THE ‘JAPANIZATION’ DEBATE FROM 1980 TO 2000: A BRIEF HISTORICAL REVIEW

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Abstract

The industrial success of Japan in the latter half of the twentieth century led to great interest in the Japanese management model and its associated concepts such as kaizen, JIT, and saitei. When Japanese companies began expanding into the United States, the United Kingdom, and other Western countries, a debate ensued about whether the Japanese management model could be successfully transferred to Western firms. This transference was often termed the Japanization of the West. The debate was at its prime from 1980 to 2000. After outlining the key features of the Japanese model, this paper reviews relevant literature from the period to determine the prominent positions and arguments presented in the debate. The paper concludes by identifying several main themes reflected in the controversy and questioning the usefulness of the blanket term Japanization in examining the transference of the Japanese model to the West.

Keywords: Japanization, management models, literature review

1. INTRODUCTION

The rise of Japanese industry starting in the 1950s led to increasing global interest in Japanese management concepts and methods. As large Japanese companies became increasingly competitive with Western firms and began to spread Westward, interest in the so-called Japanese miracle became intense during the final decades of the last century (Tsutsui, 1998). During the period 1980 to 2000, a significant question on the minds of researchers and managers was whether the Japanese management model could be transferred successfully to Western countries (a transfer often termed Japanization).

This paper focuses on the Japanization controversy during that period. Some argued that the Japanese model could be successfully transferred to Western firms, resulting in significant performance increases. On the other side, proponents claimed that while the Japanese model may have worked well in Japan, it had certain features that made it inappropriate for transference to Western organizations. Some questioned whether the term Japanization was even helpful for discussing the transfer of the

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Japanese model. Both sides of the discussion brought forward empirical evidence to support their position. This paper reviews literature from the period that presents arguments from each side.

The remainder of the paper has four sections. The first explains the Japanese management model that powered the dialogue. The second focuses on the debate concerning Japanization. The third reports empirical evidence supporting various positions on the transferability of the Japanese management model. The fourth section concludes by identifying key themes reflected in the debate.

2. THE JAPANESE MANAGEMENT MODEL

In its inception, the Japanese management model was strongly influenced by William Edwards Deming’s Total Quality Management (TQM) principles. TQM has been defined as a system that enables engineering, production, marketing, and service to achieve total customer satisfaction while striving for the most economical processes (Feigenbaum, 1983). Regarding production, TQM had four main stages: Plan, Do, Check, and Act. Large companies in Japan adopted the outlines of this cycle but extended it to include elements reflective of the Japanese context. Whereas TQM emphasizes fulfilling customer satisfaction by improving quality, the focus of the Japanese management paradigm was on all aspects of the production process. A central feature of the Japanese model was termed kai-zen, a focus on making continuing minor, gradual improvements to approach perfection. Workers were expected to contribute to the task by eliminating waste and upgrading processes gradually and continuously (Robertson et al., 1992). Accordingly, employees gathered in small groups—quality circles—to provide their ideas for improving processes (Oliver and Wilkinson, 1992). The establishment of quality circles was based on recognizing that workers who deal with a specific task may be the best persons to determine changes that could increase the efficiency of performing the task.

A second central aspect of the Japanese model is timing and inventory. The model included the concept of just-in-time (JIT), which referred to timing so that (a) the production of items was well-matched with customer demand (Schonberger, 1982) and (b) inventory of raw materials and components used to produce finished items was kept at a minimum. JIT required suppliers to agree to provide, in a timely way, sufficient materials to assure continuous production (Roper, 1997). The JIT model, allied with TQC, implied that supplier deliveries and produced items are defect-free and made just when needed (Wilkinson, 1990). This aspect of the Japanese model was mainly reflected by the Japanese automaker Toyota, with the term Toyotism or Toyotaism becoming synonymous with JIT (Delbridge, 1998). The practices encompassed by JIT gave birth to lean production, a term developed at the International Motor Vehicle Program centered at the Massachusetts Institute of Technology (MIT). Lean production is a set of manufacturing principles that constantly improve all company processes, introduce zero waste, and zero defects (Womack et al., 1990). Lean production was contrasted with mass production, which was an outgrowth of the manufacturing philosophy of Fordism. Mass production was characterized by unskilled or semiskilled workers who produced standardized products, using expensive machines that required extra resources to consider possible disruption (Womack et al., 1990).
A third central element of the Japanese model was the organization of labor and work practices. Teams of workers were responsible for producing the items to be used by the next team. The first team considered the next team to be its functional customer and produced according to the next team’s demands. This process was in contrast to manufacturing according to a master plan (Wilkinson, 1990). Work arrangements also involved worker flexibility and learning by doing, which contrasts with the Fordist mass manufacturing system that relied on assembly lines with workers performing one or a few simple tasks (Kenney & Florida, 1988).

A fourth feature of the Japanese model consisted of labor relations practices. Large companies in Japan adhered to three basic guidelines: lifetime employment for workers, seniority systems of pay and promotion (termed the satei system), and enterprise unions (Dohse et al., 1988). These practices were held to encourage workers to view themselves as an integral part of the company and promote their dedication and loyalty to the firm. Though present in large Japanese firms, the three features of labor relations were typically provided only to full-time, core employees and often were not present in smaller firms (Inagami, 1996; Morris and Wilkinson, 1998).

The success of the Japanese management model in Japan raised the possibility that its various aspects could be adopted in other countries to improve production. Prime initial regions for Japanese firms to locate their manufacturing facilities were the United States, the United Kingdom, and other European nations, where Japanese management practices were seen as a remedy for decreasing competitiveness. At the time, Japanese firms interested in entering Western markets were facing trade concerns from the United States and protectionist risks from European countries. Wanting to maintain and increase market share, they saw foreign expansion as a solution, with Japanese plants supplying inexpensive but high-quality components to be assembled overseas (Elger & Smith, 1994). In the United States, Japanese direct investment (JDI) was adopted under the belief that it would generate job growth, help to establish competitive factories, and introduce human resource techniques and labor relations policies that had aided Japan’s economic success (Milkman, 1992). In Britain, it was believed that JDI and the transfer of the Japanese management model would help solve the problems of uncompetitiveness and outdated management–worker relations (Stewart, 1998).

Accordingly, in the last decades of the twentieth century, the management principle of kaizen was starting to be exported to the West. According to Kolm (1985), by embodying a belief in the possibility of continuous improvement, kaizen marked a departure from the typical objectives of Western factories: “A Western factory normally sets itself a quality goal—for example, 95%—and it is satisfied if it arrives at that goal” (p. 237). A prime management principle of large Japanese companies, in contrast, was the assumption that improvement of any company process is always possible and that the constant goal should be perfection. Thus: “The Japanese producer is a devotee of maximization, not of ‘satisficing’” (Kolm, 1985, p. 237).


Some commentators during the period 1980-2000 spoke enthusiastically of transferring the Japanese model to Western manufacturing firms. Two of these were
Kenney and Florida (1988). They held that the Japanese management model was at the focus of a process of technological and economic restructuring that would have significant effects on the future of the international economy and particular nations and the roles and welfare of workers. They viewed the dissemination of the Japanese system as a new phase of the development of capitalism. The difficulty, according to them, lay in attempting to superimpose these innovative worker processes on Western Fordist industries (Kenney & Florida, 1988).

In their influential book *The Machine that Changed the World*, Womack et al. (1990) agreed with Kennedy and Florida (1988), maintaining that Japanese-inspired lean production was the future of manufacturing. The researchers stated that the model was a marriage of mass and craft production. Contrary to mass production, lean production called for workers with more skills and increased opportunities for team-based creativity.

Authors of another influential book, *The U.S. Auto Manufacturing Industry* (Fine et al., 1996), a product of the MIT International Motor Vehicle Program, had a positive evaluation of the transfer of JIT and lean production to the West. The authors spoke glowingly of several factories that had adopted Japanese-inspired management practices. These included CAMI, a Canadian joint venture between U.S.-based General Motors and Japanese Suzuki, which combined conveyor-based assembly with post-Fordist technical and operational features. New United Motor Manufacturing Inc. (NUMMI) in California, jointly owned by U.S.-based General Motors and the Toyota Motor Corporation, was reported to double the productivity of the old plant and reduce worker absenteeism by 90 percent. Fine et al. (1996) also pointed to the Opel automobile plant in Eisenbach, Germany, as a successful venture into using Japanese-inspired management principles, with the Opel already competitive with imported Japanese cars.

Others who spoke positively of Kaizen technology included Cheser (1998), who held that the movement of manufacturing from traditional methods to kaizen had resulted in substantial productivity gains in the United States. Webb and Bryant (1993) claimed that for U.S firms to regain their competitive edge, they needed to stop mainly relying on technological breakthroughs and innovation instead of becoming process-oriented rather than results-oriented. This meant that they needed, in a word, to embrace kaizen technology with its insistence on slight continuous improvement, statistical quality control techniques, and its claim that all of a firm’s employees can contribute to both quality and productivity improvements. Webb and Bryant argued that even innovations must be made subject to kaizen methodologies. Any innovative system is subject to entropy and must employ a continuous system of improvements to maintain and improve the system.

On the other side of the debate, Elger and Smith (1994) claimed that transferring the Japanese management system to Western countries was a difficult proposition. One problem was that Western firms would need to learn radical new calculation and management intervention forms. Possibly a stronger drawback was the prospect of implementing the Japanese model of labor relations. Elger and Smith held that Western companies would need to do more than change their production process to follow the Japanese system. They would also need to learn a new type of management in which employees were encouraged to contribute to the design of the production
function. Moreover, workers in a Western firm incorporating the Japanese labor relations system would have to agree to kaizen, which would require a committed and tractable workforce. Elger and Smith maintained, however, that management in the majority of Western firms was incapable of instituting the necessary degree of agreement and commitment because the Japanese system of employee rewards and punishments would be unacceptable to employees in most Western firms.

Price (1997) addressed Kenney and Florida’s (1988) positive views by maintaining that workers in Fordist manufacturing plants would find it problematic to move away from established mass production processes while also giving up the relatively independent exercise of their views in the workplace. Price held that Kenney and Florida’s attempt to develop an objective theory of the Japanese production system amounted to a view of economic determinism that would define the future of capitalism but that they had misunderstood the nature of Fordism. While Price admitted that the lean production system might proliferate globally, Japanese working arrangements would not be exported so easily. If it could permeate firms globally, “the future will be grim indeed” (p. 260).

Dohse et al. (1985) did not perceive the Japanese system as an alternative to Fordism. Still, they held that the system practiced the same organizational principles as Fordism but with increased management control mechanisms. The authors maintained that the work was organized according to Western principles, but with more significant pressure being exerted on individual workers, which they held was the critical element that makes the Japanese system work as well as it does. Furthermore, the Japanese model of industrial relations could not be seen as a participatory model since the alleged participation occurred in a controlled context in which the topics, goals, and forms of expression are only for company interests.

The debate was complicated by various commentators questioning the meaning and use of Japanization. According to Oliver and Wilkinson (1997), the concept of Japanization was valuable by providing a focus with which to consider the change in industrial Britain and by stimulating a fruitful debate about workplace organization, management systems, economic structures, and the relations between organizations. This has led to questioning and rethinking perspectives on such issues.

In contrast, some had misgivings about the use of the term. Elger and Smith (1994) maintained that the word Japanization should be used with caution because different researchers treated the concept differently. One approach - Japanization considered a whole package - involved focusing on the degree to which all of the different elements, including manufacturing methods, work organization, and personnel and employment relations, had been incorporated in Western companies. Another approach - dual Japanization—divided Japanization into core and peripheral types of management, in which overseas companies were typically viewed as embodying a diluted form of Japanese management practices. A third way to consider Japanization in the West was disaggregated Japanization, which treated the export of Japanese management methods as varying according to different local conditions and industrial sectors. At the same time, model export could also be considered disaggregated because more basic assembly processes were relegated to overseas operations. In contrast,
the high-value assembly of components remains in Japan.

Others questioned the value of using the term *Japanization* when attempting to understand Japanese direct investment in Britain (e.g., Stewart, 1998). Procter and Ackroyd (1998) argued that the emphasis by researchers on the Japanization of British industry had led to a misunderstanding of how British manufacturing had been developing. Graham (1988) criticized *Japanization* as concealing the circumstance that companies adopted Japanese methods on a piecemeal basis. Other researchers finding that British firms only adopted parts of the Japanese model included Elger and Smith (1998) and Delbridge (1998).

4. **EMPIRICAL EVIDENCE**

Empirical evidence brought to bear to support each side of the debate was mixed. To help gauge the effect on employees of kaizen implementation in U.S. factories, Cheser (1998) surveyed 236 nonsupervisory production employees from three U.S. manufacturing firms in diverse industries and regions. The companies all had incorporated kaizen principles for several years. This study sought to determine how various employee characteristics were related to the implementation of kaizen on their shop floor. Using the Job Diagnostics Survey and the Job Characteristics Model, Cheser found that kaizen implementation was associated with increased internal motivation, job enrichment, and strength of growth needs among the surveyed employees.

Also, on the positive side of the debate, Milkman (1992) provided evidence from the NUMMI auto plant in California that Japanese lean production was compatible with unionized U.S. labor. Agreeing with some of the findings that would later be reported by Fine et al. (1996), Milkman also reported that productivity and quality at the plant were high and that workers on flexible teams with rotating jobs were involved in improving the processes of production. However, in Japanese non-automobile plants in California with at least 100 employees, Milkman (1992) found that the plants did not conform to the Japanese management principle of lean production with significant worker participation. The plants hired managers trained in the United States, employed standard U.S. human resource techniques, and did not differ significantly from non-Japanese nonunion plants in California.

Parker and Slaughter (1994) disagreed with Milkman’s (1992) evaluation of NUMMI, claiming that workers there were subjected to exploitation by management. Earlier, Parker and Slaughter (1988) had launched destructive criticisms of NUMMI and other Japanese-owned and managed plants in the United States as involving “management by stress.” They claimed that although NUMMI was ranked very highly in terms of the quality of the vehicles manufactured, the company had achieved these gains through exercising control of workers in the production line that was far greater than what was common in other U.S. auto plants. This regimentation included breaking work procedures down to straightforward actions, extremely tight specifications and monitoring of work procedures, and using a skeleton workforce without replacements for absentees, all of which kept workers intensely at their jobs without a moment or two to relax and without the safeguards of overwork that are typically written into United Auto Worker contracts.
According to Rinehart et al. (1997), the imported Japanese management system at CAMI, which Fine et al. (1996) held exemplary, was just as authoritarian as traditional U.S. management. Rinehart and associates found that worker commitment was low, suggesting that the lean management method could be effective without committed workers as long as they performed their tasks competently. Even though lean production was associated with having teams, most technical operations at CAMI were conducted without teams, and there was little unification of mental and manual labor. Kaizen was emphasized to reduce cost but not concerning safety or more interesting jobs. The challenging work and multiskilled workers called for by lean production theory were not evident in the CAMI plant, where opportunities for skills development were few. While vehicles were made by teams headed by a team leader, there was no significant contrast between lean and mass production. The researchers concluded that the CAMI facility was not much different from traditional auto manufacturing plants (Rinehart et al., 1997).

Palmer (1996) researched three non-unionized Japanese manufacturing plants in the West Midlands in Britain. The first company, Speed, was found to have excellent product quality but dealt with many unexpected results of worker actions. At a second firm, Copy Company, tension arose concerning personnel practices, resulting in policy revisions. The third company, CommuniCo, had many instances of the workforce not complying with the intended patterns of motivation and discipline. None of the three companies were seen to emphasize workers’ understanding of the production system, which was supposed to be a vital feature of the Japanese model. Palmer (1996) concluded that Japanese manufacturing companies in Britain had not resolved the problem of worker resistance, which indicated that elements of the Japanese model sometimes did not work in the British context.

Delbridge (1998) studied shop-floor life in a Japanese-owned consumer electronics plant in Britain that supposedly followed the Japanese model concerning industrial relations and found that the model’s claimed workplace empowerment was not present. He found that shop-floor life in the firms was exceedingly routine and challenging. He suggested that for sufficiently mature technologies where significant improvements cannot be expected, such as consumer electronics, worker involvement in planning is held to a minimum in the Japanese system.

Wood (1991) examined to what extent the Japanese models of JIT (which he termed Toyotism) and of employee relations systems (termed Japanization) were being used in the British auto industry. He found that whereas JIT had become a mainstay for British auto management, the only evidence that Japanese employee relations principles regarding supervision, training, assessment and pay had penetrated the industry was with the U.K. Japanese Nissan plant. Wood concluded that both concepts—Toyotism and Japanization—were limited in their application.

A study of 31 Japanese-owned companies in the Dusseldorf region was conducted in Germany. Japanese and German managers and German workers were interviewed to learn about contrasts in culture and management style the employees encountered in their job experiences (Lincoln et al., 1995). The researchers found cultural disparities and language issues that sometimes caused friction between German workers and managers on the one hand and Japanese managers on the other. Most of the
obstacles to smooth relations between representatives of each nationality were related to differences in organizational practices rather than culture. The habits included contrasts between top-down (German) and consensus (Japanese) decision making, the Japanese emphasis on generalist job roles versus German specialist roles, and frictions regarding Japanese reluctance to provide detailed appraisals of employees. The researchers reported that the companies examined did not appear to be suffering from internal issues. They attributed this not to incorporating the Japanese model but to the skill and professionalism of the employees of the companies.

Notably, little was said about transferring to the West the labor relations aspect of the Japanese management model. An exception was Dohse et al. (1985). They claimed that the Japanese system of lifelong employment and the elimination of the relationship between work requirements and wages required competition among Japanese workers and reliance on subjective evaluation by supervisors. These features limited this aspect of the Japanese system in the West, where employment security had to be assured without the model’s disciplinary features. As a result of such considerations, Dohse et al. (1985) held that the Japanese system was not stable in its transfer to Western countries.

Transference of the main elements of Japanese labor relations to Western firms may have been problematic because, more than any other element of the Japanese management model, these features, especially lifetime employment and the satei system, seemed dependent on Japanese culture. Anderson and Yoshimura (1997) argued the importance of understanding the Japanese social system in comprehending how the company works in Japan. From early on, the Japanese male is taught to conform to group norms and is inculcated with the social qualities that would enable him to secure an excellent job in a Japanese company. Workers in the West are socialized differently. For instance, Americans tend to consider individuality a critical value and may be at odds with the idea of conformity (Anderson & Yoshimura, 1997). Such differences suggested that transferring the Japanese form of employee relations to the West faced obstacles. Endo (1994) explained that the satei system constituted a social problem even in Japan. The system led to a very competitive landscape. Workers were strongly encouraged to press management with their zeal for their job by working overtime, not taking vacation time, and attending unpaid meetings during their leisure time. These practices significantly decreased worker leisure time, which negatively impacted the workers and their families and, in extreme cases, resulted in death from overwork. According to Endo (op. cit.), by increasing obedience to management, satei also infringed on workers’ legal rights.

5. CONCLUSIONS

A few conclusions may be drawn from this review of some main contributions to the Japanization debate during the last two decades of the twentieth century. First, it seems evident that there was general agreement that implementing Japanese management principles in Western plants led to increased quality and productivity. Second, criticisms of the implementations mainly concerned the supposition that the Japanese model provided advantages for workers not present in plants geared to Fordist production. Some commentators complained that the degree to which workers were empowered was much less than claimed. Critics
maintained that the new arrangements allowed management to control workers more thoroughly. At least in some cases, working conditions were more demanding and oppressive than they had been in older assembly-line plants. In sum, positive voices in the debate mostly cited those Japanese model aspects embodied by kaizen and JIT. Negative voices generally talked about the model’s portrayal of labor organization and work practices. This difference gives evidence for the views of researchers who took issue with the blanket use of the term Japanization.

Given that the Japanese model had four significant aspects, the issue in question seems not to have been about the Japanization of the West. It was not about whether the entire Japanese management model could be exported to the West successfully. Instead, the issue seems to have been more about to what degree any of the four main aspects of the model could be successfully transferred to Western firms. Given the literature reviewed, tentative answers are “Yes” to kaizen and JIT, “No” to the satei system, and “It depends on the product being manufactured, the age of the required technology, and likely other variables” concerning the model’s stipulations about worker organization and work practices.

REFERENCES


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**DEBATA O “JAPANIZACIJI” OD 1980. DO 2000.: KRATKI POVIJESNI PREGLED**

**Sažetak**

Industrijski uspjeh Japana u drugoj polovini XX. stoljeća doveo je do značajnog interesa za japanski model menadžmenta i povezane koncepte, kao što su kaizen, Just-In-Time (JIT) i sa-tei. Kada su se japanska poduzeća počela širiti u Sjedinjene Države, Veliku Britaniju i druge zapadne zemlje, pokrenula se rasprava o tome može li se japanski model menadžmenta uspiješno prenijeti u zapadna poduzeća, a što se često nazivalo “Japanizacijom”. Ova je rasprava bila na svom vrhuncu od 1980. do 2000. godine. Nakon definiranja ključnih obilježja japanskog modela, u ovom se radu izlaže pregled odgovarajuće literature iz navedenog perioda, kako bi se odredile ključne pozicije i argumenti, izneseni u raspravi. U zaključku rada se identificiraju temeljne teme, koje se odnose na kontroverze i upitnu korisnost pojam „Japanizacije” u istraživanju prenosivosti japanskog modela u zapadne zemlje.

**Ključne riječi:** „Japanizacija”, menadžerski modeli, pregled literature