were made to work too hard, were less concerned about the quality of their work and gave more

negative responses to items relating to job satisfaction and management/worker communications. (See appendix 9.3.)

The implication of these results is that satisfaction with pay influenced how employees responded to to the company's efforts to create a work environment conducive to a reduction in "them and us". Further, we should also remember that the 49% of respondents who felt wages to be pretty fair or very fair held more positive perceptions of the same set of issues.

2.5) The Association of Workforce Attitudes at Company B With the Research Hypothesis

The research hypothesis under consideration posits that it is *not only* the use of personnel and industrial relations characteristics that may alter "them and us" attitudes, *but also* other managerial and organizational production system characteristics. The hypothesis goes on to argue that poor managerial and organizational characteristics may lead to the emergence of a *vicious* or *virtuous circle.*

a) The Hypothesis and NIR Practices at Company B

The influence of personnel and industrial relations characteristics (NIR practices) on employee attitudes has been demonstrated by the questionnaire results so far discussed. Workers expressed considerable discontent over the way management communicated with the workforce. These responses were in relation to **management's style** of **maintaining control and discipline** and also correlated with workers' poor perceptions of the union's performance at the company. There was then, little employee concern about the **extent** to which the

company used NIR practices such as welfare benefits, training or single status. Instead, and just like employees at Company A, their concerns focused on the style in which management operated many of the practices in use. Interviews and observation verified this finding, but identified two provisos related to the extent to which NIR practices regarding pay and promotion were in operation.

In the case of pay, we have already seen that the 51% of questionnaire respondents who were dissatisfied to some extent with their pay had more negative perceptions of the work environment at Company B. Contrary to the UK model's personnel characteristic of a market led pay level, the company did not pay above the local median for what was mundane and generally low skilled work. Though not cross-checked with the New Earnings Survey, interviews with local full-time union officials, lay officials and the company's management established that it paid the local median. Many workers' feelings about this issue was summed up by the response of one: "I'm grateful for a permanent job and its a good place to work, but that's as far as my loyalty goes. The pay here isn't very good. If I could get more money down the road I'd leave."

The UK personnel manager was concerned at what amounted to a firm adherence by workers to the cash nexus. Many workers were remaining with the company only because it was in an area of high unemployment and alternative work was not available. In anticipation of a possible improvement in job prospects in the locality, was it worth making the effort to encourage

workers to stay with the company on the basis that they might

come to like its work environment and community values or would

it be better to give in to the challenge of the cash nexus and

pay higher wages?

For the Japanese managers there was no argument. Local

labour market conditions made little difference to their goal

of binding a core of employees to the company using a strategy

that reduced "them and us". With regard to pay the company

would only give what it could afford and not on the basis of

increased labour costs threatening the basic aim of producing

quality products at the cheapest price.

It is also worth remembering that 49% of the workforce

accepted that pay at the company was pretty or very fair. An

Anova test revealed that no significant link could be made with

this satisfaction and the fact that 75% of employees were

female, nor was there any male/female job segregation in

operation at the company - so the ideas of females being

cheaper to employ because: a) they have lower wage expectations

than males, or b) that compared to males they do different

more menial tasks requiring less pay does not apply in this

instance. Similarly, there was no link between the relatively

young age profile of the workforce and satisfaction with pay -

so the fact that a number of employees might have lived with

their parents and had fewer financial responsibilities and

outgoings also had no relevance. One or both of two

conclusions may be drawn - that these respondents agreed that

the company did pay a fair wage in local terms for the level of

skills required and that satisfaction with aspects of the work environment at the company had indeed sapped financial motivation.

Regarding promotion, three questions on the questionnaire attempted to assess whether workers felt it was merit based, in line with the UK model's personnel characteristic. In each case, respondents were divided roughly 50:50 as to whether promotion mattered to them, whether it was given on a fair basis, and whether management's explanations of promotion were satisfactory.

These responses demonstrate concerns among operators about promotion. Unlike workers at Company A many workers at Company B expressed concerns about promotion that were not purely financial, but more about a chance to move away from the mundane operator tasks as a reward for their efforts and loyalty. Several interviewees hoped for promotion in the next couple of years which suggested that it was linked to a commitment to staying at the company. All interviewees believed that being Japanese, the company would emphasise promotion from within. For an operator this would be up to team leader and then into supervisory or technician grades.

Recent events had not corresponded with these expectations. This was for two reasons. Firstly, the turnover in the team leader, supervisor and technician grades was small and this, linked with the small size of the company, meant few vacancies arose. Secondly, of the vacancies that had arisen, several in the supervisory and technician grades had gone to

external candidates. On these occasions it had not been possible for Company B to identify internal candidates with the skills or experience necessary for the posts. The personnel manager was well aware of these problems: "We're a small company, so when a vacancy does arise there's an awful lot of interest and if we have to go external it causes immense problems with morale. Employees feel there were people suitable for the positions here already, so why go outside?"

It has been suggested that with the exceptions of pay and promotion, workforce concerns about personnel and industrial relations characteristics (NIR practices) at the company were not based upon the extent to which they were in operation. Instead, they concerned the style in which Japanese management operated them. It was this factor that accounted for the pattern of correlations discussed in section 2.2. These were indicative of employee criticism of the way in which management maintained control and discipline of the workplace. This factor was linked with poor perceptions of the union's performance at Company B.

The reason why Japanese management's style was so influential over NIR practices at Company B and was detrimental to their success can be linked to two factors. Firstly, and in contrast to Company A, Company B had what can be termed as a single management structure in which only the personnel manager was British. The personnel manager's was not a senior post (contrary to the relevant organizational characteristic of the UK model) and therefore had little influence.

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Consequently the Japanese had a free rein to operate NIR practices as they saw fit. Secondly, Japanese management selected to manage the company had been through no clear selection procedure (contrary to the relevant managerial characteristic of the UK model). Their selection appeared to be linked only to production related skills, not attitudes useful to the successful operation of NIR practices based on a compromise of Japanese and local practice.

In the case of personnel related characteristics, most employee discontent focused on how management applied rules about the regimentation of the work environment. One rule which attracted considerable employee criticism concerned overtime.

For Japanese management, working overtime was a matter of course and an expression of operators' commitment to the success of the company. Operators' contracts of employment specified that the company could ask them to work up to three hours overtime a week. This was something mentioned in the selection interviews, but many operators claimed that they couldn't remember it being mentioned, that they had not questioned it because they wanted the job or that they had not believed the company would pursue the requirement so rigorously.

The company operated to tight customer lead times so that its ability to deliver its product on time often rested on the use of overtime. Many of the female operators complained that they could not work the amount of overtime required

because of family commitments but that they were often pressurized to do it. This caused considerable resentment. Workers worried that Japanese management made a mental note of how often they worked overtime and regarded them as poor employees if they did not do so on a regular basis. They complained that Japanese management at the company failed to understand that they were not Japanese workers who put the company before all else. Line leaders and supervisors were generally sympathetic towards workers not interested in overtime, but because of the production deadlines set by Japanese management were often compelled to pressurize them to do it.

Employees at Company B also found it hard to relate to rules that forbade talking in work areas and required permission to leave the work area to go to the toilet. They seemed perplexed by such rules and often resisted them. For example, one commented: "I don't find the Japanese a problem to work for, but some of their rules are stupid. I spend eight hours a day next to the same person. You can't expect us not to speak."

Failure to adhere to these and other rules relating to absenteeism and quality and performance of work were grounds for management to invoke disciplinary procedures. During interviews and observation many operators argued that these rules were enforced unnecessarily harshly and with too much zeal. Supervisors who were generally given the task of handing out disciplinary warnings tended to agree. They felt

they were often pressurized by Japanese management to hand out warnings. "I would rather they trusted me to use my discretion", argued one.

To Japanese management, dissatisfaction and resistance to rules related to the regimentation of the work environment indicated that they had failed to create the community atmosphere they sought and this was a grave threat to the performance and success of the company. As one of them put it: "I find it hard to understand why some workers hate to be here. I worry about that. I can only think that it is cultural. I would call it a problem of self-discipline that comes from the home and school."

At the time of the study, Japanese management claimed that they had compromised some of their attitudes regarding regimentation and discipline within the workplace. "Already," claimed one manager: "We have compromised over talking. We allow it to some extent and often pretend we do not notice when it happens." There was however, no indication from employees that they had noticed this or any other attempt by Japanese management to compromise.

Japanese management also claimed to have compromised over the provision of music in the work area. Employees had wanted radio music piped into the workplace. The Japanese argued that workers could not work and listen to music at the same time and that it looked very bad when there were visitors in the factory. Eventually, after persuasion from the union a compromise was reached. Radio music would be played, but not

above a certain (unspecified) volume, not when the factory had visitors, and under no circumstances was it to be BBC Radio 1. Radio 1 was judged by management to contain too much talking which was even more distracting than music.

The radio never ceased to be a bone of contention. Workers resented visits from customer or supplier representatives because the radio would be switched off. It was also treated as symbolising who was in control of the workplace. When the radio was on, a constant and informal battle raged between management and workers over its volume. Japanese management would turn it down and then whenever they were not looking it would incrementally be turned up until it reached or surpassed the original volume. On a day where a batch of the product was found to be faulty by a customer, management turned it off as a punishment. An operator just shook her head when I asked her about it: "They go from one extreme to the other. One minute we're adults, treated equally, the next we're three year olds."

It was shown in section 2.2, that responses to the questionnaire indicating poor perceptions of the union's performance, were included in the pattern of correlations concerning employee dissatisfaction with management's control and discipline of the workplace. This finding was confirmed during interviews and observation at the company. Criticism of the union could be attributed to the style in which Japanese management operated NIR practices within the company.

The UK personnel manager acknowledged that there was a problem with Japanese management's handling of industrial relations at the company and put it down to the following: "Japanese management find it difficult to accept that British unionism is autonomous. They find it hard to understand that people involved in the union feel loyalty to an organization that isn't part of the company."

For Japanese managers the recognition of a UK union had been a traumatic affair and one manager candidly admitted: "Unions in the UK are notorious and seen as too strong. Our biggest problem here is that the union's style is to take and take without giving back." There was then, a problem of trust between the two parties.

Shop stewards had little doubt that the poor perception of the union's performance at the company was due to the way Japanese management treated the union and the belief that the NSA in operation at the company restricted its effectiveness or made it too co-operative. For example, 74% of questionnaire respondents agreed to some extent that the no-strike clause in Company B's NSA weakened the union. As one steward explained: "A lot of people on the floor believe that we don't have enough clout. They think that we should never have agreed to the no-strike part of our agreement here because it makes us weak. They're probably right. The agreement here is based on co-operation and trust. Because of the way it's supposed to work, if management choose not to co-operate, it works in their favour."

Stewards also expressed concern that their relationship with management was not based on the type of trust that the agreement required. One put this down to the fact that: "They didn't really want to recognise a union here, but they'd have got into all sorts of problems if they hadn't because most people round here are pro-union. So management just see us something they've got to put up with. We can go about our daily business without much trouble, but it's rare that they actually give way to us where we disagree - say in a disciplinary hearing - and that's what the members pick up on."

When discussing the lack of trust between Japanese management and the union, stewards often cited examples of the way in which Japanese management used the company's advisory board. One explained: "I really don't think they trust us with any meaningful information. There's never any indication of what their future plans are because they think we'll be critical about how they will affect workers." Another noted: "They believe we make waves about the littlest things which perhaps in Japan workers wouldn't bother with. Two things happen. They either say no to our request, or stall and stall. At one point we wanted to change working hours so that we'd come in early all week, forfeit our afternoon break and then finish at lunch on a Friday. It took nearly a year to get agreement."

The result for the stewards was that they had to contend with employees' scepticism about the effectiveness of the company's advisory board and the union's effectiveness at

representing workers' interests on it. One noted: "People are getting to the point of not being interested in the advisory board. They don't believe it can do anything for them. Now when we go around asking what they want us to raise we get hardly any response."

Most importantly for the union, levels of membership density among the 84 workers eligible to join at the plant had fallen from approximately 60% to 45% over the 18 months the company had been open. Japanese management attributed the decline in union membership to the company offering a successful alternative to the union. i.e. workers felt secure enough not to need one. However, the questionnaire offered evidence that this decline was due to other factors, the most important being that management's actions had made the union seem either too co-operative or ineffective.

Appendix 9.4 gives details of why 43.5% of respondents were not members of the union at the company. They represented a minority of questionnaire respondents, but were in fact in a majority at the company. Actual union density was 45% according to company records.

These non-members were presented with a list of possible reasons for their non-membership. The most commonly cited response did not relate to a specific issue but was for "some other reason". The majority of these respondents were from the quality inspection work area, and had resigned over what they saw as the union's inability to achieve any success in a dispute related to working conditions. The union was blamed for

a failure to secure an improvement in their heating conditions. Those that had resigned from the union over the issue claimed that this was the last of several failures that had persuaded them to leave. They perceived the union as either too co-operative with management or ineffective. "I don't see the point in paying money for something that doesn't work. Whatever the union asks for the Japanese say no, the union accepts their answer and that's it." said one.

The second most commonly cited reason for not joining the union at Company B was simply the belief that "I would prefer to take care of myself." Interviews suggested that this was either based on a general dislike of unions or a lack of confidence in the EETPU's abilities at the company.

The third most commonly cited reason concerned the EETPU's non-membership of the TUC. Several respondents also answered that they wanted to join, or were members of, another union. Operators gave two possible explanations for these answers. Firstly, over half the questionnaire's respondents came from mining families and disapproved of the EETPU's controversial stance during the 1984/85 miners' strike. Secondly, it was thought that the union was too co-operative with employers (not just at Company B) and had weakened trade union collectivism which was to the detriment of all trade union members. "They're not a real union", said one operator.

The decline in union membership had significant implications. There was as yet no evidence of workers looking to join another union, but as the UK personnel manager

explained: "It means the union doesn't speak for the majority
of workers here and that could be divisive." The union's low
density led to just such a situation. It balloted its members
on the acceptance of a pay offer, as it was obliged to under
the terms of the company's NSA. They rejected it, but workers
not in the union requested that management held a second
ballot including all non-union members and the offer was
accepted. In effect, the drift away from membership, much of
it attributable to Japanese management's actions, had
undermined the union's representative credibility. To employees
the union's lack of influence during the pay negotiations was a
further demonstration of its limited power at the company.

This section of the chapter has demonstrated that as at
Company A, many of the institutional processes that could be
termed NIR practices were in place at Company B. Nevertheless,
their ability to influence "them and us" attitudes was hindered
by management's style of maintaining control and discipline
of the workplace. Crucially, and unlike at Company A,
deficiencies in this management style were not due to the
operation of NIR practices by local management, but by Japanese
management.

b) The Hypothesis and Managerial and Organizational
Characteristics
As was shown in section 2.2, the questionnaire results
included a pattern of correlations related to the way that
production was organized and managed. These were perceptions
of the work environment at the company. Workers were responding
positively to interaction and communications with Japanese

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management in terms of **production related issues,** but not, as we have seen, in relation to the style in which they maintained control and discipline of the workplace.

These positive perceptions became highly apparent during interviews and observation. Workers praised the way in which Japanese management communicated and interacted with them about production related issues. A typical comment was: "Management here are always around asking what's happening. You do actually feel that they're talking to you because they want to know what you think. It did use to terrify some of us to start with. You don't usually have a managing director looking over your shoulder and asking what you're doing. But all the Japanese here show respect for hard work and we respect them for getting out here (into the work area) and doing things alongside us."

Operators were also complimentary about the level of interest Japanese management showed when they encountered difficulties or had an idea concerning the way they did their job. They were believed to be highly approachable and very receptive. As one put it: "There's no stopping them. If you tell them you're having some sort of problem, you can't get rid of them until they're sure its solved!"

Comment was frequently passed about Japanese management placing quality before quantity - in contrast to local management at Company A. For example, one worker, who operated two identical machines explained how the Japanese had

accepted, after he had shown them, that if he ran the machines above a certain speed the quality of the output would suffer.

Another operator explained that it was well known that on one job 4,000 tasks could be completed in an hour, but that the expected rate was an average of 2,000 per hour over the day. Again management were satisfied that if operators were to consistently achieve the higher figure, this would result in poor quality and they would not allow this to happen. As one supervisor explained: "We're trying to find a a happy medium. We expect 100% quality. If they can get 99 out of 100 actions correct then they can make it 100. But that's not going to happen if we push them too fast. I think we've got it about right. The main test of quality is what the companies we're supplying tell us. All our customers at the moment are Japanese and what they're telling us is very good."

Positive reactions to management's treatment of employees in connection with production related issues could be seen in two further respects, both related to employee performance. Firstly, a good team spirit had developed in most work areas (reflected in the responses to the questionnaire). The company attached considerable importance to this and publicly displayed performance in terms of quality and output and absenteeism rates for each team. Awards were issued to members of each team that achieved the best monthly results. These were in the form of gift vouchers. Operators frequently mentioned how well their team was performing in comparison to others and of who

was letting their team down by their individual poor performance.

Secondly, some individuals were highly conscious of and proud of the amount of effort they put into their own work. For example, about half a dozen employees who were not supervisors or team leaders stayed late or started work early on a voluntary basis. These attitudes and behaviour were also apparent when looking at their response to the company's emphasis on continuous improvement under which operators were expected to try and achieve higher figures (while maintaining quality).

Each day the previous day's output figures for each supervisor's work area were delivered to them. In one work area it was noticeable that after they had been delivered operators would wait for the supervisor to leave his desk and then casually wander over to look at the figures. These were in a form that allowed them to compare their own performance with that of individual colleagues. Often operators talked with great pride about the figures they had achieved and were disparaging of those who could not reach the minimum targets or were too lazy to do so.

It seems then that good inter-action and communications between management and employees over production related issues at Company B had engendered positive employee reactions beneficial to production.

Positive employee reactions to production related issues could be attributed to the following beliefs: Unlike employees

at Company A, employees at Company B exhibited considerable confidence in management's ability to manage and organize production. That the company might be poorly managed and organized was an issue they never mentioned. This was because there was no evidence that this was the case. Unlike at Company A, production was not constantly disrupted and of a "stop - start" nature. Operators therefore typically talked of the Japanese and production related issues along the following lines: "The Japanese have got their faults, but you can't argue about how they run this place. They know exactly what they want and how to get it." Perhaps most significantly, and unlike operators at Company A, the suggestion that the company might fail and that they would all lose their jobs never entered the minds of operators at Company B. These positive perceptions suggested that the company was going some way to fulfilling employee expectations of what it would be like to work there. If this was the case it could be argued that the production system's perceived good performance was satisfying employee expectations of the company and this in turn was having a positive influence on the company's efforts to reduce "them and us".

These attitudes established a work atmosphere in which employees appreciated that they should play their part in achieving a superordinate goal. During interviews and observation they talked happily of working hard to make the company successful on the grounds that the company's success was good for themselves. In this instance one might expect to

see the emergence of a *virtuous circle* as proposed under the hypothesis. One could be identified (see figure 9.1), but an important link in the circle could not be proven.   It could not be proved that the circle enhanced the effectiveness of NIR practices at the company in reducing "them and us" attitudes.   This was because as we have seen, the effective operation of several NIR practices were impaired by the style in which Japanese management operated them when trying to maintain control and discipline of the workforce.

Why were management at Company B able to elicit positive attitudes and behaviour among their workforce where they concerned production related issues? There are three inter-related reasons.

Firstly, the company's small size meant that horizontal communications between departmental managers, (an organizational requirement) irrespective of their areas of responsibility were easy to maintain. The same applied to vertical communications with the workforce over production related issues.

Secondly, both the company's size and the nature of its product meant that production was simpler to organize than at Company A.   Company B had no disruption due to poor quality or late delivery of components. The company was only reliant on a small number of components from a small number of suppliers. A compromise JIT system of component supply existed.   Few were actually delivered on a JIT basis.   In most cases the company maintained buffer stocks and made up kits of components to be

FIGURE 9.1
How the Relationship Between The Production System's Performance
and NIR Practices at Company B Led to the Emergence of a Virtuous Circle

Good performance
of workforce

Good organization
and management
of the production
system.

Good performance
of production
system (Evidenced by
uninterrupted production)

Evidence of repudiation
of "them and us" attitudes
Belief in the validity of,
and positive reaction to
NIR practices.
(Unproven)

Workforce perceives
good performance of
production system.

Efforts devoted to
pursuit of superordinate
goal believed worthwhile
due to managerial and
organizational strengths.
No fear of job loss.

delivered into the work area as needed.   As required under the organizational characteristics of the UK model, the Japanese managers maintained extremely close ties with their suppliers and were proud of the supportive role the company played where suppliers encountered problems (one spent two days in Germany assisting a supplier during the observation period). Quality components were delivered to the company by the time specified. This all aided the smooth operation of production.

The third inter-related reason for uninterrupted production was that   because it was small the company only needed to employ Japanese managers (apart from the UK personnel manager). Consequently, and unlike at Company A, management operated as a cohesive unit. There was no scope for management conflict based on an elite of Japanese management shutting out local management from the decision making process and failing to communicate information to them. Nor could there be the negative influence of a local management style that might encourage departmental insularity.   Compared to Company A, the company exhibited a strong set of   managerial characteristics closer to those required by the UK model.

These three plant specific factors all combined to allow the company to operate strong sets of managerial and organizational characteristics compared alongside the UK model. The result was the effective performance of the production system. This in turn had an apparently beneficial effect on employee attitudes among their workforce.

Section 2 of this chapter has shown that four key factors may have influenced workforce attitudes at Company B. They are broadly the same as the four factors identified at Company A, though in some cases they have a different effect on attitudes. Two of these factors do not form part of the research hypothesis. Instead they co-exist with it. These are:

1) Length of employment at the company. (Did the respondent start work at the company when it first commenced production, or was he/she employed over the subsequent eighteen months?)

2) Financial reward based on satisfaction with pay and promotion.

The other two factors relate to the research hypothesis under investigation.

3) The style in which Japanese management maintained control and discipline of the workplace, thereby impeding the effectiveness of NIR practices supposedly in operation at the company.

4) The management and organization of production at the company and its effect on the production system's performance. (Production related issues.)

As at Company A, it is suggested that because the third and fourth factors concern attitudes about the work environment within Company B, they also influence attitudes about British industrial relations in general.

3) KEY EXPLANATIONS OF "THEM AND US" AT COMPANY B

So far the research has identified four factors which have influenced attitudes regarding the work environment at Company

B and perceptions of issues related to British industrial relations in general. This section assesses how far these factors influenced "them and us" related attitudes among the company's employees.

To test their explanatory power regarding "them and us" attitudes at Company B, the four factors were introduced into five regression models. (See table 9.6.) The regression models were based on identical dependent variables to those used in Chapter 8. These dependent variables were based on the responses to five key questions on the questionnaire which were taken to indicate how successful the company had been in reducing "them and us" attitudes. (Chapter 6 explains why these questions were chosen.)

The first four of these questions concerned "them and us" related issues within Company B. In each case the regression models included dummy variables concerning the job related and and personal characteristics of union membership, age, gender, and perception of own class. Other relevant variables based on responses to specific questions were also used. Only those dummy or other variables showing a significant relationship with one or more dependent variables are displayed on table 9.6

Responses to the fifth question were taken to represent attitudes about "them and us" as a general feature of British industrial relations. As in Chapter 8, the model was constructed on the basis that attitudes concerning "them and us" within the company affected attitudes about "them and us" as a general feature of British industrial relations. Four

TABLE 9.6

KEY EXPLANATIONS OF "THEM AND US" AT COMPANY B : REGRESSION ANALYSIS

	(a)** Increased contact across group boundaries	(b)** Creation of a superordinate Goal	(c)** Changes in attitude and and behaviour	(d)** Propensity to leave the firm	(e)* "Them and Us" as a general feature of British IR
Dissatisfaction with pay.				-0.2310 (-1.88)	
Company B believed a friendly place to work.			0.2088 (1.68)		
Promotion important to respondent.				-0.2281 (-1.86)	
Overall job satisfaction.		0.3248 (2.79)	0.6437 (5.72)		
Good team spirit in work area.		0.3717 (3.29)	0.1867 (1.79)		
Frequently gets ideas about how to improve own job.		0.2505 (2.30)			
No point in complaining at Company B	-0.3652 (-3.04)			-0.4079 (-3.51)	
Satisfied with information given about Company B's present and future plans.		0.4368 (3.98)			
No strike clause in NSA believed to weaken union.	-0.3386 (-2.82)				
Management/worker communications are poor here.					0.4910 (4.06)
Constant	3.479 (5.72)	2.918 (3.43)	1.114 (2.81)	1.588 (1.17)	1.275 (4.06)
Mean of D.V.	3.26	2.15	3.38	3.32	2.42
Adjusted R^2	0.2555	0.4417	0.4391	0.2724	0.2264
F	10.09	11.68	15.09	7.73	16.51
N=	54	54	54	54	54

** = six point scale   t = statistics in parentheses
 * = five point scale

independent variables put into the model were the four tested as dependent variables representing "them and us" related attitudes within Company B. The dummy variables concerning job related and personal characteristics were also inserted. Again, only those dummy or other variables showing a significant relationship with the dependent variable are displayed on table 9.6.

3.1) Increased Contact Across Group Boundaries
    58% of respondents disagreed to some extent that management/worker communications at the company was good. Two items accounted for 25% of variance. (Column a, table 9.6.) Neither of these items relate to management/worker communications in connection with the management and organization of production, but instead highlight anxiety about Japanese management's control and discipline of the workplace.

    Contact with management had led workers to believe that there was no point in taking up a grievance with them. Further, employee dissatisfaction with this particular facet of Japanese management style at the company was linked to employee criticisms of the EETPU's performance. The regression model can be seen to reinforce the findings discussed in section 2. This was that a desire among employees to influence management actions via the union was not being satisfied. Many blamed the union's inability to do this on the no-strike provision in the company's NSA - hence the inclusion of this item in the model.

3.2) The Creation of a Superordinate Goal
    58% of employees agreed to some extent that management at

Company B would be interested if they had an idea that might improve the way they did their job. Four items accounted for 44% of variance. (Column b.)

The idea of both management and workers working together to make Company B successful seemed plausible to many of its workers because of the way they were managed and organized in relation to production, not because of Japanese management's style of maintaining control and discipline of the workplace. This regression model therefore included overall job satisfaction and positive perceptions of the team spirit in the respondent's work area.

Employees also linked the idea of the superordinate goal to the fact that they were satisfied with the amount of information management gave them about the company's present and future plans. In addition, positive responses about the frequency with which respondents got ideas about the way they did their job suggested that management's interest in these ideas encouraged the frequency with which workers came up with them.

3.3) Changes in Attitude and Behaviour

58% of respondents agreed to some extent that the company was good to its workers. Three items contributed to 43% of variance. (Column c.) None of these three items concerned how management maintained control and discipline of the workforce. Two of the three items suggest that employees regarded their good treatment by the company in terms of the

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friendliness of the work environment and the team spirit in their work area.

It could be argued that the results from this regression model represent a straightforward declaration of satisfaction with co-workers. Given the results of the observation and interviews and the fact that the regression model concerns the company's treatment of its workers, it is posited that these items reflect satisfaction with managerial attitudes and behaviour in relation to how they managed and organized production. This appears to be verified by the third item in this regression model - positive perceptions of overall job satisfaction.

3.4) Propensity to Leave the Company
A substantial number (71%) of respondents disagreed that it would take a lot for them to leave the Company. Three variables accounted for 27% of variance. (Column d.)

Promotion (or the lack of it) was a key factor in whether respondents expected to remain with the company. It must be remembered that interviews and observation indicated that this concerned many employees for two reasons. Firstly, and as at Company A, they were concerned that they were losing the opportunity to earn more money. Secondly, they were not only concerned about the financial implications of promotion but also that its allocation indicated how much the company valued them and that if achieved it was the chance to carry out a more interesting and satisfying job that was likely to encourage them to remain with the company long-term.

A second item in this model was dissatisfaction with pay. This indicated that financial reward was still a crucial determinant of how attached to the company many respondents were.

The third item in the model was the belief that there was no point in taking up grievances with Japanese management. Dissatisfaction with the style in which they maintained control and discipline of the workforce appeared to contribute to any desire to leave its employ.

3.5) "Them and Us" as a General Feature of British Industrial Relations

59% of respondents agreed that "co-operation in firms is impossible because workers and management are really on different sides. Only one significant explanatory variable was identified. This accounted for 22% of variance. (Column e, table 9.6.)

The item identified was the poor perception of management/worker communications at Company B. Unlike the case of Company A, no linkage could be made with the dummy variable of pay. It therefore appears that experience of the style in which Japanese management maintained control and discipline at Company B (the cause of these poor perceptions) was the single most influential factor in shaping attitudes among the company's workers about "them and us" as a general feature of British industrial relations. As was argued when analysing this particular dependent variable at Company A, what happens to a person at their place of work appears to influence beliefs they brought with them to their current employer about

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management/employee relations at other workplaces. In short, employees believe that what they experience at their own place of work is indicative of what goes on elsewhere.

Three conclusions can be drawn from the results of the regression analysis. Firstly, positive and significant perceptions of "them and us" issues at the company featured in regression models concerning the creation of a superordinate goal, and changes in attitude and behaviour. This suggests that in these two cases the company's attempts to reduce "them and us" related attitudes were more positively received in relation to the way in which management managed and organized production.

In contrast to this success, negative perceptions in relation to increased contact across group boundaries, propensity to leave the company and "them and us" as a general feature of British industrial relations were all influenced by dissatisfaction with the ways in which Japanese management maintained control and discipline of the workplace. This was a reflection of Japanese management style not being conducive to the effective operation of NIR practices (personnel and industrial relations characteristics) in place at the company.

These results confirm the research hypothesis under examination. They show that *not only* personnel and industrial relations production system characteristics at Company B were affecting "them and us" attitudes, *but also* managerial and organizational characteristics. The results differ to those obtained at Company A, in that the managerial and

organizational characteristics at Company B had a positive effect on "them and us" attitudes. At Company A they contributed to negative "them and us" attitudes.

The second conclusion is that it appears that where respondents were dissatisfied with financial rewards related to pay and promotion their dissatisfaction was influential in blocking the company's efforts to lock them in to its work environment. Promotion was also influential where some respondents regarded it as more than a purely financial motivator. Its impact was registered despite some promising indications that the company had actually reduced some "them and us" attitudes due to the way production was managed and organized.

These results raise the same question concerning financial rewards that was discussed in relation to Company A. If Company B had paid higher wages, would employees have responded more positively to its attempts to reduce "them and us"? Again, there appears to be two ways to answer this question. These are either to study a company with very weak production system characteristics which pays more than Company B, or to examine a company with very strong production system characteristics, but which pays low wages. In either event, low levels of workforce co-operation with management would indicate the influence of financial reward on "them and us" attitudes.

The final conclusion to be drawn from the regression analysis concerns the dummy variable of those initially employed at the company versus those employed in the subsequent

eighteen months. This did not appear in any of the regression models. This was despite earlier t-tests in section 2 which had revealed several differences in attitudes. As with the failure of the Stage 1 respondents at Company A to feature in any regression models the same explanation may apply in this instance. The attitudes of those initially employed by Company B may well have been in line with those of the majority of questionnaire respondents. Consequently, even though they may have demonstrated stronger responses to the company's attempts to reduce "them and us" attitudes and behaviour (because they had been exposed longest to the company's work environment), they were unlikely to become a separate and significant item in a regression model.

4) SUMMARY AND CONCLUSIONS

When compared alongside the research's UK model, Company B achieved poorer scores for its personnel and industrial relations production system characteristics (NIR practices) than for its managerial and organizational characteristics. These scores reflected weaknesses in its NIR practices and strengths in its managerial and organizational characteristics which had sharply contrasting influences on "them and us" attitudes among the company's workers. This was shown when testing the research hypothesis. *Not only* personnel and industrial relations characteristics in operation at the company had affected "them and us" attitudes, *but also*

managerial and organizational characteristics. (See table 9.1

for a summary of these results.)

The association of NIR practices with strong feelings of

"them and us" among employees was not founded on the extent to

which such practices were in operation at the company. The

exceptions were pay and promotion. As at Company A, workers

were not concerned about the institutional practices the

company had put in place. Instead, observation, interviews and

the results of the questionnaire identified employee

dissatisfaction with the style in which Japanese management

operated them.   Regression analysis pointed to this

dissatisfaction as contributing to strong "them and us" related

attitudes.

Japanese management's methods of maintaining discipline

and control of the workplace were resented by many employees.

They saw several rules used to enforce the regimentation of the

workplace as petty and unnecessary, and felt the Japanese to be

too harsh in their application of the disciplinary procedure.

The style in which Japanese management operated NIR practices

restricted the union's ability to represent its members and

contributed to its loss of membership.

The poor operation of NIR practices could be attributed

to problems with the company's single management structure.

Firstly, though the only UK manager had responsibility for

personnel issues, the post was not senior and this limited its

influence.   Secondly, the company was dominated by a Japanese

management who had been selected on the basis of their

technical knowledge rather than having shown any ability to manage in an overseas environment which sometimes called for them to compromise their attitudes and beliefs.

While its single management structure was a drawback in terms of the operation of NIR practices it was a benefit to its managerial and organizational characteristics. Unlike at Company A, there was limited potential for poor interaction and communications between Japanese and local management because apart from the UK personnel manager there was no local management presence. This factor allowed Japanese management to take advantage of the company's small size and its relatively simple to assemble product by operating highly effective managerial and organizational characteristics. These were to the benefit of the production system's performance which ran without any of the disruption seen at Company A.

Strengths in these managerial and organizational characteristics were shown to have led to positive employee perceptions of production related issues. As a consequence, there was no opportunity for the emergence of a vicious circle such as the one seen at Company A. Interviews, observation and the questionnaire results pointed to considerable respect among employees for management's ability to manage the company, satisfaction with the way in which management interacted and communicated with employees over production related issues, and the belief that the company was successful. Regression analysis suggested that these positive perceptions of the

company's production system accounted for the most promising attitudes in respect of "them and us".

It is also possible that workers' positive perceptions of Company B's production system's performance helped to meet their expectations of what working at the company would be like. Meeting these expectations might have had a favourable influence on workers' responses to the company's attempts to reduce "them and us" attitudes and behaviour among the workforce.

Had Japanese management operated NIR practices in use at the company more successfully, it would have been possible to examine a a further part of the hypothesis. This is that a two-way relationship can exist, between the effective performance of the production system (due to managerial and organizational characteristics), and the effectiveness of NIR practices at reducing "them and us" attitudes which is in itself to the benefit of the production system's performance.

Instead, as with the results from Company A, we can only say that the results of the study at Company B confirm only one aspect of the hypothesis. This is that *not only* personnel and industrial relations characteristics *but also* managerial and organizational characteristics determine "them and us" attitudes. Therefore, while it is clear that managerial and organizational characteristics definitely operate as an intervening variable where NIR practices attempt to secure reductions in "them and us" it is unclear whether in a different set of circumstances a two-way relationship based on

the effective performance of the company's production system and the effectiveness of NIR practices would have been apparent.

The inability to identify a two-way relationship was reflected by the failure to confirm a key link in the *virtuous circle* that was apparent at the Company. This was the link suggesting that workers were aware of the successful performance of the company's production system (attributable to good managerial and organizational characteristics) and would therefore respond positively to NIR practices designed to reduce "them and us" attitudes with further benefit to the production system.

It is also important to note how the results of the study at Company B relate to the mechanisms of the research's UK model. This is particularly true in relation to the company's managerial characteristics. As with the managerial characteristics at Company A, management's initiating and operating role was crucial to determining the strengths and weaknesses within the company's other three sets of production system characteristics.

Its single management structure allowed Company B to operate managerial characteristics that had a positive effect on its organizational characteristics. However, the single management structure was dominated by Japanese managers who, contrary to the requirement of the relevant managerial characteristic of the research's UK model, had been selected purely on the basis of technical knowledge, not their ability

to manage personnel and industrial relations practices in an unfamiliar environment. As a result, managerial characteristics at the company had a detrimental effect on the operation of its NIR practices.

A final conclusion concerns the influence of financial rewards - especially pay - on "them and us" attitudes. As was pointed out in section three, regression analysis suggested that this factor may have had some influence over "them and us" attitudes. This role was underlined by t-tests which revealed that those with the more negative perceptions of the work environment at Company B, were more likely to be dissatisfied with pay. Conversely those with more positive perceptions were more likely to be satisfied with their pay. The influence was therefore similar to that identified at Company A.

PART 4

CONCLUSIONS AND IMPLICATIONS.

CHAPTER 10

THE RESEARCH CONCLUSIONS AND THEIR IMPLICATIONS

INTRODUCTION

This concluding chapter is divided into three sections.
The first, reiterates the main issues concerning the research.
It then summarises the research's two inter-related hypotheses
and the methodology used to test them. The second section is
divided into two parts, each corresponding to one of the
hypotheses and the salient research results. The final
section presents three sets of implications arising from the
research results. These relate to Japanese transplants in the
UK, UK companies attempting to emulate Japanese production
methods, and to the wider debate surrounding the use of NIR
practices in the UK.

1) THE ISSUES REITERATED

Chapters 1 and 2 of the research highlighted four key
issues. Firstly, they noted the scale of Japanese inward
investment in the UK and its increasing importance to the UK
economy. Secondly, they demonstrated that a significant
proportion of Japanese inward investment in the UK relates to
the manufacture of consumer electronics. Accordingly, the
research has focused on a sample of Japanese transplants in
this sector of the UK economy. Thirdly, it was posited that

in the hope of repelling competition from Japanese manufacturers in the UK, from elsewhere in the EC and from Japan, many British firms were attempting to adopt Japanese management methods, notably those concerning employment relations. Fourthly, it was argued that the ability of Japanese transplants in the UK to successfully operate innovative employment relations practices has attracted considerable attention. The grounds for this attention stem from their employment relations practices being discussed as part of the wider debate surrounding the use of NIR practices in the UK.

Chapters 1 and 2 also explained that NIR practices are believed to lead to a corresponding reduction in "them and us" attitudes among employees that is to the benefit of a company's performance in terms of the quality and quantity of output. The research has portrayed these practices as being an integral part of a Japanese transplant's production system. In doing so the research has defined a production system in a "broad" sense. It has not simply described it in a "narrow" technological sense, i.e. the technological processes used and their effects on production output. Instead, the broad definition acknowledges the important role of characteristics such as NIR practices, the company's organizational structure and its management's style and behaviour. These are included in the definition because they are believed to influence the production system's performance.

A central aim of the research has been to explore the key dimensions of variability among the production systems of Japanese transplants and to show how this variance might influence "them and us" attitudes at one transplant compared to another. "Them and us" attitudes are defined as a perception among workers that there exists a clear division of interests at the workplace between them and management. To show variability of "them and us" attitudes from one company to another may have seemed to be pursuing the obvious, but the research argued that investigation of the matter was justified for two reasons.

Firstly, previous to this research, there was little evidence to confirm the existence of the variance. Earlier studies had tended to adopt case study approaches thereby limiting comparisons of one company with another and rarely incorporated employee attitude surveys. As a result, it was unclear whether any patterns of variance in "them and us" attitudes existed and it was uncertain what the main causes of the variance were. By aiming to highlight variability among its nine sample companies this research expected to help redress this deficiency.

Secondly, and crucially, the research has detached itself from existing thinking surrounding the wider debate about NIR in the UK. It believes that the variance in "them and us" attitudes is not just caused by the effectiveness of the NIR practices a Japanese company introduces.

While acknowledging the importance of NIR practices, it has argued that other managerial and organizational characteristics within a Japanese company's production system, for example the decision making structure or buyer/supplier relations, are also important. These characteristics will also influence "them and us" attitudes. If they are inadequate then the performance of the production system suffers. Workers come to perceive this failure and give a poor response to the company's NIR practices. A vicious circle can evolve since a poor workforce response to NIR practices will in itself further contribute to the poor performance of the production system.

These then are the themes pursued by the research. Their investigation led to the formulation of two inter-related hypotheses. The first was that:

1) That a number of key dimensions of variability exist among the production systems of Japanese transplants in the UK consumer electronics sector.

The methodology used to demonstrate variability among transplants' production systems involved the construction of a benchmark which represents a model of a production system for operation by a Japanese transplant in the UK. (See figure 5.1.) The model incorporated four sets of production system characteristics - personnel and industrial relations characteristics (NIR practices) and managerial and organizational characteristics. Chapters 4 and 5 were devoted to the task of its construction.

Using existing literature and interview data these chapters performed two roles. Firstly they identified a series of obstacles to reducing "them and us" attitudes using NIR practices. Secondly, they identified problems likely to be encountered by Japanese companies attempting to transplant their domestic production systems to the UK - problems which could also impact on efforts to reduce "them and us" attitudes. The research's UK model takes account of these obstacles and problems and incorporates a number of remedies to overcome their effects. It therefore contains several compromises and differences when compared to the domestic Japanese production system and could be described as a synthesis of both domestic Japanese and local production system characteristics.

The argument running throughout the research has been that the closer the fit with all four sets of production system characteristics contained in the research's UK model, the better the chances of a transplant reducing "them and us". The further away from the model, then the less likely it is to reduce "them and us" attitudes, and the more likely it is to exhibit the obstacles and problems of transference that inhibit such a reduction.

But simply proving variability among nine companies' production system characteristics would not show the influence of the variability on "them and us" attitudes. Interviews, observation and employee attitude surveys were therefore conducted at two case study companies. This methodology was used to show how the extent to which the model's production

system characteristics were implemented   and the manner in

which such characteristics were operated impacted on "them and

us" attitudes among workers.   Adopting this particular

methodological approach enabled the following hypothesis to be

tested:

2) That   the closer a transplant is to displaying all four
sets of production system characteristics as identified
under the research's UK model, then the more likely it is
that "them and us" attitudes will be reduced among its
employees. This assumes   that it is *not only* personnel
and industrial relations characteristics (NIR practices)
that impact on "them and us" attitudes *but also* managerial
and organizational characteristics. It is posited that,
though the performance of the production system is reliant
on effective NIR practices reducing "them and us"
attitudes, strengths and weaknesses in a transplant's
managerial and organizational characteristics may also
have a detrimental or beneficial affect on production
performance. This in turn will impact on "them and us"
attitudes. In short, the effectiveness of NIR practices
and the effective performance of a transplant's production
system enjoy a two way relationship.

Because of their intervening role, poor managerial and
organizational characteristics can have a highly
detrimental effect on "them and us" attitudes. They may
impede the successful operation of a transplant's
production system to the extent that workers perceive some
personal cost to themselves. They come to believe that
their working for the good of the company is a waste,
perceiving that other managerial and organizational
characteristics are undermining their own efforts.
Consequently their level of morale drops, they lose
confidence in management's abilities and they become
cynical of NIR practices.   A *vicious circle* emerges.
Poor managerial and organizational characteristics impede
the performance of the production system, and this stops
NIR practices reducing "them and us".   The failure of NIR
practices in turn impairs the already poor performance of
the production system.

Conversely, and given this intervening role, the effective
performance of the production system owing to good
managerial and organizational characteristics may lead to
the emergence of a *virtuous circle.* In this situation
workers feel that the effective performance of the
production system is to their benefit.   They react

positively to NIR practices and "them and us" attitudes are therefore reduced. This, in turn, further improves the production system's performance.

2) THE RESEARCH HYPOTHESES IN LIGHT OF THE RESULTS

2.1) Key Dimensions of Variability Among Production Systems

Comparison of the production system characteristics of nine Japanese companies in the UK consumer electronics sector alongside the research's UK model showed considerable variability among their production system characteristics. Often, the variability was not exclusive to one company. In effect, a number of key dimensions of variability were identifiable. These were described as common strengths and weaknesses.

There appeared to be a link between sample companies' size (based on number of employees) and strengths and weaknesses in their production system characteristics. Those in the sample who employed between 200 and 800 employees (Group 2) received the lowest overall scores when compared alongside the UK model and appeared to encounter difficulties in achieving effective managerial and organizational characteristics. Those companies employing 200 or less (Group 1) or 800 or more (Group 3) obtained the highest overall scores and consistently achieved higher scores for their managerial and organizational characteristics. It was suggested that one or any combination of three factors might account for these.

Firstly, it is clear that the size of a company may determine how successful it is in achieving high scores. At

four of the six highest scoring companies, smallness clearly
enabled good managerial and organizational characteristics to
flourish.   The case study of Company B (a group 1 company)
showed that it simplifies horizontal communications between
management, and enhances co-ordination and co-operation of
departments.   It also showed that it encourages effective
intergroup contact between management and workers over
production related issues. - a possible route to the reduction
of "them and us" attitudes. (Kelly and Kelly, 1991)

Nonetheless, a close fit with the model was not only
confined to the smallest companies in the sample.   The two
largest transplants achieved the two highest overall scores.
Therefore a U shaped relationship existed between size and
overall score.   Identification of this relationship also led to
the suggestion that the four highest scoring companies - two
large and two small - might have achieved high scores because
their Japanese parent companies have the human and financial
resources to ensure that their transplant operations are
successful.

The second factor relates to how complex a company product
is to produce. The smallest, Group 1 companies in the sample
were all either in the throws of moving their manufacturing
processes away from "screwdriver" assembly operations to self
sufficient manufacture or were components suppliers, (as was
Company B). With regard to   "screwdriver" versus self
sufficient manufacturing, the former is generally simpler in
certain respects to organize than the latter and the same

applies to the manufacture of components. This enabled both "screwdriver" or component based manufacturers to attain many of the UK model's characteristics with greater ease.

The third factor concerns the management structures at companies in the sample. All of those in Group 2, with low overall scores and notably low managerial and organizational scores had a dual management structure. The size of these companies necessitated the employment of local as well as Japanese managers and led to additional stresses not found under a single management structure. (A single management structure was defined as one under which no local manager other than a personnel manager is employed.) The additional stresses found under the dual management structures appeared to restrict the effective management and organization of these companies' production systems.

The two case studies in this research provide stark evidence of problems related to a dual management structure. Company A's dual management structure led to poor Japanese and local management interaction and communications. Consequently, the company exhibited weak managerial and organizational characteristics and the production system's performance suffered accordingly. In contrast, Company B, with a single management structure had not encountered these problems, simply because there was no local management presence other than the UK Personnel Manager.

As a proviso, one must remember that where a dual management structure exists, it does not automatically follow

that the company will be subject to additional stresses within its production system. Five other companies in Groups 1 and 3 also had dual management structures, yet unlike those in Group 2 they were able to exhibit strong managerial and organizational characteristics.

These three factors pose an interesting set of questions. What would we find if we returned to companies in Group 1 some years hence and they have either grown in size, (and in Company B's case been compelled to adopt a dual management structure) or moved to more self sufficient forms of manufacture? Would they, like the companies in Group 2, find that their increased size or more sophisticated forms of manufacture induced stresses within their dual management structures? Or would they have avoided these problems like the largest companies in Group 3?

Finally, it was noticeable that no clear pattern of scores existed for NIR practices. (Personnel and Industrial Relations characteristics.) For example, some companies in Group 2 achieved better scores for their personnel or industrial relations characteristics than those in Group 1.

Several companies in the sample, achieved relatively weak scores for their NIR practices. There were two reasons for this. Firstly, they simply did not operate some of the personnel and industrial relations practices required by the research's UK model. Secondly, comparison alongside the model revealed problems with management's attitudes and behaviour that affected the way in which they operated some NIR

practices.   Notably practices related to the control and discipline of the workplace and management/union relations. These weaknesses were apparent at both companies A and B. Their effect on "them and us" attitudes at the companies is discussed in greater detail in section 2.2.

Certainly a comparison of the nine companies revealed considerable variability among   their production system characteristics.   But the key issue was to identify how the strengths and weaknesses within companies' production system characteristics impacted on "them and us" attitudes among employees.   The issue was addressed using Companies A and B as case studies.

Analysis of overall workforce attitudes at both case study companies found that employees exhibited strong beliefs in the existence of "them and us".   For the majority of workers at both companies, their experience of working in an environment incorporating NIR practices had done little to remove a basic belief that "co-operation in firms is impossible because workers and managers are really on different sides".   Indeed, those who had worked longest at the companies held the strongest "them and us" related attitudes.

What was it about the two case studies' production systems that had influenced these attitudes?   The answers were made apparent by applying the research's remaining hypothesis to these results.

2.2) Not Only NIR Practices But Also Managerial and Organizational Characteristics

The second hypothesis suggests that it is *not only* NIR practices (personnel and industrial relations characteristics) *but also* managerial and organizational characteristics that impact on "them and us" attitudes among employees. There are therefore two sets of results to consider.

The first set of results deals with weaknesses in the two case study companies' NIR practices. These companies attempted to use NIR practices to create work environments that would contribute to a reduction in "them and us". Weaknesses in these practices at both companies hindered their attempts to achieve such a reduction. The second set of results looks at weaknesses and strengths in the two companies' managerial and organizational characteristics and the impact this also had on "them and us" attitudes among their employees. Within these results is evidence of the emergence of a *vicious circle* at Company A and a *virtuous circle* at Company B.

There are two points to be made about the effectiveness of the NIR practices at both case study companies. The first relates to the extent to which each company had adopted specific NIR practices. Like several other companies in Groups 1, 2 and 3, their weak selection processes, poor training, lack of welfarism or failure to provide clear guarantees of secure employment could be expected to contribute to poor "them and us" attitudes among employees. In fact, neither case study indicated that any of these weaknesses exacerbated or

sustained "them and us" attitudes. (Only the personnel characteristics relating to pay and promotion appeared to directly affect attitudes. The implications of this finding for the wider NIR debate are discussed later.) This brings us on to the second point. Instead of reacting to weak or missing NIR practices, employees focused their discontent on the attitudes and behaviour of management when operating those NIR practices supposed to be in use at the companies.

At Company A, local management operated a set of institutional processes best described as traditional, low trust and adversarial British employment relations. This influenced the way in which they maintained control and discipline in the workplace so that the operation of several industrial relations and personnel characteristics at the company did not create a work environment conducive to a reduction of "them and us" attitudes. This was especially true concerning the regimentation of the work environment, promotion, elements of consensuality and participation and the spirit of trust and co-operation supposed to underlie the company's NSA. At Company B, Japanese management found it difficult to accept that local employees would not respond to certain Japanese beliefs about control and discipline at work and felt unable to trust the union recognised at the company. They therefore operated several NIR practices in a style that workers often resented and sometimes resisted. Again, this damaged their attempts to influence "them and us" attitudes.

The second set of results in connection with this hypothesis concern the effect of managerial and organizational characteristics on "them and us" attitudes at each case study company. Both companies provide evidence of this link.

Problems within Company A's dual management structure led to it having the weakest set of managerial characteristics of any of the research's nine sample companies. The company did not use selection or retention procedures that attracted and retained quality local management and it did not have a selection procedure geared to identifying Japanese management suitable to work in a UK transplant. This led to a failure of Japanese and local management to communicate and interact so that they did not exhibit coherent vision, consistency of style, and consensual or groupist decision making. Nor was there a policy of circulating local management. Managerial weaknesses caused by the company's dual management structure also contributed to its inability to achieve a set of effective organizational characteristics. These weaknesses meant that many of the production system's requirements were not met and its performance suffered. The company was unable to to sustain an uninterrupted flow of production.

Demonstrating the effect of weaknesses in managerial and organizational characteristics on "them and us" attitudes at Company A was possible by comparing attitudes among workers on the basis of how significant the disruption to production was in the department they worked in. In the main assembly area, where production was most interrupted and worst

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organised, observation, interviews and the questionnaire results at stage 2 of the study identified the strongest feelings of "them and us". In the sub-assembly area where production flowed uninterrupted and which was better organized, "them and us" feelings were weakest and workers were more receptive to NIR practices.

It is important to re-emphasise that the immediate middle management structure at the sub-assembly site did not incorporate any local management management, and so could be defined as a single management structure. The immediate management structure of the company's other two departments was dual. Thus, as at Company B with a single management structure, the managerial and organizational characteristics of the production system were easier achieved by virtue of the fact that there was no local management presence with its potential for conflict with Japanese management. This encouraged production to flow uninterrupted.

At Company B the successful performance of the company's production system was due to Japanese management's creation of strong sets of managerial and organizational characteristics. Workers had confidence in Japanese management's ability to manage production. They also expressed satisfaction with the way the Japanese interacted and communicated with employees over production related issues. When connected to these issues, attempts to reduce "them and us" were positively received by workers. However, promising "them and us" related attitudes due to effective managerial and organizational

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characteristics at Company B were offset by Japanese management's poor operation of personnel and industrial relations (NIR) characteristics. Attempts to reduce "them and us" attitudes as a direct consequence of the company's NIR practices were impeded due to the attitudes and behaviour of its Japanese management.

Due to the intervening role of managerial and organizational characteristics, a *vicious circle* as described within the second hypothesis was apparent at Company A. At Stage 1 of this case study, when the company had just commenced production, it was clear that workers had a set of expectations of their new employer. They expected, and had been led to believe by the company that its being Japanese would lead to it being successful and that management were going to attach great importance to the reduction of "them and us" at the company. These expectations were combined with an awareness of, and a willingness to strive for, the superordinate goal of everybody - management and workers alike - working to make the company successful. This was on the basis that such a goal was in workers' interests as much as management's.

By Stage 2 of the study those workers employed in departments where production was disrupted expressed doubts and cynicism about the "superordinate" goal. Their expectations of management (especially local management who they had the most contact with) had not been met. They had no confidence in management's ability to manage the company successfully. In

this respect management were believed to have failed to keep their side of the bargain.

Employees now believed that it had been, and was, pointless to work hard to make the company successful since their efforts were negated by an inept management whose poor organization of production led to its disruption. Many felt that the poor performance of the company's production system had been despite some personal cost to themselves. This personal cost could also be seen in terms of some workers believing that despite their efforts the company would close. In this situation NIR practices became ineffective. Workers dismissed their value. They believed that a reduction of their "them and us" attitudes so that they worked hard in the interests of the company was pointless since management were making the production system perform poorly anyway. This of course meant that workers performed poorly and further contributed to the company's poor performance - hence the emergence of a vicious circle. Chapter 8 gave an example of how this *vicious circle* had emerged by examining workers' attitudes towards the issue of quality at the company.

A key link in this *vicious circle* could not however be confirmed. This was that the poor performance of the production system due to weak managerial and organizational characteristics led to employee cynicism and hostility towards NIR practices designed to reduce "them and us". Such cynicism and hostility could already be accredited to the way in which management operated the NIR practices irrespective of the

influence of managerial and organizational characteristics. In this respect, a key element of the research's second hypothesis could not be demonstrated. Company A could not be said to show the existence of a two way relationship between the performance of managerial and organizational characteristics and the performance of NIR practices and the performance of the production system.

No *vicious circle* had emerged at Company B. Indeed, it was possible to identify the emergence of a *virtuous circle* since the company's strong managerial and organizational characteristics contributed to the effective performance of the production system. Employees demonstrated respect for and a belief in Japanese management's ability to manage the company effectively. They also responded well to Japanese management's enthusiasm for communications and interaction concerning production related issues. These beliefs along with a general sense of job security may have gone some way to fulfilling employee expectations of the work environment at the company. The result was that many employees were willing to work hard to contribute to the company's continuing success on the basis of what was good for the company was good for them.

As with the *vicious circle* at Company A, a key link within Company B's *virtuous circle* could not be confirmed. It could not be shown that the circle enhanced the effectiveness of NIR practices in reducing "them and us" attitudes among workers because their effectiveness was already unfavourably influenced by the way in which Japanese management maintained control and

discipline of the workforce. Thus Company B, like Company A, could not be said to show a two way relationship between the performance of the production system due to managerial and organizational practices and the performance of NIR practices.

Using the case study results the research therefore concludes that *not only* personnel and industrial relations characteristics (NIR practices) *but also* managerial and organizational characteristics affect "them and us" attitudes. Both Company A and Company B indicate that managerial and organizational characteristics operate as an intervening variable where NIR practices attempt to reduce "them and us" attitudes. However, neither company confirmed that a two way relationship exists between the performance of the production system owing to managerial and organizational characteristics and NIR practices because neither operated their NIR practices effectively.

There is one further point to make concerning the case study results. This relates to employee expectations of what it would be like to work at either Company A or B. In this section reference has been made on a number of occasions to the influence of these expectations on "them and us" attitudes. At both Company A and B workers expected their Japanese employer to be successful and therefore able to offer job security, good pay and other attractive terms and conditions of employment. These expectations appeared to stem from three sources. Firstly, they were, in part, bought with workers to each company, based on popular perceptions of Japanese companies

that are gleaned through the media and local hearsay. The two case study companies discussed in this research had located in areas where Japanese companies were already established. These companies had reputations in their local communities for being successful and good employers. Secondly, the expectation of company success among workers was further fuelled during the selection and induction procedures at the companies. Thirdly, once employed at the companies, workers were told that if they delivered the quality, effort and loyalty required, the company would be successful and that the success of the company would be good for every one.

In Company A's case workers' expectations of a favourable work environment at the company might not have been satisfied because of their poor perceptions of production related issues (attributable to weaknesses in the company's managerial and organizational characteristics) and their poor perceptions of the style in which local management maintained control and discipline in the workplace (attributable to weaknesses in the company's NIR practices). These in turn fuelled workers' poor perceptions of "them and us" related issues.

Company B, though still the subject of poor employee perceptions of the style in which Japanese management maintained control and discipline in the workplace (attributed to weaknesses in the company's NIR practices) appeared to have been more successful than Company A at meeting employee expectations due to their positive perceptions of production related issues (attributable to strengths in the company's

managerial and organizational characteristics. Further, regression analysis suggested that positive perceptions of production related issues accounted for the most promising attitudes in respect of "them and us" at Company B.

Given such results, one could argue that the influence of production system characteristics on "them and us" attitudes at the case study companies was in fact dependent on whether their production system characteristics were creating a work environment able to satisfy worker expectations. In short, the case studies provide evidence to suggest that the extent to which each company met employee expectations contributed to the extent to which each was successful at influencing "them and us" attitudes among their workforce.

3) RESEARCH IMPLICATIONS

3.1) The Research Implications for Japanese Transplants in the UK

Variability among the production systems of the research's nine sample companies indicated that Japanese companies, notably those in group 2, can encounter considerable difficulties transplanting their production systems. The case studies showed how these difficulties influence attempts to reduce "them and us" attitudes at Japanese transplants.

There are two reasons why it is important that these difficulties are exposed. Firstly, the results from the two case studies, particularly Company A, should not be used to

argue that the Japanese production system when transplanted to the UK encounters insurmountable problems. They do however, dispel the underlying theme of some literature that Japanese transplants are automatically successful.

Secondly, the results should not be viewed as a reason to avoid locating a Japanese manufacturing transplant in the UK. Instead, they should be interpreted as showing what can go wrong within a Japanese transplant's production system and suggest that the closer it comes to achieving the UK model the better its chances of avoiding or overcoming these problems. The research shows that some Japanese companies enjoy a close fit with the research's UK model, suggesting that they have transplanted their production systems with considerable success.

The mechanics of the research's UK model emphasise that because of management's initiating, decision making and operating role, the effectiveness of managerial characteristics influences the effectiveness of the models other three sets of production system characteristics. Consequently, weaknesses exposed in the nine sample companies' managerial characteristics assume added importance. Central to these weaknesses is the question of their management structures. For Japanese transplants there are three problems to be aware of and find ways of avoiding.

First, a dual management structure may introduce elements of conflict and poor communications between Japanese and local management that have a detrimental effect on a company's

managerial and organizational characteristics. The production

system's output will be adversely affected and a vicious circle

may emerge. This will lead to strong "them and us" attitudes

among workers. These attitudes are themselves deemed

detrimental to the performance of the production system.

Second, the research results also showed that the

introduction of UK management into a transplant may lead to the

operation of a set of personnel and industrial relations

characteristics in a low trust and adversarial style,

characterising traditional UK management attitudes and

behaviour towards employment relations. Again, this will

only serve to encourage strong "them and us" attitudes.

Third, while it is fair to say that the evidence from

Company B and from the sub-assembly area at Company A shows

that a single (Japanese) management structure is more conducive

to effective managerial and organizational characteristics,

Japanese management at Company B were not able to operate many

NIR practices effectively. They exhibited a distrust of

British trade unionism and though the style by which they

maintained control and discipline in the workplace might have

been acceptable and familiar in Japan, it was often resented

and sometimes resisted by UK employees. Consequently,

favourable worker perceptions of attempts to reduce "them and

us" linked to the effective management and organization of

production were negated.

There are two remedies to these problems. Firstly their

avoidance is possible by the introduction of detailed

selection and retention procedures for local management and special selection procedures for Japanese management chosen to manage UK transplants. These remedies are a managerial characteristic advocated by the UK model. Their adoption under either a single or dual management structure should result in a management team well suited to the operation of NIR practices and able to appreciate which of their company's production system characteristics need to incorporate elements of local practice and which should not. These selection procedures are therefore looking for a special quality of either the UK or Japanese manager. They will have to show that, where necessary, they will be capable of compromising their own beliefs for what is in the interests of their transplant's production system.

Management selection/retention procedures are clearly important to the effective operation of the production system's four sets of characteristics. Neither of these remedies was in use at companies A or B or at several other companies in the sample of nine. The four companies which exhibited at least some of the selection/retention procedures required by the UK model, also achieved the highest four overall scores when their production systems were compared alongside it.

A second remedy concerns the problems identified by the research in relation to single management structures. The single management structure at Company B did not have a UK personnel manager in place with a position of seniority or authority. This factor combined with a Japanese management who

sometimes found it difficult to compromise their beliefs, meant that the post's influence over personnel and industrial relations policy was restricted. (An organizational requirement of the UK model.) Had this not been the case then perhaps some of the problems encountered by Japanese management when operating NIR practices at the company could have been avoided.

3.2) The Research Implications For UK Emulators of Japanese Transplants

The implications of the research for those companies attempting to emulate Japanese transplants - what Ackroyd et al describe as mediated Japanization - are considerable. (Ackroyd et al, 1988) Emulators have often been accused of simply "bolting on" the personnel and industrial relations characteristics of the UK model to their existing production systems in the expectation that production, as at their Japanese competitors, would undergo a corresponding improvement in performance.

The accusation of "bolting on" suggests firstly that emulators are not actually considering what the requirements of their production system are. This is of crucial importance since the characteristics of the research's UK model are all geared to meeting a set of very specific requirements.

Secondly, and in view of this research's results, even if an emulator's requirements are similar to those of a transplant, they would do well to be aware of the research's findings with regard to the importance of managerial and

organizational characteristics. Given their influence in determining the successful reduction of "them and us" attitudes emulators should take a close look at what sort of managerial and organizational characteristics are already in place at their company. Do they need to be altered so that they are closer to those identified under the research's UK model? This would enable the production system's requirements to be more easily met and therefore improve its performance. Furthermore, because of the assumed two-way relationship between the effective performance of the production system and the effectiveness of NIR practices at Japanese companies, NIR practices at UK emulators might stand a greater chance of successfully reducing "them and us" attitudes.

Essentially, there is one overarching implication of the research results for emulators. They need to be aware of the weaknesses displayed in *not only* the personnel and industrial relations characteristics *but also* the managerial and organizational characteristics of the production systems of some Japanese transplants. To ignore these weaknesses suggests that as emulators they will simply import many of the problems encountered by Japanese transplants into their own production systems with all that that entails for their production performance and attempts to reduce "them and us" attitudes among their workers.

3.3) <u>The Research Implications for the Wider Debate Surrounding</u> <u>NIR Practices in the UK</u>

The research results have four implications for the wider debate surrounding the NIR practices in the UK. The term "wider debate" means discussion is not confined to the use of the practices at Japanese transplants and their emulators.

Firstly, the results confirm the argument put forward by those such as Kelly and Kelly, that a major obstacle to the successful reduction of "them and us" attitudes is when NIR practices fall foul of UK management, because they are not interested in the use of such practices and/or feel that they threaten their authority. (Kelly & Kelly, 1991. See also Bradley & Hill, 1983; Townley, 1989; Grant, 1988; Bassett, 1987) In either event UK management prefer to adopt a low trust adversarial approach to employment relations at their company - an approach that to use Walton's (1985) definition is conducive to producing a control orientated rather than commitment orientated work environment. We should then remember that a reduction of "them and us" attitudes is as reliant on a change in attitude and behaviour among management as it is among workers. Otherwise "never the twain shall meet". Perhaps we ought to pay more attention to "them and us" attitudes among management.

The second implication of the results relates to the key question of whether instrumentalism in the guise of financial reward is a more successful employee motivator than the achievement of reductions in their "them and us" attitudes.

The research's results do not provide a firm answer to this question. Instead, they point to a need to identify and examine a further case study company which either pays more than Company A or B and has poor production system characteristics, or pays less than Company A or B and has good production system characteristics. Analysis of such a company could be used to indicate the effect of financial reward on "them and us" attitude.

Nonetheless, there were strong indications at both of the research's case study companies that attempts to reduce "them and us" attitudes among employees were influenced by their level of satisfaction with financial reward. Dissatisfaction with pay figured in several regression models featuring indices of "them and us" attitudes at both companies. At Company A a linkage of promotion to financial reward also led to promotion having a similar influence. Any reduction in "them and us" attitudes was therefore in direct competition with the cash nexus, the latter of which appeared to be in the ascendency in the case of many workers. These findings could be used to validate the argument that UK workers often respond best to those NIR practices that tap their more instrumental work goals and are less interested in individual sacrifice for the good of the company overall than groupist orientated Japanese workers. (Kelly & Kelly, 1991; Komai, 1989; Reitsperger, 1986a; Matsuura, 1984)

It is possible to speculate that if NIR practices and the performance of the production system at Company A had been

better, the resultant reduction of "them and us" attitudes might have led to lower levels of dissatisfaction with pay. At Company B evidence of whether low levels of "them and us" attitudes led to low levels of dissatisfaction with pay is also inconclusive but two points merit attention. Firstly, the company had achieved some favourable responses to its attempts to reduce "them and us" attitudes due to management/worker interaction over production related issues. It is interesting to note that these favourable responses were more likely to come from the 50% of the workforce who had expressed a degree of satisfaction with pay. (Similarly, only 39% of workers at Company A expressed some satisfaction with pay, but they too had the least pronounced "them and us" attitudes.)

Secondly, the issue of promotion at Company B, while it still influenced "them and us" attitudes, did so not simply on the basis of potential financial reward (as at Company A). It also reflected a desire to stay with the company and move away from the more mundane work it offered thereby obtaining greater autonomy and responsibility. This is more in line with attempts to reduce "them and us" attitudes.

The third implication of the results for the NIR debate concerns the role of trade unions. There was no clear evidence of dual loyalty to both management and the recognised trade union at the case studies. Nor was there any evidence of a strong belief among employees that dual loyalty was possible. This may have been because the co-operative and low conflict

industrial relations that are required for it to flourish (what dual loyalty writers have defined as "ambient labour relations") did not exist at either company. (Angle & Perry, 1986; Fukami & Larson, 1984)

The results also raise serious questions about what sort of role there is for trade unions to play under NIR. They appear to be caught in a very difficult situation. Their members have what can only be described as very traditional expectations of the role they should play at a company with NIR practices. If under the provisions of a NSA based on co-operation and trust they are able to meet these expectations then fine, but where management do not adhere to the "spirit of intent" behind the agreement then their members may become dissatisfied with their union's performance. The research showed that members (and ex-members) often come to blame the union's poor performance on the provisions of the NSA. For example, they see the no-strike clause as weakening the union and believe that the co-operation a NSA is supposed to engender is one-way. That is to say co-operation is given by workers and is exploited by management to their own advantage.

This situation had evolved at both companies, but had resulted in different outcomes. At Company A workers had remained in membership of the union. They continued to expect it to take an aggressive stance, so as to protect them from what they saw as an adversarial and hostile management that was not to be trusted. In effect, the union was being forced to adopt a very traditional role in order to maintain support.

One where it represented the sectional interests of the workforce with little regard for the superordinate goal that what was good for the company was good for both management and employees.

At Company B, many members though perceiving that much of the blame for the union's ineffectiveness lay with Japanese management, decided that it was pointless to remain in membership and left the union. This left its representative credibility weakened, since it ended up with less than 45% of the workforce who were eligible to join as members.

Critics of NSAs would argue that each of these situations shows the frailty and failings of unitarist goals and that it is further evidence of the weakness in any strategy of union incorporation. That may be so, but more importantly the experiences of Companies A and B with their recognised unions may lead other companies intending to adopt NIR practices to consider even more carefully whether there is any viable role for trade unionism.

For these companies, their answer, whether they are existing or potential greenfield manufacturers, may well be that they can see no viable role for trade unionism. Recognising a union is more trouble than it is worth. The experiences of the recognised union at both Company A and Company B raises questions as to the extent to which Keenoy's neo-pluralistic HRM, which allows for the existence of trade unions under HRM, will be a significant feature at companies in the UK. (Keenoy, 1990) In effect, the research offers UK

trade unions little comfort about their future. It gives gives

credence to the argument that as the use of NIR, and more

specifically HRM, practices increases it will be at their

expense.

Fourthly and finally, the research has demonstrated that

it is wrong to assume that a reduction of "them and us"

attitudes can only be secured through the use of NIR

practices.

Using regression the two case studies each examined five

indices of "them and us" attitudes at among workers as

dependent variables. Four of these indices concerned "them and

us" attitudes within each company. They related to increased

contact between management and employees, the creation of a

"superordinate" goal, perceptions of changes in management

behaviour and propensity to leave the company. (See Kelly and

Kelly, 1991 for discussion of the first three of these

indices.) A fifth indice concerned employee perceptions of

"them and us" as a general feature of British industrial

relations.

Examination of the four indices concerning "them and us"

within each company showed that such attitudes can be

influenced by what amounts to an intervening variable. This is

how effectively the production system is performing due *not*

only to NIR practices, *but also* to other managerial and

organizational characteristics in operation at the company.

The research also suggested that the fifth indice about

perceptions of "them and us" as general feature of British

industrial relations was influenced by attitudes concerning "them and us" within the case study companies.

These results therefore demonstrate a central theme of the research. This is that, wherever applied, NIR practices alone are unlikely to be the sole instigators of reductions in "them and us" attitudes – other managerial and organizational production system characteristics are also crucial to the successful attainment of such reductions. There are now a whole new set of issues to be considered in terms of what actually influences attempts to reduce "them and us" attitudes among employees.

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APPENDICES.

Appendix 6.1

THE UK MODEL: QUESTIONNAIRES FOR MANAGEMENT
AND EMPLOYEE REPRESENTATIVES

a) Personnel Management Questionnaire

1) Establish what, if any, distinctions exist between the welfare benefits, level of pay and leave given to non permanent employees and permanent employees.

2) Is there any undertaking by the company to provide employees with secure employment? Are the employees aware of this undertaking? Is the undertaking written or verbal?

3) Establish whether the company provides either of, both of, or in excess of, the following welfare benefits:

Company Pension Scheme

Company Sick Pay Scheme

4) Establish whether the company operates any, or all of the following:

Harmonised methods of payment

Harmonised holiday entitlement

A policy of minimising the number of company job grades

5) Establish what the company's pay levels are based upon. (If it is not the local median for the skills required, in conjunction with what the company can afford to pay, note the alternative.) Establish how the company's pay rates compare to the local median, industry, or craft etc that they are based on.

Establish whether the company uses any of the following

Merit or performance based pay. (If so, does the scheme make up all or a portion of the individual's pay packet.)

Any financial rewards such as profit bonuses, or attendance allowances.

6) Establish whether any clear written or informal procedure exists regarding promotion at the company. Are employees aware of any such procedure? Is promotion based on criteria such as ability, commitment and performance, and is the post first advertised internally?

7) Establish whether the company's employee selection procedure incorporates any or all of the following:

Detailed application forms

Intensive interviews

Aptitude tests

8) Does the company use any of the following training procedures:

Formal training for all or some employees away from the production area?

Formal OJT and induction for all or some employees and or induction?

Informal OJT and induction for all or some new employees.

9) Establish whether the company operates what it considers to be a structure allowing employee participation. Can a decision only be made based on consensualism, or do management have the right to ultimately veto it? Is the structure under examination described as being consultative rather than participative?

10) Establish whether the company operates any or all of the following procedures or policies:

Open display of some form of collective or individual absenteeism figures

Open display of some form of collective or individual performance figures

Application of a formal housekeeping policy

11) Does the company have a single or non union recognition policy? If no union is recognised is there a staff association at the company? Does the company allow some other form of elected worker representation?

Establish the level of membership of the union or staff association recognised in percentage terms.

Check that a significant number of employees have not joined a non recognised union or staff association.

12) Establish whether a formalised bargaining structure exists. Is pay bargaining linked to any of the following:

Enterprise level only?

Another, separate part of the company?

National industrial or craft levels of pay?

14) <u>IF A UNION OR STAFF ASSOCIATION IS RECOGNISED AT THE COMPANY THEN ESTABLISH THE FOLLOWING:</u>

Does the company operate a 'new style' collective agreement (NSA) which incorporates any or all of the following provisions:

Single union recognition?

Participation?

Flexibility?

A no-strike procedure?

15) IF NO UNION OR STAFF ASSOCIATION IS RECOGNISED AT THE COMPANY THEN ESTABLISH THE FOLLOWING:

Does the company have a written set of procedures that include any or all of the following:

Collective Grievance Procedure?

Participation?

Flexibility?

16) Establish (without prompting) whether the company places emphasis on supervisors' managerial and leadership qualities. What level of qualifications are supervisors expected to have or to attain? Does the company pay in excess of the local median for supervisory skills?

17) Establish whether all, some or no managers are expected or encouraged to carry out tasks beyond the normal remit of their job title or department as part of their career development.

18) Does the company offer competitive levels of pay to its UK managers?

19) Establish the following:

Is there a specific Personnel Manager post?

Is the Personnel Manager's post held by a UK or Japanese employee?

What level of authority and responsibility does the Personnel Manager enjoy? Does he or she report to a more senior manager?

b) Management Questionnaire (Applies to all managers unless otherwise stated.)

1) Interviewees are asked to state what they consider to be the key company objectives.

2) The company operates a key procedure or policy which is identified during the Personnel Management interview. The interviewee is asked to indicate which of the following best sums up how he or she believes the policy or procedure is applied at the company:

a) It is a written policy or procedure which is applied rigidly.

b) It is an unwritten policy or procedure which is applied rigidly.

c) It is a written policy or procedure which is never applied or is applied on a discretionary basis.

d) It is an unwritten policy or procedure which is never applied or is applied on a discretionary basis.

3) How are management decisions reached? Does each manager interviewed see the managerial decision making process as consensual, or is it highly formalised and restricted to relevant managers or an elite?

4) UK management interviewees only are asked to describe the process by which they they were selected to become managers at the company. In addition, they are asked the following:

What management skills and attitudes did the company appear to be seeking from its potential UK managers?

Would they consider that the company offers good promotional prospects? If so - why? If not - why not?

What are the prospects of a UK dominated management team? Has such a pledge been made by Japanese management?

Do they feel that the company offers them competitive levels of pay?

5) Establish how new proposals are developed by asking the following:

Is a team assembled to form a pool of knowledge?

Does the team keep relevant departments informed of the proposal's development?

Is the team dominated by an elite group of management?

If no team exists is exploration of the proposal and any outcome dominated by an elite group of management?

Are new proposals simply developed through the use of regular formal meetings between those managers most affected by them? Does each manager take the aspect of each proposal that most affects their department back to an individual under his authority for development?

6) All managers interviewed are asked to identify which of the following best sums up inter-departmental communications:

a) Excellent. (Regular and flows between all departments.)

b) Good. (Regular and flows between a majority of departments.)

c) Poor. (Irregular, and not practised by a majority of departments.)

d) Very poor. (Not practised by any department.)

7) Establish whether the company operates at least one formal management/employee communications structure. (This does not include advisory boards or works councils.) Establish how often the procedure is used by management.

8) Japanese management interviewees <u>only</u> are asked to describe the process by which they were selected to manage their company's UK operation. In addition the following questions are asked:

What management skills and attitudes did the company appear to be seeking from potential overseas managers?

Did the interviewee receive any form of induction prior to their arrival in the UK?

Are potential overseas managers expected to attain or attempt to attain a particular standard of spoken English?

c) <u>Interviews with Employee Representatives</u>

1) Establish whether the company operates at least one formal management/employee communications structure. (This does not include advisory boards or works councils.) Establish how often the procedure is perceived by employees to be used by management.

2) Establish whether the company operates a form of employee participation (other than a company advisory board) where decisions are formulated on the basis of consensus between management and employees. Establish how often, if ever, management veto a decision. Would the structure be better described as a form of consultation rather than participation.

3) Establish whether a formalised union or other structure exists to deal with collective or individual grievances. If yes, employee representatives are asked to identify which of the following best sums up how management see and use this structure:

a) Management see the .... as necessary and useful.

b) Some managers see the .... as unnecessary and a hindrance.

c) Management as a whole see the .... as unnecessary and a hindrance.

4) IF A UNION OR STAFF ASSOCIATION IS RECOGNISED AT THE COMPANY THEN ESTABLISH THE FOLLOWING:

Employee representatives are asked to identify which of the following best sums up management's attitude towards the agreement between the company and the union or staff association recognised:

a) No matter what the issue all managers adhere to the spirit of the agreement all of the time.

b) Depending on the issue or manager, management adhere to the spirit of the agreement most of the time.

c) Depending on the issue or manager, management rarely adhere to the spirit of the agreement.

d) Management never adhere to the spirit of the agreement.

5) IF NO UNION OR STAFF ASSOCIATION IS RECOGNISED AT THE COMPANY THEN ESTABLISH THE FOLLOWING:

Employee representatives are asked to identify which of the following best sums up management's attitude towards employee requests and grievances:

a) Management, as a whole, are perceived as very fair.

b) Depending on the issue or manager management are perceived as being fair most of the time.

c) Depending on the issue or manager, management are perceived as being unfair most of the time.

e) Management are perceived as being unfair all of the time.

6) Establish whether the company operates what employee representatives consider to be a structure allowing employee participation. Can a decision only be made based on consensualism, or do management have the right to ultimately veto it? Is the structure under examination described as being consultative rather than participative?

7) Establish which of the following each interviewee feels best describes the way in which a new rule or procedure related to the discipline or regimentation of the workplace is implemented:

a) Any new rule or procedure related to the discipline or regimentation of the workplace is always explained to the workforce verbally and/or in writing. This is done without prompting by the workforce or their representatives.

b) Any new rule or procedure related to the discipline or
regimentation of the workplace is usually explained to the
workforce verbally and/or in writing. This is done without
prompting by the workforce or their representatives.

c) Any new rule or procedure related to the discipline or
regimentation of the workplace is occasionally explained to the
workforce verbally and/or in writing. This is done without
prompting by the workforce or their representatives.

d) Any new rule or procedure related to the discipline or
regimentation of the workplace is never explained to the
workforce verbally and/or in writing, unless management are
first prompted by the workforce or their representatives.

d) <u>Procurement Manager Interview</u> (At some companies it may be possible to
use interviews with production management to identify the company's
relationship with its suppliers. Interviewing the procurement manager may
therefore not always be necessary.)

1) Establish whether the company has a written or informal set of
specifications for each component it is supplied with. These specifications
concern quality, delivery time and price.

Where a written or unwritten set of specifications exists, establish
whether they are applied on a discretionary basis, or are applied
rigorously.

2) Through the use of the following questions establish what occurs after
the initial stages of the buyer/supplier relationship at the company:

Is contact with suppliers is maintained on a regular basis? Does this
contact occur even when there is no problem with the component supplied.?

Where a problem occurs, is there either an undertaking or precedent that
the company will lend support and expertise to the supplier if needed?

Once notified of a problem with the component supplied, is the supplier
simply left to sort it out alone?

Additional Notes and Comments

Appendix 6.2

LEVELS ACHIEVABLE AND THEIR ASSOCIATED SCORES FOR
CHARACTERISTICS OF THE UK MODEL

Managerial Characteristics

1) Coherent Vision - All managers interviewed are asked to identify what they consider to be the key company objectives.

1.1 Same three objectives appear among the replies of all
of those interviewed.   3

1.2 Same two objectives appear among the replies of all
of those interviewed   2

1.3 Same one objective appears among the replies of all
of those interviewed.   1

1.4 No common objective appears among the replies of all
of those interviewed.   0

2 Consistency of Style - (a)   All managers interviewed are asked to indicate how they believe the   same written   procedure or policy is applied at their company. (b) Their   answers are compared and an average score   calculated.

2.1a It is a written policy or procedure which is applied rigidly.   3

2.2a It is an unwritten policy or procedure which is applied
rigidly.   2

2.3a It is a written policy or procedure which is never applied
or is applied on a discretionary basis.   1

2.4a It is an unwritten policy or procedure which is never applied
or is applied on a discretionary basis.   0

The following is then applied.

All of those interviewed selected the same answer.   3

Three of those interviewed selected the same answer.   2

Two of those interviewed selected the same answer.   1

None of those interviewed selected the same answer.   0

3) <u>Consensual/Groupist Decision Making Procedures</u> - Interviews with all managers are used to identify one of the following:

3.1 Consensual/Groupist decision making procedures exist in which all managers regardless of nationality or level have a chance to participate.   3

3.2 Decisions are reached entirely through the use of formal meetings between those managers only directly concerned with the issue under consideration.   2

3.3 There are no consistently used decision making procedures. Managers reach a decision using what they consider to be the appropriate procedure and where necessary obtain ratification from senior management.   1

3.4 Consensual/Groupist decision making procedures exist among an elite of senior or Japanese management. Other managerial groups are only incorporated in the decision making procedure as and when this elite deems it appropriate.   0

4) <u>Circulation</u> - An interview with the company's Personnel Manager is used to identify one of the following:

4.1 As part of their career development, all managers are <u>expected</u> to be able to carry out a wide range of tasks beyond those which normally come under the remit of their job title or department.   3

4.2 As part of their career development, all managers are only <u>encouraged</u> to be able to carry out a wide range of tasks beyond those which normally come under the remit of their job title or department.   2

4.3 As part of their career development only some sections of management are either expected <u>or</u> encouraged to carry out a wide range of tasks beyond those which normally come under the remit of their job title or department.   1

4.4 Managers are not expected or encouraged to carry out tasks that are beyond the remit of their job title or department.   0

5) Special Selection/Retention Procedures -   Interviews with Japanese
management are used to identify one of the following:

5.1a All Japanese managers are subject to an intensive
selection procedure which attempts to match the attitudes and
communicative skills of the individual to the special needs
of a Japanese company operating in the UK. These procedures
include induction prior to arrival in the UK. Individuals are
expected to have attained, or to attempt to attain a reasonable
standard of spoken English.   3

5.2a Some Japanese managers (based on seniority or skill)
are subject to an intensive selection procedure which attempts
to match the attitudes and communicative skills of the
individual to the special needs of a Japanese company operating
in the UK. These procedures include induction prior to arrival
in the UK. All Japanese management are expected to have
attained, or to give an undertaking that they will attempt
to attain, a reasonable standard of spoken English.   2

5.3a The only requirement for all Japanese management is to
have attained or to give an undertaking that they will attempt
to attain, a reasonable standard of spoken English.   .

5.4a Japanese management are not subject to an intensive selection
procedure. They are not required to have attained or to give
an undertaking to attempt to attain, a reasonable standard of
spoken English.   0

5.1b All UK managers are subject to a special selection/retention
procedure which attempts to match attitudes to the special
needs of a Japanese company operating in the UK. UK management
motivation is reinforced by competitive pay, and good promotional
prospects. (If a UK management presence is confined to middle
management grades, good promotional prospects may need to be affirmed
by a Japanese management pledge that the company aims to build a
management team comprising solely of or at least dominated by
UK management.)   3

5.2b All UK managers are subject to a special selection/retention
procedure which attempts to match attitudes to the special
needs of a Japanese company operating in the UK. Pay levels are
competitive, but promotional prospects are poor.   2

5.3b Selection/retention of UK managers is based solely upon paying
a competitive salary for the skills required.   1

5.4b Selection/retention of UK managers follows no clear procedure,
and provides no financial or other incentives for them to remain
with the company long term.   0

N.B. Where a dual management structure exists interviews will attempt to identify the existence of an indice from each of the above two sets of indices. The two scores will then be added together and an average score calculated.

Organizational Characteristics

1) Co-ordination and Co-operation of all Departments - Interviews with all managers are used to identify one of the following:

1.1 A team of personnel is assembled to form a pool of knowledge able to develop a new proposal. All departments affected by the outcome of the proposal are regularly informed by the team of the proposal's progress.   3

1.2 A team is assembled to form a pool of knowledge able to develop a new proposal. Departments affected by the outcome of the proposal will receive poor feedback on the team's progress. (This may be because the team is Japanese dominated and so tends to report back to Japanese management or it may simply be due to poor organization.)   2

1.3 To develop a new proposal departments arrange regular formal meetings between those managers most directly affected by it. Each manager takes the aspect of the proposal that affects his department back to an individual under his authority for development. (The individual might be employed purely as a specialist.)   1

1.4 There is no consistently used method of departmental co-operation and co-ordination. Managers use whatever framework of development they see as relevant to each proposal. Communications between relevant departments, regarding new proposals, are poor   0

2) Company Wide Communications - All managers are interviewed regarding 2a and all managers and employee representatives are interviewed regarding 2b.

2.a Each manager's perception of written or verbal communications between departments is measured as follows:

2.1a Excellent. (Regular and flows between all departments.)   3

2.2a Good. (Regular and flows between a majority of departments.)   2

2.3a Poor. (Irregular, and not practised by a majority of departments.)   1

2.4a Very poor. (Not practised by any department.)   0

2b Each manager's and employee representative's perception of the management/employee communications structure is measured as follows. (Communications structure does not include advisory boards or works councils.)

2.1b At least one formalised procedure of management/worker communications exists. It operates on a daily basis.   3

2.2b At least one formalised procedure of management/worker communications exists. It operates weekly or more, but not daily.   2

2.3b At least one formalised procedure of management/worker communications exists. It operates once a month or more, but not weekly.   1

2.4b A formalised procedure of management/worker communications exists, but operates less than once a month. Or no formalised procedure of management/worker communications exists.   0

An average score is calculated for 2a. This is added to the score allocated to 2b. A second, overall average score is then calculated.

3) <u>Emphasis on First Line Supervision</u> - An interview with the company's Personnel Manager is used to identify one of the following:

3.1 There is an emphasis on the supervisor's managerial and leadership qualities. The company employs supervisors who are expected to attain or have attained a high level of qualifications. They are paid in excess of the local median.   3

3.2 There is an emphasis on the supervisor's managerial and leadership qualities. The company employs supervisors who are expected to attain or to have attained a high level of qualifications. They are not paid in excess of the local median.   2

3.3 There is an emphasis on the supervisor's managerial and leadership qualities. Supervisors are not expected to attain or to have attained a high level of qualifications. They are not paid in excess of the local median.   1

3.4 There is no emphasis on the supervisor's managerial and leadership qualities. Supervisors are not expected to attain or to have attained a high level of qualifications. They are not paid in excess of the local median.   0

4) <u>Close Ties With Suppliers</u> - Interviews with management, including a
manager responsible for procurement, are used to identify the following:

4.1a The company has a written set of specifications
concerning the delivery time, quality and price of each
component supplied. They are rigorously applied.   3

4.2a The company has an unwritten set of specifications
concerning the delivery time, quality and price of each
component supplied. These are rigorously applied.   2

4.3a The company has either a written or unwritten set of
specifications for each component supplied, but these are
applied on a discretionary basis.   1

4.4a There are no written or unwritten sets of specifications
for components supplied. Components are bought on a discretionary
basis.   0

4.1b After the initial stages of the buyer/supplier relationship
contact with suppliers is maintained on a regular basis, even
when there is no problem with the component supplied. Where a
problem occurs, there is either an undertaking or precedent
that the company will lend support and expertise to the supplier
if needed.   3

4.2b After the initial stages of the buyer/supplier relationship
contact with suppliers occurs only when a problem arises
with the component supplied. There is either an undertaking
or precedent that the company will lend support and expertise
to the supplier if needed.   2

4.3b After the initial stages of the buyer/supplier relationship
regular contact with suppliers occurs only when a problem arises
with the component supplied. There is neither an undertaking or any
precedent that the company will lend support and expertise to the
supplier if needed.   1

4.4b After the initial stages of the buyer/supplier relationship,
contact with suppliers occurs only when a problem arises with the
component supplied. In this instance, contact with the supplier is
minimal. Once notified of the problem the supplier is left to sort
it out alone.   0

Scores for 4a and 4b are added together and an average score calculated.

5) <u>UK Personnel Management</u> - An interview with the company's manager responsible for personnel issues, is used to identify one of the following:

5.1 The Personnel Manager is a UK citizen. The post is at a level of influence that assumes full responsibility for personnel and industrial relations issues.   3

5.2 The Personnel Manager is a UK citizen. The post is senior, but responsibility for personnel and industrial relations issues is inhibited by the need to report to a more senior manager. (Probably Japanese.)   2

5.3 The personnel Manager is a UK citizen. It is an administrative rather than managerial post. The incumbent reports to a more senior manager. (Probably Japanese.)   1

5.4 There is no specific personnel management post or the incumbent is Japanese.   0

Personnel Characteristics

1) <u>Core/Peripheral Workforce Distinctions</u> - An interview with the company's Personnel Manager is used to identify one of the following:

1.1 Non permanent employees are not entitled to the same welfare benefits, level of pay or leave as permanent employees   3

1.2 Non permanent employees are not entitled to any two of the following three:- the same welfare benefits, level of pay or leave as permanent employees.   2

1.3 Non permanent employees are not entitled to any one of the following three:- the same welfare benefits, level of pay or leave as permanent employees.   1

1.4 Non permanent employees are entitled to the same welfare benefits, level of pay or leave as permanent employees.   0

2) <u>Guarantee of Secure Employment</u> - An interview with the company's Personnel Manager is used to identify one of the following:

2.1) The company has a written voluntary policy of providing secure employment for core employees.   3

2.2) The company has a verbally expressed/informal policy of providing secure employment for core employees.   2

2.3) The company would lay off core employees last, but no
written or verbal/informal undertaking to do this has been
given to employees.   1

2.4) No form of a guarantee of secure employment for core
employees is expressed by the company.   0

3) Welfarism - An interview with the company's Personnel Manager is used to
identify one of the following:

3.1 The company provides in excess of the following
welfare benefits for its employees :- company pension, and company
sick pay. (Excess benefits might include, for example,
company maternity pay or health care schemes.)   3

3.2 The company provides the following welfare benefits for
its employees:- company pension and company sick pay.   2

3.3 The company provides one of the following welfare benefits
for its employees:- company pension and company sick pay.   1

3.4 The company provides neither a company sick pay scheme nor
a company pension scheme for its employees.   0

4) Single Status - An interview with the company's Personnel Manager is
used to identify one of the following:

4.1 The company has harmonised methods of payment, and holiday
entitlements and a policy of minimising the number of job
grades.   3

4.2 The company operates at least two of the following:-
harmonised methods of payment, and holiday entitlements
and a policy of minimising the number of job grades.   2

4.3 The company operates at least one of the following:-
harmonised methods of payment, and holiday entitlements
and a policy of minimising the number of job grades.   1

4.4 The company operates none of the following:-
harmonised methods of payment, and holiday entitlements
and a policy of minimising the number of job grades.   0

5) Market Led Pay Levels - An interview with the company's Personnel
Manager in relation to 5a and 5b is used to identify one of the
following:

5.1a Company pay levels are based on the local median for
the skills required. (Calculated in conjunction with what
the company can afford to pay.) An element of the employee's
pay is also based on an appraisal of his or her merit or
performance.   3

5.2a Company pay levels are based solely on the local median for
the skills required. (Calculated in conjunction with what
the company can afford to pay.)   2

5.3a Company pay levels are based on the local median for
the skills required. (Calculated in conjunction with what
the company can afford to pay.) Pay levels also incorporate the
use of rewards such as seniority, productivity bonuses, and
attendance allowances.   1

5.4a Company pay levels are not calculated using the local
median at all.   0

5.1b Whatever the company's pay rates are based on, (i.e., the local
median, industry or craft) the company is in the top quartile
of pay rates.   3

5.2b Whatever the company's pay rates are based on, (i.e., the local
median, industry or craft) the company pays just above the median
pay rates.   2

5.3b Whatever the company's pay rates are based on, (i.e., the local
median, industry or craft) the company pays the median pay rate   1

5.4b Whatever the company's pay rates are based on, (i.e., the local
median, industry or craft) the company pays below the median pay
rate   0

Scores for 5a and 5b are added together and an average score is calculated

6) Merit Based Promotion - An interview with the company's Personnel
Manager is used to identify one of the following:

6.1 A written procedure exists which ensures, a) that promotion
will be based on criteria such as ability, commitment and
performance and b) that, wherever possible, in the first instance,
interviews will be held to find suitable internal
candidates for promotion to a vacant post. Promotions are never
based purely on seniority.   3

6.2 An informal procedure exists which ensures, a) that promotion
will be based on criteria such as ability, commitment and
performance and b) that wherever possible, in the first instance,
interviews will be held to find suitable internal
candidates for promotion to a vacant post. Promotions are never
based purely on seniority.   2

6.3 A written or informal procedure exists which ensures only
that promotion is based on criteria such as ability, commitment,
and performance. Promotions are never based purely on seniority.   1

6.4 No clear procedure for promotion exists at the company.
Management promote using their discretion. (This may result in
some promotions being based purely on seniority.)   0

7) Intensive Selection Procedures - An interview with the company's
Personnel Manager is used to identify one of the following:

7.1 The company uses an intensive selection procedure geared to
recruiting the right employees for a Japanese company operating
in the UK. This procedure includes all of the following:-
detailed application forms, intensive interviews, and the use
of aptitude tests. The procedure does not include a bias towards
employing school leavers.   3

7.2 The company uses an intensive selection procedure geared to
recruiting the right employees for a Japanese company operating
in the UK. This procedure includes two of the following:-
detailed application forms, intensive interviews, and the use
of aptitude tests. The procedure does not include a bias towards
employing school leavers.   2

7.3 The company uses an intensive selection procedure geared to
recruiting the right employees for a Japanese company operating
in the UK. This procedure includes one of the following:-
detailed application forms, intensive interviews, and the use
of aptitude tests. The procedure does not include a bias
towards employing school leavers.   1

7.4 No intensive selection procedure is in use at the company.
The selection procedure is minimal.   0

8) Training - An interview with the company's Personnel Manager in relation
to 8a and 8b is used to identify one of the following:

8.1a All existing employees receive regular formal training
away from the production area.   3

8.2a The company restricts regular formal training away from the
production area to select existing employees.   2

8.3a Formal training for either all or select existing employees
occurs on an irregular basis only   1

8.4a There is no formal training away from the production area for
any existing employee.   0

8.1b All new employees go through a period of formal OJT.   3

8.2b Some new employees go through a period of formal OJT.
(Other new employees go through either informal
OJT or none at all.)   2

8.3b All new employees go through a period of informal OJT.   1

8.4b New employees do not go through a period of either formal or
informal OJT.   0

8.1c All new employees go through a period of formal induction.   3

8.2c Some new employees go through a period of formal induction
(Other new employees go through either informal
induction or none at all.)   2

8.3c All new employees go through a period of informal induction.   1

8.4b New employees do not go through a period of either formal or
informal induction.   0

"All employees" is defined as those employees up to but not including the
level of supervisor. The scores for 8a,8b and 8c are added together and an
average score is calculated.

9) Elements of Consensuality and Participation - Interviews are held with
the company's Personnel Manager and two shop stewards. Each interview is
used to identify one of the following indices. The three scores are added
together and an average score is calculated.

9.1 The company operates a structure of employee participation
where a decision is formulated on the basis of consensus between
management and employees. Management rarely veto a decision.   3

9.2 The company operates a structure of employee participation where
decisions are often vetoed by management.   2

9.3 The company operates a structure of consultation rather than
participation.   1

9.4 The company operates neither a structure of participation nor
one of consultation.   0

10) <u>Regimented Work Environment</u> - Interviews are held with the company's
Personnel Manager for 10a and with two shop stewards for 10b. For 10b, the
scores for the two interviews are added together and an average score is
calculated. This score is then added to that recorded for 10a and an
overall average score is calculated.

10.1a The company attempts to operate a regimented
work environment. This includes the use of all the
following three procedures: The open display of some form of
collective or individual absenteeism figures, the open display
of some form of collective or individual performance figures,
and the application of a formal housekeeping policy.   3

10.2a The company attempts to operate a regimented
work environment. This includes the use of two of the
following three procedures: The open display of some form of
collective or individual absenteeism figures, the open display
of some form of collective or individual performance figures,
and the application of a formal housekeeping policy.   2

10.3a The company attempts to operate a regimented
work environment. This includes the use of one of the
following three procedures: The open display of some form of
collective or individual absenteeism figures, the open display
of some form of collective or individual performance figures,
and the application of a formal housekeeping policy.   1

10.4a The company does not use any of the following three
procedures: The open display of some form of
collective or individual absenteeism figures, the open display
of some form of collective or individual performance figures,
and the application of a formal housekeeping policy.   0

10.1b Any new rule or procedure related to the
regimentation of the workplace is always explained to the
workforce verbally and/or in writing. This is done without
prompting by the workforce or their representatives.   3

10.2b Any new rule or procedure related to the discipline or
regimentation of the workplace is usually explained to the
workforce verbally and/or in writing. This is done without
prompting by the workforce or their representatives.   2

10.3b Any new rule or procedure related to the discipline or
regimentation of the workplace is occasionally explained to the
workforce verbally and/or in writing. This is done without
prompting by the workforce or their representatives.   1

10.4b Any new rule or procedure related to the discipline or
regimentation of the workplace is never explained to the
workforce verbally and/or in writing, unless management are
first prompted by workers or their representatives.   0

Industrial Relations Characteristics

1) No Union or Single Union Recognition - An interview with the company's Personnel Manager is used to identify one of the following:

1.1 Only one union is recognised by the company, or the company does not recognise any unions at all. Where a union is recognised over 60% of employees have joined. A significant number of employees have not joined a non recognised union or non recognised staff association. 3

1.2 A staff association which elects employee representatives is recognised by the company. Over 60% of employees have joined. 2

1.3 Less than 60% of employees have joined the recognised union or staff association. 1

1.4 The company recognises more than one union, or where one union or a staff association is recognised by the company, a significant number of employees have joined a non recognised union or non recognised staff association, 0

2) Enterprise Level Bargaining - An interview with the company's Personnel Manager is used to identify one of the following:

2.1 A formalised bargaining structure exists. Pay bargaining is at the enterprise level only. 3

2.2 No formalised bargaining structure exists. Levels of pay at the enterprise are not linked to another, separate part of the company, or calculated on the basis of national industrial or craft levels 2

2.3 A formalised bargaining structure exists. Pay bargaining is linked to another, separate part of the company or is linked to national industrial or craft levels. 1

2.4 No formalised bargaining structure exists. Pay is linked to another, separate part of the company or is calculated on the basis of national industrial or craft levels. 0

3) Formalised Union or Other Structure - Interviews with employee representatives are used to identify one of the following:

3.1 A formalised union or other structure exists to deal with collective or individual grievances. Lay representatives believe that management, as a whole, see this structure as necessary and useful. 3

3.2 A formalised union or other structure exists to
deal with collective or individual grievances. Lay representatives
believe that some managers see this structure as unnecessary and a
hindrance.   2

3.3 A formalised union or other structure exists to
deal with collective or individual grievances. Lay representatives
believe that management, as a whole, see this structure as
unnecessary and a hindrance.   1

3.4 No formalised union or other structure exists to
deal with collective or individual grievances.   0

N.B. "Other structure" may include a staff association or some such
structure that incorporates the use of elected employee representatives.

4) "New Style" Agreement in Operation - Interviews are conducted with the
Personnel Manager concerning 4a and c , and lay representatives concerning
4b and d. c and d are used where the company does not recognise any trade
union or staff association, and therefore does not operate any form of
collective agreement.   In the case of 4b and d the scores from each lay
representative are added together and an average calculated. This is then
added to the score allocated to either 4a or c and an overall average score
is calculated.

4.1a The company has a NSA which incorporates four key components.
These are, single union recognition, participation,
flexibility and a no strike procedure.   3

4.2a The company has a NSA which incorporates three key components.
The component missing is that of a no-strike procedure. (The ideal UK
model does not regard this component as vital, but rather as a
form of extra insurance for the smooth operation of the company's
production system.)   2

4.3a The company has a NSA which incorporates less than three key
components.   1

4.4a The company does not operate a NSA.   0

4.1b No matter what the issue all managers adhere to the
spirit of the agreement all of the time.   3

4.2b Depending on the issue or manager, management adhere to
the spirit of the agreement most of the time.   2

4.3b Depending on the issue or manager, management rarely
adhere to the spirit of the agreement.   1

4.4b Management never adhere to the spirit of the agreement.   0

4.1c The company has a written set of three key procedures and
policies. These incorporate the use of some sort of collective
grievance procedure, flexibility, and participation.   3

4.2c The company has a written set of two key procedures
and policies. (Two out of the above mentioned three.)   2

4.3c The company operates one key procedures in written form
(One out of the above mentioned three   1

4.4c The company has no written key procedures and policies.   0

4.1d Management, as a whole, are perceived as very fair.   3

4.2d Depending on the issue or manager management are perceived
as being fair most of the time.   2

4.3d Depending on the issue or manager, management are perceived
as being unfair most of the time.   1

4.4d Management are perceived as being unfair all of the time.   0

Appendix 6.3

Questionnaire Implemented at
Company A: Stage 1.

Everybody has a different idea of the things they like or
dislike about work.   This is a questionnaire about you
and your work.   There are no right and wrong answers,
just answer what you think.

You will not be asked to give your name on this questionnaire
and your answers will therefore remain completely anonymous.

To answer the questions follow the underlined instructions.

David Grant

Please answer all the questions below, either by circling
the number opposite the answer which applies to you or,
where asked, writing in your answer.

----

1)   Are you male or female ?   Male   1
                                                     Female   2

2)   How old are you ?   .... years

3)   Are you married or single ?   Married   1
                                                     Single   2

4)   How many children under the age of
     sixteen have you got ? Please print   ....
     your answer opposite.

5)   Please print the name of the
     department that you work in
     at   opposite.   ....

6)   Does your job require you to supervise
     the work of any other workers ?   Yes   1
                                                     No   2

7)   Have you worked for any other
     Companies before ?   Yes   1
                                                     No   2

8)   Where do you expect to be working
     in five years time ?   With this firm   1
                                                     With another firm   2
                                                     Retired   3
                                                     Don't know   4

9)   What sort of qualifications have   Any 'A' Levels   1
     you got ? (Circle more than one   Any 'O' Levels   2
     answer if you need to.)   Any GCSE's   3
                                                     Any CSE's   4
                                                     Any industrial
                                                     qualifications such as
                                                     HNC HND ONC OND or
                                                     City and Guilds   5
                                                     No qualifications   6
                                                     Other, please say what ....

10) How fair do you think your wages   Very fair   1
    are for the job you do ?   Pretty fair   2
                                         Pretty unfair   3
                                         Very unfair   4

11) Suppose someone asked you to say
    which class you belong to. What
    would you say ? Please print   . . . .
    your answer opposite.

12) What sort of job does, or did,
    your Father do ? Please print
    the name or title of the job
    opposite.   . . . .

13) Are, or were, either of your
    parents members of a union ?   Father   Yes   1
                                                   No   2

                                         Mother   Yes   1
                                                   No   2

PART 2

For each question below please circle the number that best shows
what you think

		Strongly Agree	Agree	No View	Disagree	Strongly Disagree
14)	Co-operation in Firms is impossible because workers and management are really on different sides	1	2	3	4	5
15)	Managers always try and get the better of workers	1	2	3	4	5
16)	Managers always know what is best for a firm.	1	2	3	4	5
17)	It is easy to be loyal to both your Union and Management.	1	2	3	4	5
18)	Workers must have some say in Management decisions that affect the work that they do.	1	2	3	4	5
19)	Unions should always try and co-operate with Management	1	2	3	4	5

		Strongly Agree	Agree	No View	Disagree	Strongly Disagree
20)	Unions are a good thing	1	2	3	4	5
21)	You can't be a Union member and support Management at the same time	1	2	3	4	5
22)	People need a Union to protect their interests at work	1	2	3	4	5
23)	Trade Unions in Britain are too powerful	1	2	3	4	5
24)	When there is only one Union at a Company it will make the workforce weaker and Management stronger	1	2	3	4	5
25)	There should be some other way to resolve disputes other than going on strike	1	2	3	4	5
26)	Nothing is ever gained by workers going on strike	1	2	3	4	5

Please go on to the next page

How do you feel about working at ____ ?   For each question
below please circle the number that best shows what you think

----

		Agree Very Strongly	Agree Fairly Strongly	Agree a Little	Disagree A Little	Disagree Fairly Strongly	Disagree Very Strongly
27)	This Firm is good to its Workers	1	2	3	4	5	6
28)	I am very satisfied with my job	1	2	3	4	5	6
29)	This is a friendly place to work	1	2	3	4	5	6
30)	I feel loyalty towards this Firm	1	2	3	4	5	6
31)	Morale is good here	1	2	3	4	5	6
32)	If a problem comes up at work I can get it sorted out easily	1	2	3	4	5	6
33)	There is no point in complaining about anything here	1	2	3	4	5	6
34)	My job gives me no freedom at all to get on with my work in my own way	1	2	3	4	5	6
35)	The job I do has no responsibility attached to it	1	2	3	4	5	6
36)	Communications between workers and Management are poor here	1	2	3	4	5	6
37)	It would not take much for me to leave this Firm	1	2	3	4	5	6
38)	I am made to work too hard here	1	2	3	4	5	6
39)	It doesn't bother me if I don't do my job well	1	2	3	4	5	6
40)	The way I am supervised makes me dislike the work I do	1	2	3	4	5	6
41)	There is no variety in my job	1	2	3	4	5	6
42)	The way I am managed at is no different to other Companies I have worked at	1	2	3	4	5	6

Please answer the questions below by following the underlined instructions

----

43) Have you joined the Union (EETPU) at
    ? Please circle the number
    opposite the answer which applies   Yes   1
    to you   No   2

    IF YOUR ANSWER TO QUESTION 43 WAS NO PLEASE GO ON TO QUESTION 46

44) Below are a list of reasons why people join Unions.
    Please rank order the THREE most important reasons why you
    joined the Union (EETPU) at

    I joined the Union at   because :-

    It will increase my wages   ☐

    It will give me job security   ☐

    It will help improve working conditions   ☐

    I believe workers need trade Unions to protect them   ☐

    Being a member of the Union will give me an
    opportunity to participate in making some of the   ☐
    decisions that effect how the Company is run

    Everybody else joined   ☐

    People in my family have always joined Unions   ☐

    I was pressurized by my workmates   ☐

    The Union gives good fringe benefits such as   ☐
    cheap insurance and other discounts

    The EETPU is not a member of the TUC   ☐

    Some other reason - Please say what   ....

45) As a member of the Union (EETPU) at   Very Active   1
    how active do you think you will become in   Fairly Active   2
    the Union's affairs ? Please circle the   Active
    number opposite the answer which applies   Occasionally   3
    to you.   Not very active   4
                                                   Never active   5

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IF YOU ARE A MEMBER OF THE UNION (EETPU) AT   PLEASE DO NOT
ANSWER QUESTION 46 BELOW.   GO ON TO QUESTION 47

46) Below are a list of reasons why people don't join Unions.
    Please rank order the THREE most important reasons why you
    haven't joined the Union at _____

    I haven't joined the Union at   because :-

    I have just never got around to joining   □

    I would prefer to take care of myself   □

    It might damage my career prospects   □

    I'm already a member of another Union   □

    I disagree with the idea of Unions   □

    I don't like the EETPU and I wanted to join   □
    another Union

    If Management are doing their job correctly   □
    there's no need for a Union

    The EETPU is not a member of the TUC   □

    Some other reason - Please say what   ....

47) Have you been a member of the EETPU or
    any other Union before ?   Please circle
    the number opposite the answer which   Yes   1
    applies to you   No   2

    IF YOUR ANSWER TO QUESTION 47 WAS NO PLEASE GO ON TO QUESTION 50

48) If your answer to question 47 was yes, can
    you remember the name of your old Union and   Name of Union ....
    how long you were a member. Please print
    your answers opposite   How Long a Member ....

49) How active a member were you in your old   Very active   1
    Union's affairs ? Please circle the   Fairly active   2
    number opposite the answer which applies   Active
    to you.   Occasionally   3
                                                    Not very Active   4
                                                    Never Active   5

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50) The purpose of this questionnaire has been to ask what you think
    about work in general and, more specifically, working at   .
    With these questions in mind, do you have any comments or additional
    information that you wish to add to your answers ?   If so, please
    Write them in the space below.

51) As a follow on to the questionnaire it may be necessary to interview
    some of you (Management would not be present at these interviews).
    We would like you to nominate one or two people that you work with who
    you think respresent your views and who you would like to nominate
    to talk on your behalf ?   You may nominate yourself if you wish.
    Please print their name or names below.

Appendix 6.4

Questionnaire Implemented at

Company A: Stage 2.

WORK ATTITUDE SURVEY

1.   The attached questionnaire which you have been asked to fill in is
part of a London School of Economics study of workforce attitudes at
Japanese Companies in Britain.

2.   I would stress that you are not asked to give your name anywhere on
this questionnaire. Your answers will be combined with everybody else's
who complete the questionnaire and no individual details will be reported
at any time. Your answers will therefore remain completely anonymous.

3.   To answer the questions follow the underlined instructions. You will
find that most of the questions only require you to circle the appropriate
answer, so the questionnaire should not take very long to fill out. If
you are unable to answer a question, go on to the next one. Please bear in
mind that there are no right or wrong answers, just answer what you
personally think.

     Thank you in advance for your time and cooperation.

DAVID GRANT

TO ANSWER THE QUESTIONS PLEASE FOLLOW THE <u>UNDERLINED</u> INSTRUCTIONS

<u>PART I</u>

<u>Please answer all the questions below, either by circling the number opposite the answer which applies to you or, where asked, writing in your answer.</u>

****

1) Did you fill in the first questionnaire in   Yes   1
    December 1988 ?   No   2

2) Are you male or female ?   Male   1
                                                         Female   2

3) Hold old are you ? .... years

4) Are you married or single ?   Married   1
                                                        Single   2

5) How many children under the age of sixteen
    have you got ? <u>Please print your answer
    opposite.</u>   ....

6) When did you first start work at   ?
    <u>Please print your answer opposite</u>.   ....

7) Please <u>print</u> the name of the department
    that you work in at   <u>opposite</u>.   ....

8) Does your job require you to supervise the   Yes   1
    work of any other workers ?   No   2

9) Have you worked for any other Companies before ?   Yes   1
                                                         No   2

10) Where do you expect to be working in five   With this firm   1
    years time ?   With another firm   2
                                                         Retired   3
                                                         Don't know   4

11) What sort of qualifications have you got ?   Any 'A' Levels   1
    (<u>Circle more than one answer if you need to</u>.)   Any 'O' Levels   2
                                                         Any GCSE's   3
                                                         Any CSE's   4
                                                         Any industrial
                                                         qualifications such
                                                         as HNC HND ONC OND
                                                         or City and Guilds 5
                                                         No qualifications   6
                                                         Other, please say
                                                         what ....

12) How fair do you think your wages are for the job you do ?

Very fair   1
Pretty fair 2
Pretty unfair 3
Very unfair   4

13) Suppose someone asked you to say which class you belong to. What would you say ? Please print your answer opposite.

. . . .

14) What sort of job does, or did, your father do ? Please print the name or title of the job opposite.

. . . .

15) Are, or were, either of your parents members of a union ?

Father   Yes   1
           No   2

Mother   Yes   1
           No   2

PART 2

For each question below please circle the number that best shows what you think.

	Strongly Agree	Agree	No View	Disagree	Strongly Disagree
16) Co-operation in Firms is ·impossible because workers and management are really on different sides	1	2	3	4	5
17) Managers always try and get the better of workers	1	2	3	4	5
18) Managers always know what 'is best for a firm.	1	2	3	4	5
19) It is easy to be loyal to both your Union and Management.	1	2	3	4	5
20) Workers must have some say in Management decisions that affect the work that they do.	1	2	3	4	5
21) Unions should always try and co-operate with Management.	1	2	3	4	5
22) Unions are a good thing	1	2	3	4	5
23) People need a Union to protect their interests at work.	1	2	3	4	5

	Strongly Agree	Agree	No View	Disagree	Strongly Disagree
24) When there is only one Union at a Company it will make the work-force weaker and Management stronger	1	2	3	4	5
25) There should be some other ways to resolve disputes other than going on strike	1	2	3	4	5
26) Nothing is ever gained by workers going on strike	1	2	3	4	5

How do you feel about working at _____ ?

For each question below please circle the number that best shows what you think.

		Agree Very Strongly	Agree Fairly Strongly	Agree a Little	Disagree a Little	Disagree Fairly Strongly	Disagree Very Strongly
27)	This firm is good to its workers	1	2	3	4	5	6
28)	I am very satisfied with my job.	1	2	3	4	5	6
29)	This is a friendly place to work.	1	2	3	4	5	6
30)	There is a good team spirit in my work area	1	2	3	4	5	6
31)	Getting promoted at is not important to me	1	2	3	4	5	6
32)	I feel loyalty towards this firm.	1	2	3	4	5	6
33)	I do not have any influence over management decisions that affect the work I do.	1	2	3	4	5	6
34)	Promotion at is given on a fair basis.	1	2	3	4	5	6
35)	I frequently get ideas about how to improve the way I do my job.	1	2	3	4	5	6
36)	Morale is good here.	1	2	3	4	5	6
37)	There is no point in complaining about anything here.	1	2	3	4	5	6
38)	Management here would not be interested if I had an idea that might improve the way I do my job	1	2	3	4	5	6
39)	My job gives me no freedom at all to get on with my work in my own way	1	2	3	4	5	6
40)	The job I do has no responsibility attached to it.	1	2	3	4	5	6

	Agree Very Strongly	Agree Fairly Strongly	Agree a Little	Disagree a Little	Disagree Fairly Strongly	Disagree Very Strongly
41) If a problem comes up in my work area the workers there usually try and sort it out on their own	1	2	3	4	5	6
42) Communications between workers and management are poor here.	1	2	3	4	5	6
43) It would not take much for me to leave this firm	1	2	3	4	5	6
44) I am satisfied with managements explanations of other peoples promotions	1	2	3	4	5	6
45) I am made to work too hard	1	2	3	4	5	6
46) It doesn't bother me if I don't do my job well.	1	2	3	4	5	6
47) The way I am supervised makes me dislike the work I do	1	2	3	4	5	6
48) There is no variety in my job	1	2	3	4	5	6
49) The way I am managed at is no different to other companies I have worked at	1	2	3	4	5	6
50) does not give its workers enough information about its present and future plans	1	2	3	4	5	6
51) The Union here is good at taking up our individual grievances	1	2	3	4	5	6
52) The Union here influences some of the management decisions that affect the work I do.	1	2	3	4	5	6

	Agree Very Strongly	Agree Fairly Strongly	Agree a Little	Disagree a Little	Disagree Fairly Strongly	Disagree Very Strongly
53) I feel loyalty towards the Union here	1	2	3	4	5	6
54) Having a "no Strike" agreement at makes the Union weak	1	2	3	4	5	6
55) The Union here is too co-operative with management	1	2	3	4	5	6

PART 4

Please answer the questions below by following the underlined instructions.

56) Have you joined the Union (EETPU) at ·   Please circle the answer which applies to you.

Yes   1

No   2

IF YOUR ANSWER TO QUESTION 56 WAS NO PLEASE GO ON TO QUESTION 59

57) On the list below are a number of things that Union members
     often expect their union to try and achieve.

     Please rank order the two things that you most expect your
     Union (EETPU) to concentrate on achieving at

     I expect the Union to concentrate on:-

     Increasing my wages

     Giving me job security

     Improving working conditions

     Giving me an opportunity to participate
     in making some of the decisions that
     affect how the company is run

     Working with management to try and find
     solutions to problems.

     Not letting management gain any
     advantage over the workforce.

     Something else - Please say what ....

58) As a member of the Union (EETPU)   Very active   1
     at   how active are you in the   Fairly active   2
     Union's affairs? Please circle the   Active occasionally   3
     number opposite the answer which   Not very active   4
     applies to you.   Never active   5

IF YOU ARE A MEMBER OF THE UNION (EETPU) AT ___ PLEASE DO NOT
ANSWER QUESTION 59 BELOW. GO ON TO QUESTION 60.

59) Below are a list of reasons why people don't join Unions.
     Please rank order the THREE most important reasons why you
     haven't joined the Union at ___ .

     I haven't joined the Union at ___ because :-

     I have just never got around to joining   ☐

     I would prefer to take care of myself   ☐

     It might damage my career prospects   ☐

     I'm already a member of another Union   ☐

     I disagree with the idea of Unions   ☐

     I don't like the EETPU and I wanted to join   ☐
     another Union

     If Management are doing their job correctly   ☐
     there's no need for a Union

     The EETPU is not a member of the TUC   ☐

     Some other reason - Please say what ....

60) Have you been a member of the EETPU or
     any other Union before ? Please circle
     the number opposite the answer which   Yes   1
     applies to you   No   2

     IF YOUR ANSWER TO QUESTION 60 WAS NO PLEASE GO ON TO QUESTION 63

61) If your answer to question 60 was yes, can
     you remember the name of your old Union and   Name of Union ....
     how long you were a member. Please print
     your answers opposite   How long a member ....

62) How active a member were you in your old   Very active   1
     Union's affairs ? Please circle the   Fairly active   2
     number opposite the answer which applies   Active
     to you.   occasionally   3
                                                    Not very active 4
                                                    Never Active   5

63) As a follow on to the questionnaire it may be necessary to interview
    some of you (Management would not be present at these interviews). We
    would like you to nominate one or two people that you work with who you
    think represent your views and who you would like to nominate to talk
    on your behalf ? You may nominate yourself if you wish.
    Please print their name or names below

64) The purpose of this questionnaire has been to ask what you think about
    work in general and, more specifically, working at   With these
    questions in mind, do you have any comments or additional information
    that you wish to add to your answers ? If so, please write them in
    the space below.

Appendix 6.5

Questionnaire Implemented at

Company B.

WORK ATTITUDE SURVEY

1.   The attached questionnaire which you have been asked to fill in
is part of a London School of Economics study of workforce attitudes
at Japanese Companies in Britain.   Both management and the union at
                    are agreed that the results of the questionnaire
will be of benefit to all at the company since they may identify any
problems that they need to tackle to help ensure good industrial
relations.

2.   I would stress that you are not asked to give your name anywhere on
this questionnaire.   Your answers will be combined with everybody else's
who complete the questionnaire and no individual details will be reported
at any time.   Your answers will therefore remain completely anonymous.

3.   When you have completed the questionnaire please seal it in the
envelope provided and put it in the collection box.   The unopened
envelopes will then be forwarded to me.   Alternatively you can ask for
a stamped addressed envelope and post your questionnaire directly to me.

4.   To answer the questions follow the underlined instructions. You
will find that most of the questions only require you to circle the
appropriate answer, so the questionnaire should not take very long to
fill out.   If you are unable to answer a question, go on to the next one.
Please bear in mind that there are no right or wrong answers. just
answer what you personally think.

        Thank you in advance for your time and cooperation.

DAVID GRANT

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TO ANSWER THE QUESTIONS PLEASE FOLLOW THE <u>UNDERLINED</u> INSTRUCTIONS

PART 1

Please answer all the questions below, either by circling
the number opposite the answer which applies to you or,
where asked, writing in your answer

:-:

1) Are you male or female ?   Male 1
                                                     Female 2

2) How old are you ?   .... years

3) Are you married or single ?   Married 1
                                                     Single 2

4) How many children under the age of
   . sixteen have you got ? <u>Please print</u>   ....
   <u>your answer opposite</u>

5) When did you first start work at
                    ? <u>Please print</u>
   <u>your answer opposite</u>   ....

6) Please <u>print</u> the name of the department
   . that you <u>work</u> in at
   opposite. You need not answer this   ....
   question if you feel that naming the department
   you work in might identify you

7) Does your job require you to supervise
   the work of any other workers ?   Yes   1
                                                     No   2

8) Have you worked for any other   Yes   1
   companies before ?   No   2

9) Where do you expect to be working in   With this firm   1
   five years time   With another firm 2
                                                     Retired   3
                                                     Don't know   4

10) If you ever left   whaT
    do you think would be your most likely   ....
    reason for leaving the company? <u>Please print</u>
    <u>your answer opposite.</u>   ....

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11) What sort of qualifications have
you got ? (Circle more than one answer if
you need to).

Any 'A' Levels   1
Any 'O' Levels   2
Any GCSE's   3
Any CSE's   4
Any industrial qualifications
such as HNC HND ONC OND or
City & Guilds   5
No qualifications   6

Other, please say what ....

12) How fair do you think your wages
are for the job you do ?

Very fair   1
Pretty fair   2
Pretry unfair   3
Very unfair   4

13) Suppose someone asked you to say
which class you belong to. What
would you say? Please print
your answer opposite

....

14) What sort of job does, or did
your father do? Please print the name
or title of the job opposite

....

15) Are or were, either of your parents
members of a union ?

Father   Yes   1
            No   2

Mother   Yes   1
            No   2

PART 2

For each question below please circle the number that best
shows what you think

	Strongly Agree	Agree	No View	Disagree	Strongly Disagree
16) Co-operation in Firms is impossible because workers and management are really on different sides	1	2	3	4	5
17) Managers always try and get the better of workers	1	2	3	4	5
18) Managers always know what is best for a firm	1	2	3	4	5
19) It is easy to be loyal to both your Union and management	1	2	3	4	5
20) Workers must have some say in management decisions that affect the work that they do	1	2	3	4	5
21) Unions should always try and co-operate with management	1	2	3	4	5

		Strongly Agree	Agree	No View	Disagree	Strongly Disagree
22)	Unions are a good thing	1	2	3	4	5
23)	People need a Union to protect their interests at work	1	2	3	4	5
24)	When there is only one Union at a Company it will make the workforce stronger	1	2	3	4	5
25)	There should be some other way to resolve disputes other than going on strike	1	2	3	4	5
26)	Nothing is ever gained by workers going on strike	1	2	3	4	5

PART 3

How do you feel about working at _____ ?

For each question below please circle the number that best shows what you think

	Agree very Strongly	Agree Fairly Strongly	Agree a Little	Disagree a little	Disagree fairly strongly	Disagree very Strongly
27) This firm is good to its workers	1	2	3	4	5	6
28) I am very satisfied with my job	1	2	3	4	5	6
29) This is a friendly place to work	1	2	3	4	5	6
30) There is a good team spirit in my work area	1	2	3	4	5	6
31) Getting promoted at ____ is not important to me	1	2	3	4	5	6
32) I feel loyalty towards this firm	1	2	3	4	5	6
33) I do not have any influence over management decisions that affect the work I do	1	2	3	4	5	6

	Agree Very Strongly	Agree Fairly Strongly	Agree a Little	Disagree a Little	Disagree Fairly Strongly	Disagree Very Strongly
34) Promotion at . . . . is given on a fair basis	1	2	3	4	5	6
35) I frequently get ideas about the way I do my job	1	2	3	4	5	6
36) Morale is good here	1	2	3	4	5	6
37) There is no point in complaining about anything here	1	2	3	4	5	6
38) Management here would not be interested if I had an idea that might improve the way I do my job.	1	2	3	4	5	6
39) Communications between workers and their line leaders and supervisors are poor here	1	2	3	4	5	6
40) The job I do has no responsibility attached to it	1	2	3	4	5	6
41) If a problem comes up in my work area the workers there usually try and sort it out on their own	1	2	3	4	5	6
42) Communications between workers and management are poor here	1	2	3	4	5	6
43) It would not take much for me to leave this firm	1	2	3	4	5	6
44) I am satisfied with Management's explanations of other peoples' promotions	1	2	3	4	5	6
45) I am made to work too hard here	1	2	3	4	5	6
46) It doesn't bother me if I don't do my job well	1	2	3	4	5	6
47) The way I am supervised makes me dislike the work I do	1	2	3	4	5	6

	Agree Very Strongly	Agree Fairly Strongly	Agree a little	Disagree a little	Disagree fairly strongly	Disagree Very strongly
48) There is no variety in my job.	1	2	3	4	5	6
49) The way I am managed at ; is no different to other companies I have worked at	1	2	3	4	5	6
50) does not give its workers enough information about its present and future plans	1	2	3	4	5	6
51) The union here is good at taking up our individual grievances	1	2	3	4	5	6
52) The union here influences some of the management decisions that affect the work I do	1	2	3	4	5	6
53) I feel loyalty towards the union here	1	2	3	4	5	6
54) Having a "no strike" agreement at has not made the Union weak	1	2	3	4	5	6
55) The union here is not co-operative enough with management	1	2	3	4	5	6

PART 4

Please answer the questions below by following the underlined instructions

56) Have you joined the Union (EETPU) at ? Please circle the number opposite the answer which applies to you

Yes   1
No   2

IF YOUR ANSWER TO QUESTION 56 WAS NO PLEASE GO ON TO QUESTION 59

57)   On the list below are a number of things that Union members
      often expect their union to try and achieve.

      Please rank order the two things that you most expect your
      Union (EETPU) to concentrate on achieving at

I expect the Union to concentrate on :-

Increasing my wages   ☐

Giving me job security   ☐

Improving working conditions   ☐

Giving me an opportunity to participate
in making some of the decisions that   ☐
affect h ow the company is run.

Working with management to try and   ☐
find solutions to problems

Not letting management gain any   ☐
advantage over the workforce

Something else - Please say what ....

58) As a member of the Union (EETPU)   Very active   1
    at   . how active   Fairly active   2
    are you in the Union's affairs ?   Active
    Please circle the number opposite   Occasionally   3
    the answer which applies to you.   Not very active   4
                                               Never active   5

IF YOU ARE A MEMBER OF THE UNION (EETPU) AT
PLEASE DO NOT ANSWER QUESTION 59 BELOW. GO ON TO QUESTION 60

59)   Below is a list of reasons why people don't join Unions.
       Please rank order the THREE most important reasons why you
       haven't joined the Union at

I have not joined the Union at
           because :-

I have just never got around to joining

I would prefer to take care of myself

It might damage my career prospects

I'm already a member of another Union

I disagree with the idea of Unions

I wanted to join another Union

If Management are doing their job
correctly there's no need for a Union

The EETPU is not a member of theTUC

Some other reason, please say what ....

60) Have you been a member of the EETPU or
any other Union before ? Please circle
the number opposite the answer which
applies to you

Yes   1

No   2

IF YOUR ANSWER TO QUESTION 60 WAS NO PLEASE GO ON TO QUESTION 63

61) If your answer to question 60 was yes,
can you remember the name of your old
Union and how long you were a member.
Please print your answers opposite

Name of Union ....

How long a member ....

62) How active a member were you in your
old Union 's affairs ? Please circle
the number opposite the answer which
applies to you

Very Active   1
Fairly Active   2
Active   3
Occasionally

Not very active   4
Never active   5

63) As a follow on to the questionnaire it may be necessary to interview
some of you (Management would not be present at these interviews). We would
like you to nominate one or two people that you work with who you think
represent your views and who you would like to nominate to talk on your
behalf .   You may nominate yourself if you wish.
Please print their name or names below.

64) The purpose of this questionnaire has been to ask what you think
about work in general and , more specifically, working at
            With these questions in mind, do you have any comments
or additional information that you wish to add to your answers ?
If so ,please write them in the space below.

EXPECTATIONS OF THE UNION AT COMPANY A : STAGE 1

	Mean Score (1-99)	Overall Rank Ordered Position	Percentage of Respondents Expressing Item As One Reason For Joining Union
I joined the union at Company A because:			
It will increase my wages	61.8	4	38.8
It will give me job security	57.5	3	42.9
It will help improve working conditions	36.4	2	65.3
I believe workers need trade unions to protect them	30.5	1	71.4
Being a member of the union will give me an opportunity to participate in making some of the decisions that effect how the company is run	64.0	5	36.7
Everybody else joined	81.6	7	18.4
People in my family have always joined unions	91.2	9	8.2
I was pressurized by my workmates	99.0	11	0
The union gives good fringe benefits such as cheap insurance and other discounts	81.5	6	18.4
The EETPU is not a member of the TUC	83.8	8	16.3
Some other reason (please say what)	93.1	10	6.1

N = 49

To calculate the mean score the rank scores allocated by each respondent to each item were added together. These were then divided by the number of respondents. (Where a respondent identified one or more reasons for joining, but did not rank order them, and average rank score was calculated for each reason cited).

EXPECTATIONS OF THE UNION AT COMPANY A : STAGE 2

	Mean Score (1-99)	Overall Rank Ordered Position	Item Expressed As An Expectation Of The Union %	Item Expressed As A First Or Second Rank Ordered Choice	
				%	%
I expect the union to concentrate on:				1	2
Increasing my wages	26.0	1	71.3	34.6	26.7
Giving me job security	38.7	2	56.9	27.4	17.6
Improving work conditions	53.3	3	40.2	2.9	26.5
Giving me an opportunity to participate in making some of the decisions that affect how the company is run	73.5	6	16.7	1.0	6.9
Working with management to try and find solutions to problems	72.7	5	17.6	2.9	5.8
Not letting management gain any advantage over the workforce	71.0	4	19.6	3.9	7.8
Something else	99.0	7	0	0	0

N = 102

To calculate the mean score the rank scores allocated by each respondent to each item were added together.
These were then divided by the number of respondents. (Where a respondent identified one or more reasons
for joining, but did not rank order them, and average rank score was calculated for each reason cited).

T -TESTS - STAGE 1 RESPONDENTS Vs THOSE SUBSEQUENTLY EMPLOYED AT COMPANY A: STAGE 2

Five Point Scale	Mean		SD		T - SCORE
	Employed At Stage 1 N = 33	Employed Subsequent To Stage 1 N = 117	Employed At Stage 1 N = 33	Employed Subsequent To Stage 1 N = 117	
1) Co-operation in firms is impossible because workers and management are really on different sides.	1.78	2.29	1.05	1.27	2.32*
2) Managers always try and get the better of workers.	2.03	2.21	1.38	1.18	-0.70
3) Managers do not always know what is best for a firm.	1.73	1.14	3.94	3.91	-0.92
4) It is not easy to be loyal to both your union and management.	1.25	1.88	1.25	0.96	-2.46*
5) Workers must have some say in management decisions that affect the work they do.	1.45	1.51	0.83	0.71	-0.37
6) Unions should always try and co-operate with management.	2.57	2.36	1.48	1.19	0.74
7) Unions are a good thing.	2.45	2.09	1.25	0.92	0.51
8) People need a union to protect their interests at work.	1.87	1.75	1.08	0.74	0.61
9) Single unionism at a company does not weaken the workforce.	1.49	2.07	1.17	1.21	-2.46*
10) There should be some other way to resolve disputes other than going on strike.	1.69	2.01	0.58	0.91	-2.40*
11) Striking can benefit workers.	2.07	1.99	1.29	1.19	-0.31
Six Point Scale					
12) This firm is good to its workers.	4.42	3.82	1.20	1.39	2.43*
13) I am very satisfied with my job.	4.45	3.36	1.12	1.38	4.65***
14) This is a friendly place to work.	2.18	2.75	1.42	1.23	-2.10*
15) There is a good team spirit in my work area.	3.03	2.89	1.68	1.58	0.42
16) Getting promoted at Company A is important to me.	2.49	2.07	1.66	1.58	1.36
17) I felt loyalty towards this firm.	3.63	3.26	1.57	1.51	1.21
18) I can influence management decisions that affect the work I do.	3.13	3.69	1.78	1.48	-1.65
19) Promotion at Company A is given on a fair basis.	4.85	3.98	1.22	1.45	3.40***
20) I frequently get ideas about how to improve the way I do my job.	2.90	2.55	1.46	1.06	1.28
21) Morale is good here.	5.12	4.52	1.34	1.48	2.20*
22) It is worth complaining here.	3.76	3.30	1.88	1.71	1.26
23) Management here are interested if I have an idea that might improve the way I do my job.	3.34	2.70	1.72	1.78	1.85
24) My job gives me freedom to get on with my work in my own way.	3.31	2.60	1.48	1.51	2.42*
25) The job I do has responsibility attached to it.	1.46	1.85	1.64	1.74	-1.19

	Mean			SD		T - SCORE
Six Point Scale	Employed At Stage 1 N = 33	Employed Subsequent To Stage 1 N = 117	Employed At Stage 1 N = 33	Employed Subsequent To Stage 1 N = 117		
26) If a problem comes up in my work area the workers there usually try and sort it out themselves.	2.51	2.31	1.37	1.15		0.76
27) Communications between workers and management are good here.	4.19	3.61	1.31	1.50		-2.15*
28) It would take a lot for me to leave this firm.	3.70	3.12	1.64	1.75		1.75
29) I am satisfied with management's explanations of other people's promotions.	4.42	4.02	1.27	1.31		1.56
30) I am not made to work too hard here.	2.40	2.15	1.51	1.43		-0.84
31) It bothers me if I do not do my job well.	1.37	1.57	0.96	1.07		1.04
32) The way I am supervised makes me like the work that I do.	3.28	2.28	1.56	1.85		3.06***
33) There is variety in my job.	2.64	2.54	1.71	1.74		0.31
34) The way I am managed at Company A is different to other companies I have worked at.	1.31	1.45	1.48	1.61		0.46
35) Company A gives its workers enough information about its present and future plans.	3.61	2.93	1.54	1.58		2.21*
36) The union here is good at taking up our individual grievances.	4.24	3.74	1.54	1.44		1.64
37) The union here influences some of the management decisions that affect the work I do.	4.21	3.97	1.45	1.31		0.85
38) I feel loyalty towards the union here.	4.21	3.79	1.64	1.54		1.29
39) Having a "No Strike" agreement at Company A does not weaken the union.	3.28	3.00	1.62	1.59		0.85
40) The union here is not too co-operative with management.	3.64	3.04	1.02	1.55		2.59**

N = 144

To ease statistical analysis some of these questions and their scores are presented reversed. See Table 8.5 for an explanation of this procedure.

* $P = < .05$
** $P = < .01$
*** $P = < .001$

Five point scale 1 = Strongly Agree   5 = Strongly Disagree
Six point scale 1 = Agree Very Strongly 6 = Disagree Very Strongly

T -TESTS - RESPONDENTS CONSIDER WAGES FAIR/UNFAIR AT COMPANY A: STAGE 2

	Mean		SD		T - SCORE
Five Point Scale	**Fair** N = 57	**Unfair** N = 87	**Fair** N = 57	**Unfair** N = 87	
1) Co-operation in firms is impossible because workers and management are really on different sides.	2.54	1.93	1.28	1.16	2.90**
2) Managers always try and get the better of workers.	2.40	2.02	1.17	1.25	1.84
3) Managers do not always know what is best for a firm.	1.41	1.78	1.17	0.95	3.34***
4) It is not easy to be loyal to both your union and management.	2.06	1.50	1.00	1.04	3.16***
5) Workers must have some say in management decisions that affect the work they do.	1.43	1.54	0.84	0.53	-0.93
6) Unions should always try and co-operate with management.	2.29	2.51	1.14	1.24	-1.05
7) Unions are a good thing.	1.78	2.45	0.64	1.12	-4.47***
8) People need a union to protect their interests at work.	1.64	1.88	0.69	0.90	-1.75
9) Single unionism at a company does not weaken the workforce.	1.67	2.12	1.07	1.29	-2.25*
10) There should be some other way to resolve disputes other than going on strike.	1.80	2.03	0.74	0.92	-1.63
11) Striking can benefit workers.	2.13	1.91	1.07	1.30	-1.08
Six Point Scale					
12) This firm is good to its workers.	3.52	4.29	1.24	1.27	-3.57***
13) I am very satisfied with my job.	3.21	3.90	1.30	1.38	-3.05**
14) This is a friendly place to work.	2.56	2.68	1.00	1.45	-0.61
15) There is a good team spirit in my work area.	2.57	3.17	1.36	1.70	-2.31*
16) Getting promoted at Company A is important to me.	2.23	2.14	1.48	1.63	0.33
17) I felt loyalty towards this firm.	2.98	3.61	1.44	1.53	-2.50*
18) I can influence management decisions that affect the work I do.	3.16	3.81	1.67	1.44	-2.37*
19) Promotion at Company A is given on a fair basis.	4.01	4.32	1.38	1.45	-1.28
20) I frequently get ideas about how to improve the way I do my job.	2.59	2.68	1.05	1.24	-0.46
21) Morale is good here.	4.24	4.97	1.51	1.29	-2.99**
22) It is worth complaining here.	2.97	3.71	1.78	1.68	-2.49*
23) Management here are interested if I have an idea that might improve the way I do my job.	2.20	3.31	1.77	1.63	-3.77***
24) My job gives me freedom to get on with my work in my own way.	2.53	2.95	1.59	1.44	-1.59
25) The job I do has responsibility attached to it.	1.55	1.92	1.61	1.79	-1.30

APPENDIX 8.4 Cont'd.

Six Point Scale	Mean		SD		T - SCORE
	Fair N = 57	Unfair N = 87	Fair N = 57	Unfair N = 87	
26) If a problem comes up in my work area the workers there usually try and sort it out themselves.	2.29	2.41	1.06	1.28	-0.61
27) Communications between workers and management are good here.	3.27	4.10	1.55	1.28	-3.55***
28) It would take a lot for me to leave this firm.	2.51	3.78	1.91	1.38	4.31***
29) I am satisfied with management's explanations of other people's promotions.	3.87	4.31	1.26	1.28	-2.00*
30) I am not made to work too hard here.	1.72	2.54	1.14	1.56	-3.64***
31) It bothers me if I do not do my job well.	1.43	1.60	0.96	1.11	0.98
32) The way I am supervised makes me like the work that I do.	2.06	2.84	1.83	1.77	-2.54*
33) There is variety in my job.	2.08	2.91	1.63	1.71	-2.94**
34) The way I am managed at Company A is different to other companies I have worked at.	1.53	1.32	1.67	1.52	0.77
35) Company A gives its workers enough information about its present and future plans.	2.79	3.28	1.64	1.55	-1.78
36) The union here is good at taking up our individual grievances.	3.29	4.24	1.26	1.49	-4.07***
37) The union here influences some of the management decisions that affect the work I do.	3.87	4.12	1.21	1.43	-1.12
38) I feel loyalty towards the union here.	3.27	4.25	1.26	1.62	-3.50***
39) Having a "No Strike" agreement at Company A does not weaken the union.	2.55	3.42	1.53	1.56	3.28**
40) The union here is not too co-operative with management.	2.57	3.58	1.47	1.33	-4.18***

N = 144

To ease statistical analysis some of these questions and their scores are presented reversed.
See Table 8.5 for an explanation of this procedure.

* P = < .05
** P = < .01
*** P = < .001

Five point scale 1 = Strongly Agree 5 = Strongly Disagree
Six point scale 1 = Agree Very Strongly 6 = Disagree Very Strongly

VARIABILITY BY DEPARTMENT AT COMPANY A : STAGE 2

Five Point Scale	Assembly Vs Press/Weld and Sub-Assembly					Press/Weld Vs Assembly and Sub-Assembly					Sub-Assembly Vs Assembly and Press/Weld				
	Mean		SD		T Score	Mean		SD		T Score	Mean		SD		T Score
	Ass N=74	Other N=70	Ass N=74	Other N=70		PW N=49	Other N=95	PW N=49	Other N=95		Sub N=21	Other N=123	Sub N=21	Other N=123	
1) Co-operation in Firms is impossible because workers and management are really on different sides	1.82	2.55	1.06	1.31	-3.66***	2.38	2.07	1.32	1.19	1.40	2.95	2.04	1.24	1.20	3.09**
2) Managers always try and get the better of workers.	2.09	2.25	1.25	1.21	-0.79	2.26	2.12	1.28	1.20	0.63	2.23	2.16	1.04	1.26	0.30
3) Managers do not always know what is best for a firm.	1.83	1.28	0.94	1.20	-2.47*	1.21	1.96	1.20	1.03	1.22	1.43	1.98	1.20	1.06	1.62
4) It is not easy to be loyal to both your union and management.	1.55	1.93	1.10	0.99	-2.22*	1.96	1.62	0.99	1.08	1.93	1.86	1.71	1.01	1.07	0.62
5) Workers must have some say in management decisions that affect the work they do.	1.55	1.44	0.83	0.62	0.91	1.36	1.56	0.60	0.79	-1.70	1.61	1.47	0.66	0.75	0.67
6) Unions should always try and co-operate with management.	2.60	2.21	1.30	1.07	1.98*	2.12	2.56	0.99	1.26	-2.30*	2.42	2.41	1.24	1.20	0.05
7) Unions are a good thing.	2.35	2.00	1.05	0.94	2.11*	2.14	2.20	1.02	1.01	-0.32	1.66	2.26	0.65	1.04	-3.51***
8) People need a union to protect their interests at work.	1.82	1.74	0.83	0.82	0.59	1.81	1.76	0.88	0.80	0.32	1.57	1.82	0.67	0.85	-1.50
9) Single unionism at a company does not weaken the workforce.	2.18	2.68	1.24	1.16	2.51	1.88	1.96	1.20	1.24	-0.38	1.20	2.06	0.92	1.23	-3.75***
10) There should be some other way to resolve disputes other than going on strike.	1.90	1.98	0.81	0.90	-0.56	2.00	1.91	0.81	0.88	0.57	1.95	1.94	1.11	0.81	0.04
11) Striking can benefit workers.	2.35	1.85	1.22	1.19	1.51	1.70	2.16	1.19	1.20	-2.20*	2.20	1.97	1.16	1.22	0.80
Six Point Scale															
12) This firm is good to its workers.	4.36	3.54	1.34	1.18	3.90***	3.67	4.11	1.26	1.34	-1.95	3.23	4.08	0.94	1.34	3.56***
13) I am very satisfied with my job.	4.00	3.20	1.31	1.38	3.55***	3.24	3.80	1.36	1.39	-2.30	3.09	3.69	1.48	1.37	-1.75

APPENDIX 8.5 Cont'd.

Six Point Scale	Assembly Vs Press/Weld and Sub-Assembly					Press/Weld Vs Assembly and Sub-Assembly					Sub-Assembly Vs Assembly and Press/Weld				
	Mean		SD		T Score	Mean		SD		T Score	Mean		SD		T Score
	Ass	Other	Ass	Other		PW	Other	PW	Other		Sub	Other	Sub	Other	
14) This is a friendly place to work.	2.40	2.85	1.20	1.35	-2.11*	2.81	2.52	1.49	1.17	1.18	2.95	2.56	0.97	1.33	1.57
15) There is a good team spirit in my work area.	3.12	2.71	1.59	1.58	1.53	2.61	3.08	1.63	1.56	-1.67	2.95	2.91	1.49	1.62	0.09
16) Getting promoted at Company A is important to me.	2.32	2.00	1.58	1.57	1.18	2.13	2.18	1.53	1.61	-0.21	1.72	2.24	1.69	1.56	-1.32
17) I feel loyalty towards this firm.	3.86	2.80	1.41	1.47	4.42***	2.71	3.67	1.44	1.48	-3.74***	3.00	3.40	1.54	1.83	-1.11
18) I can influence management decisions that affect the work I do.	3.37	3.76	1.70	1.39	-1.52	3.70	3.49	1.50	1.60	0.76	3.91	3.50	1.13	1.62	1.42
19) Promotion at Company A is given on a fair basis.	4.27	4.08	1.40	1.50	0.76	4.08	4.23	1.49	1.43	-0.58	4.09	4.19	1.54	1.44	-0.28
20) I frequently get ideas about how to improve the way I do my job.	2.77	2.50	1.33	0.97	1.40	2.53	2.69	0.93	1.28	-0.87	2.42	2.67	1.07	1.19	-0.95
21) Morale is good here.	5.27	4.01	1.19	1.42	5.70***	4.18	4.90	1.43	1.40	-2.87**	3.61	4.83	1.35	1.39	-3.78***
22) It is worth complaining here.	3.96	2.82	1.60	1.73	4.11***	2.96	3.63	1.76	1.72	-2.08*	2.43	3.57	1.66	1.72	-2.89**
23) Management here are interested if I have an idea that might improve the way I do my job.	3.44	2.22	1.68	1.67	4.34***	1.98	3.29	1.67	1.66	-4.42***	2.77	2.86	1.57	1.82	-0.24
24) My job gives me freedom to get on with my work in my own way.	3.02	2.44	1.34	1.66	2.09	2.74	2.77	1.64	1.46	-0.12	1.91	2.91	1.60	1.46	-2.66**
25) The job I do has responsibility attached to it.	2.00	1.50	1.64	1.78	1.75	1.37	1.96	1.70	1.71	-1.97	1.81	1.75	1.96	1.69	0.14
26) If a problem comes up in my work area the workers there usually try and sort it out themselves.	2.48	2.22	1.21	1.18	1.29	2.04	2.52	1.09	1.22	-2.41*	2.66	2.30	1.27	1.18	1.20
27) Communications between workers and management are good here.	4.22	3.25	1.26	1.56	-4.09***	3.45	3.89	1.55	1.42	-1.64	2.77	3.91	1.41	1.42	-3.42***
28) It would take a lot for me to leave this firm.	3.95	2.52	1.39	1.79	5.35***	2.60	3.59	1.82	1.60	-3.23***	2.34	3.41	1.71	1.70	-2.65**

APPENDIX 8.5 Cont'd.

Six Point Scale	Assembly Vs Press/Weld and Sub-Assembly					Press/Weld Vs Assembly and Sub-Assembly					Sub-Assembly Vs Assembly and Press/Weld				
	Mean		SD		T Score	Mean		SD		T Score	Mean		SD		T Score
	Ass	Other	Ass	Other		PW	Other	PW	Other		Sub	Other	Sub	Other	
29) I am satisfied with management's explanations of other people's promotions.	4.28	3.94	1.23	1.38	1.56	3.95	4.20	1.44	1.24	-0.99	3.90	4.15	1.26	1.32	-0.83
30) I am not made to work too hard here.	2.49	1.90	1.50	1.34	2.47*	1.88	2.37	1.33	1.48	-2.01*	1.96	2.25	1.39	1.46	-0.88
31) It bothers me if I do not do my job well.	1.44	1.62	0.82	1.24	-1.03	1.35	1.62	0.80	1.15	-1.60	1.24	1.40	1.78	0.81	2.12*
32) The way I am supervised makes me like the work that I do.	3.27	3.72	1.77	1.88	-1.50	3.61	3.43	1.94	1.79	0.54	4.00	3.40	1.76	1.84	1.42
33) There is variety in my job.	2.75	2.36	1.64	1.81	1.34	2.37	2.66	1.77	1.71	-0.92	2.34	2.60	1.93	1.70	-0.58
34) The way I am managed at Company A is different to other companies I have worked for.	1.88	1.98	1.31	1.65	-4.32***	2.03	1.10	1.60	1.48	-3.37***	1.86	1.34	1.82	1.53	1.24
35) Company A gives its workers enough information about its present and future plans.	3.80	2.33	1.43	1.41	6.19***	2.52	3.88	1.34	1.64	-3.40***	1.91	3.29	1.51	1.52	-3.86***
36) The union here is good at taking up our individual grievances.	4.13	3.57	1.50	1.39	2.33*	3.95	3.81	1.35	1.53	0.60	2.66	4.08	1.06	1.44	-5.25***
37) The union here influences some of the management decisions that affect the work I do.	4.28	3.75	1.45	1.17	2.40*	3.81	4.13	1.33	1.44	-1.46	3.61	4.09	1.28	1.35	-1.57
38) I feel loyalty towards the union here.	4.09	3.71	1.52	1.60	1.41	3.95	3.86	1.67	1.51	0.33	3.14	4.03	1.27	1.58	-2.83**
39) Having a "No Strike" agreement at Company A does not weaken the union.	3.36	2.76	1.42	1.71	2.27*	2.90	3.15	1.66	1.56	-0.87	2.43	3.18	1.83	1.53	-1.76
40) The union here is not too co-operative with management.	3.57	2.78	1.28	1.55	3.31***	3.11	3.22	1.53	1.44	-0.42	2.00	3.38	1.34	1.39	-4.32***

N = 144

* P = < .05   Five point scale 1 = Strongly Agree 5 = Strongly Disagree
** P = < .01   Six point scale 1 = Agree Very Strongly 6 = Disagree Very Strongly
*** P = < .001

EXPECTATIONS OF THE UNION AT COMPANY B

	Mean Score	Overall Rank Ordered Position	Number of Respondents Expressing Item as an Expectation of the Union %	Item Expressed as a First or Second Rank Ordered Choice	
				%	%
				1	2
I expect the Union to concentrate on:					
Increasing my wages	18.8	1	82.8	24.4	24.4
Giving me job security	35.3	2	65.5	20.9	24.4
Improving working conditions	65.7	3	34.5	10.3	0.0
Giving me an opportunity to participate in making some of the decisions that affect how the company is run	92.4	6	6.9	0.0	0.0
Working with management to try and find solutions to problems	92.3	5	6.9	0.0	3.4
Not letting management gain any advantage over the workforce	72.4	4	27.6	3.4	3.4
Something else	95.7	7	3.4	0.0	0.0

N = 30

To calculate the mean scores the rank scores allocated by each respondent to each item were added together. These were then divided by the number of respondents. (Where a respondent identified one or more reasons for joining, but did not rank order them, an average rank score was calculated for each reason cited).

T -TESTS : THOSE EMPLOYED AT COMPANY B WHEN IT FIRST COMMENCED PRODUCTION Vs THOSE SUBSEQUENTLY EMPLOYED

	Mean		SD		T - SCORE
Five Point Scale	Original Employees N = 18	Subsequent Employees N = 31	Original Employees N = 18	Subsequent Employees N = 31	
1) Co-operation in firms is impossible because workers and management are really on different sides.	2.38	2.53	1.14	1.19	0.42
2) Managers always try and get the better of workers.	1.94	2.76	0.80	1.19	2.85**
3) Managers do not always know what is best for a firm.	1.50	1.67	1.15	1.12	0.49
4) It is not easy to be loyal to both your union and management.	1.73	1.90	1.17	1.06	0.52
5) Workers must have some say in management decisions that affect the work they do.	1.66	1.73	1.13	0.82	0.22
6) Unions should always try and co-operate with management.	2.88	3.13	1.02	1.13	0.77
7) Unions are a good thing.	2.22	2.38	1.14	1.11	0.50
8) People need a union to protect their interests at work.	2.16	2.35	1.24	0.98	0.55
9) Single unionism at a company does not weaken the workforce.	3.38	2.83	1.14	1.03	-1.68*
10) There should be some other way to resolve disputes other than going on strike.	2.77	2.32	1.30	1.01	-1.27
11) Striking can benefit workers.	1.39	1.49	1.33	1.23	0.25
Six Point Scale					
12) This firm is good to its workers.	3.55	3.19	1.50	1.30	-0.85*
13) I am very satisfied with my job.	3.50	3.29	1.50	1.41	-0.48
14) This is a friendly place to work.	2.77	3.29	1.62	1.63	1.06
15) There is a good team spirit in my work area.	2.61	3.29	1.57	1.71	1.41
16) Getting promoted at Company B is important to me.	2.89	2.33	1.57	1.71	1.41
17) I felt loyalty towards this firm.	3.50	3.35	1.79	1.30	-0.30
18) I can influence management decisions that affect the work I do.	4.12	3.17	1.36	1.71	-2.13*
19) Promotion at Company B is given on a fair basis.	4.42	3.58	1.62	1.02	-1.51
20) I frequently get ideas about how to improve the way I do my job.	2.55	2.58	1.14	1.23	0.07
21) Morale is good here.	4.27	3.80	1.83	1.43	-1.01
22) It is worth complaining here.	3.06	2.97	1.66	1.92	-0.17
23) Management here are interested if I have an idea that might improve the way I do my job.	2.89	1.88	1.74	1.70	-1.98
24) Communications between workers and their line leaders and supervisors are good here.	3.00	2.65	1.32	1.56	-0.84
25) The job I do has responsibility attached to it.	1.56	1.65	1.88	1.56	0.17

	Mean		SD		T - SCORE
Six Point Scale	Original Employees N = 18	Subsequent Employees N = 31	Original Employees N = 18	Subsequent Employees N = 31	
26) If a problem comes up in my work area the workers there usually try and sort it out themselves.	3.16	2.45	1.50	1.02	-1.79
27) Communications between workers and management are good here.	3.00	2.65	1.32	1.56	-0.84
28) It would take a lot for me to leave this firm.	3.62	3.20	1.50	1.62	-0.91
29) I am satisfied with management's explanations of other people's promotions.	3.61	3.74	1.53	1.23	0.31
30) I am not made to work too hard here.	2.89	2.71	1.67	1.71	-0.36
31) It bothers me if I do not do my job well.	1.28	1.17	1.70	1.55	-0.24
32) The way I am supervised makes me like the work that I do.	2.28	1.39	1.67	1.28	-1.95*
33) There is variety in my job.	3.00	2.71	1.67	1.71	0.62
34) The way I am managed at Company B is different to other companies I have worked at.	1.76	1.17	1.44	1.60	0.36
35) Company B gives its workers enough information about its present and future plans.	2.62	1.94	1.91	1.43	-1.30
36) The union here is good at taking up our individual grievances.	4.72	4.23	1.27	1.71	-1.13
37) The union here influences some of the management decisions that affect the work I do.	4.38	4.23	1.24	1.16	-0.43
38) I feel loyalty towards the union here.	4.55	4.83	1.58	1.31	0.63
39) Having a "No Strike" agreement at Company B does not weaken the union.	4.94	4.06	1.30	1.87	1.91*
40) The union here is not too co-operative with management.	4.05	3.10	1.76	1.95	-1.74*

N = 49

To ease statistical analysis some of these questions and their scores are presented reversed. See Table 9.2 for an explanation of this procedure.

    * P = < .05
   ** P = < .01
  *** P = < .001

Five point scale 1 = Strongly Agree 5 = Strongly Disagree
Six point scale 1 = Agree Very Strongly 6 = Disagree Very Strongly

APPENDIX 9.3

<u>T -TESTS ; RESPONDENTS CONSIDER WAGES FAIR/UNFAIR AT COMPANY B</u>

	Mean		SD		T - SCORE
Five Point Scale	Fair N = 27	Unfair N = 28	Fair N = 27	Unfair N = 28	
1) Co-operation in firms is impossible because workers and management are really on different sides.	2.77	2.07	1.05	1.10	-2.40*
2) Managers always try and get the better of workers.	2.74	1.96	1.01	1.09	-2.70**
3) Managers do not always know what is best for a firm.	1.78	1.41	1.05	1.11	-1.25
4) It is not easy to be loyal to both your union and management.	2.12	1.52	1.18	0.84	-2.11*
5) Workers must have some say in management decisions that affect the work they do.	1.74	1.62	0.94	0.88	-0.45
6) Unions should always try and co-operate with management.	2.66	3.18	1.03	1.14	1.74
7) Unions are a good thing.	2.22	2.46	1.01	1.29	0.78
8) People need a union to protect their interests at work.	2.29	2.14	1.10	1.00	-0.54
9) Single unionism at a company does not weaken the workforce.	2.81	3.28	1.07	1.08	1.62
10) There should be some other way to resolve disputes other than going on strike.	2.29	2.53	1.13	1.10	0.79
11) Striking can benefit workers.	1.63	1.33	1.27	1.27	-0.89
Six Point Scale					
12) This firm is good to its workers.	2.92	3.78	1.10	1.44	2.48*
13) I am very satisfied with my job.	3.03	3.67	1.28	1.49	1.71
14) This is a friendly place to work.	2.59	3.50	1.27	1.77	2.18*
15) There is a good team spirit in my work area.	2.81	3.28	1.57	1.63	1.09
16) Getting promoted at Company B is important to me.	1.97	3.08	1.67	1.69	2.44*
17) I felt loyalty towards this firm.	3.11	3.67	1.28	1.56	1.47
18) I can influence management decisions that affect the work I do.	3.93	3.15	1.38	1.71	1.87
19) Promotion at Company B is given on a fair basis.	3.66	4.07	1.30	1.24	1.18
20) I frequently get ideas about how to improve the way I do my job.	2.66	2.85	1.29	1.38	0.53
21) Morale is good here.	2.56	1.25	1.42	1.29	-3.55***
22) It is worth complaining here.	2.86	2.97	1.13	1.30	0.19
23) Management here are interested if I have an idea that might improve the way I do my job.	1.86	2.68	1.65	1.72	1.81*
24) Communications between workers and their line leaders and supervisors are good here.	2.49	2.11	0.84	1.59	-1.09
25) The job I do has responsibility attached to it.	1.15	2.18	1.35	1.96	2.27*

Six Point Scale	Mean		SD		T - SCORE
	Fair N = 27	Unfair N = 28	Fair N = 27	Unfair N = 28	
26) If a problem comes up in my work area the workers there usually try and sort it out themselves.	3.26	3.33	1.13	1.30	0.19
27) Communications between workers and management are good here.	2.52	3.33	1.45	1.38	2.09*
28) It would take a lot for me to leave this firm.	2.82	3.79	1.57	1.39	2.42*
29) I am satisfied with management's explanations of other people's promotions.	3.51	3.89	0.84	1.59	1.09
30) I am not made to work too hard here.	2.26	3.25	1.48	1.60	2.38*
31) It bothers me if I do not do my job well.	1.67	1.65	1.10	1.74	-2.48*
32) The way I am supervised makes me like the work that I do.	1.79	1.75	1.50	1.52	0.11
33) There is variety in my job.	2.71	3.11	1.75	1.66	0.88
34) The way I am managed at Company B is different to other companies I have worked at.	2.17	0.90	1.34	1.51	-2.90*
35) Company B gives its workers enough information about its present and future plans.	1.56	2.38	1.34	1.67	2.75*
36) The union here is good at taking up our individual grievances.	4.73	4.25	1.21	1.73	-1.19
37) The union here influences some of the management decisions that affect the work I do.	4.46	4.28	1.40	1.27	-0.54
38) I feel loyalty towards the union here.	4.80	4.64	1.35	1.47	-0.43
39) Having a "No Strike" agreement at Company B does not weaken the union.	4.11	4.75	1.65	1.62	1.42
40) The union here is not too co-operative with management.	3.57	3.39	1.79	2.02	-0.35

N = 55

To ease statistical analysis some of these questions and their scores are presented reversed. See Table 9.2 for an explanation of this procedure.

  * P = < .05
 ** P = < .01
*** P = < .001

Five point scale 1 = Strongly Agree 5 = Strongly Disagree
Six point scale 1 = Agree Very Strongly 6 = Disagree Very Strongly

APPENDIX 9.4

REASONS FOR NON-MEMBERSHIP OF THE UNION AT COMPANY B

	Mean Score (1-99)	Overall Rank Ordered Position	Item Expressed as a Reason for not Joining the Union %	Item Expressed as a First, Second or Third Rank Ordered Choice		
				% 1	% 2	% 3
I have not joined the Union at Company B because:						
I have just never got around to joining	91.1	8	8	8	0	0
I would prefer to take care of myself	68.4	2	32	0	8	12
It might damage my career prospects	95.1	9	4	0	4	0
I'm already a member of another Union	87.4	6	12	4	4	0
I disagree with the ideas of Unions	76.3	4	24	4	0	4
I wanted to join another Union	79.9	5	20	0	12	0
If management are doing their job correctly there's no need for a Union	87.7	7	16	4	0	4
The EETPU is not a member of the TUC	76.1	3	24	12	0	0
Some other reason	37.6	1	62	33.3	0	8.3

N = 25

To calculate the mean scores the rank scores allocated by each respondent to each item were added together. These were then divided by the number of respondents. (Where a respondent identified one or more reasons for joining, but did not rank order them, an average rank score was calculated for each reason cited).