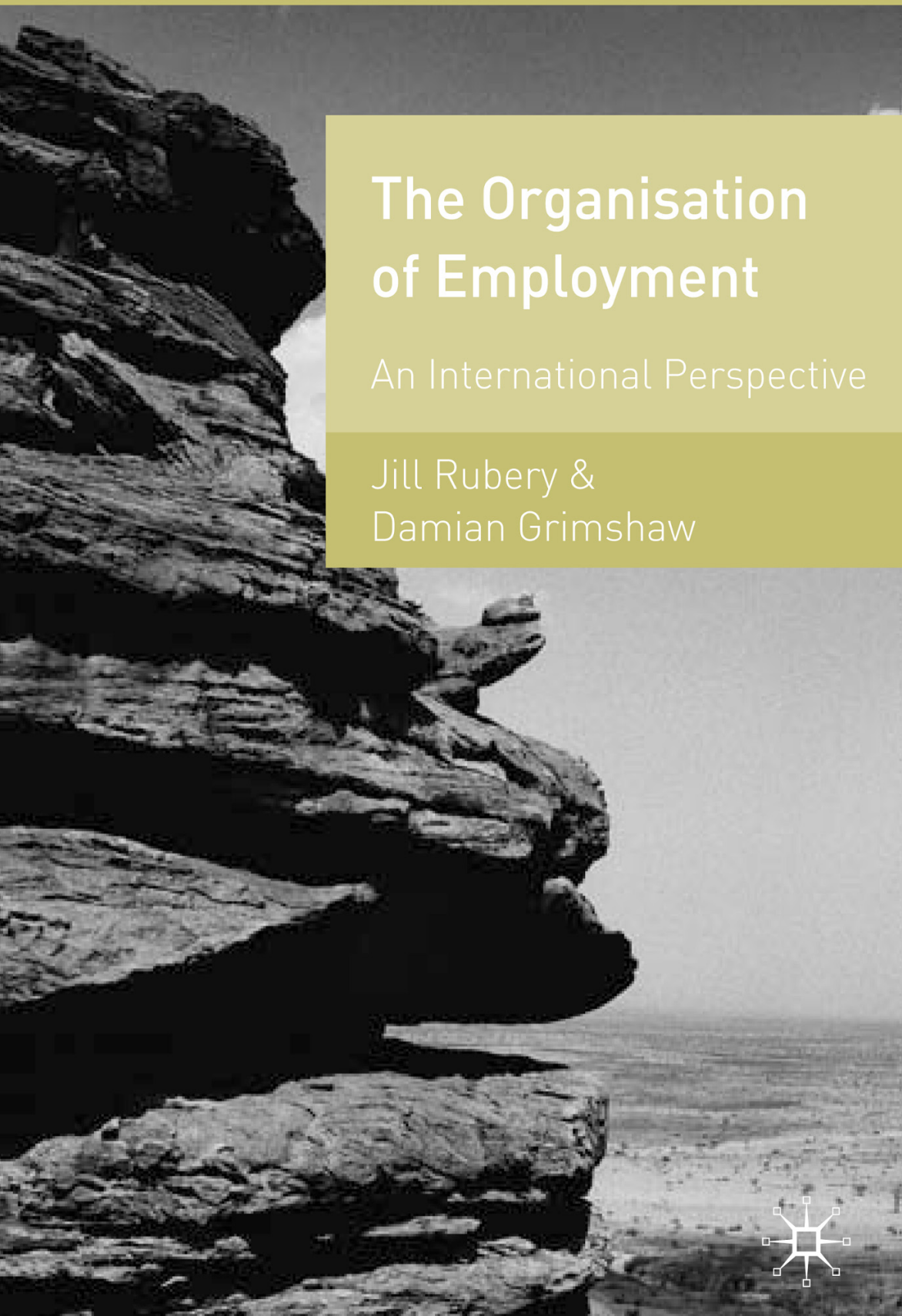
MANAGEMENT, WORK & ORGANISATIONS

The Organisation of Employment

An International Perspective

Jill Rubery &
Damian Grimshaw



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Abbreviations

CEC	Commission of the European Communities
ETUC	European Trades Union Confederation
EU	European Union
GDP	Gross domestic product
ILM	Internal labour market
ILO	International Labour Organization
IMF	International Monetary Fund
JAM	Job classification, adversarial relations and minimal training
MNC	Multinational corporation
NAFTA	North Atlantic Free Trade Association
OECD	Organization for Economic Cooperation and Development
OLM	Occupational labour market
SET	Security, employee involvement and training
UNICE	Union of Industrial and Employers' Confederations of Europe

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Preface

This book explores the organization of employment from an international perspective, taking as our main field of vision advanced countries, as defined by membership of the OECD. There are three main reasons for taking an international approach to a book on employment and labour markets.

The first relates to our intellectual background and perspective. We take labour markets to be social constructs, shaped and influenced by institutions and by social actors. Comparison of labour markets among nation states, where the institutional arrangements, the social conditions, the forms of economic organization and the role and attitudes of social actors all vary, provides a very rich field for developing these concepts and alerting students to the variety of ways in which employment can be and is organized. Our exploration of these forms of diversity is primarily focused on comparison between nation states. It is at this level that many of the important institutions and social arrangements that impact on employment are constituted, from the welfare state, the education and training system to the legal system. The purpose is not, however, simply to describe different institutional arrangements but to understand how these lock together to generate a particular societal logic or path of development, and to impart different meanings and significance to apparently similar employment policies and practices in different nations or social environments. While we take the nation state as the starting point for our comparative analyses, we are conscious that national employment systems should not be seen as stand-alone entities but analyzed as part of the increasingly integrated world economic system. The objective is therefore not to provide a static and stylized account of comparative employment systems, but to identify the dynamics of change at both the national and the more global levels.

The second reason for writing this text is to expand the scope of texts available for courses on international aspects of employment, by bringing together literatures from a range of social science disciplines that are rarely integrated into one text. Our particular frustration in this regard has been with the subject of international

human resource management; texts in this area often define their topic very narrowly, focusing on the management of employment — and primarily managerial employment — within multinationals. The issue of diversity in employment systems is neatly dealt with by the rather abstract but contentious notion of differences in national culture, which absolves students and textbook writers alike from being required to know too much about the actual social and institutional context in which the subsidiaries of multinationals are located. This institution-free approach to human resource management cannot be justified in the light of the now prolific literature on diversity in employment systems. Comparative texts tend to fall into two categories: either they provide a series of single country studies, leaving it up to students to do the hard work of comparison, or they take a relatively narrow focus such as the industrial relations system or the training system. The task of integrating information provided by either topic or country is, for many university courses, particularly those like ours based on a single semester, too ambitious. Our own students have had to struggle with this task for several years. In many ways this was no bad thing; it encouraged the students to read journal articles and to dip in and out of material rather than expecting a ready-made synthesis. Nevertheless we felt that for the benefit of our students and others it would be valuable to draw this material together into a single volume. The text draws on literature from most of the social science disciplines, industrial relations, organizational behaviour, sociology, social policy, economics, political science, management and international business and human geography and integrates the more academic with the more policy-oriented comparative material produced by the OECD, the EU and the ILO.

Our third motivation for writing the text was our belief that the integration of the world economy at an economic and political level is reducing the validity of courses on production and employment systems that focus solely on the national context. Increased mobility of capital and labour requires students taking courses on employment issues to develop some knowledge and understanding of the new international division of labour and the growth of multinationals and their consequences for employment policy and practice. A perspective on these issues is needed whether or not our students in their future lives will be mainly attempting as citizens to understand political debates or seeking to operate as effective practitioners in the employment area. All educated citizens need to be able to weigh up the arguments and the balance of the evidence when confronted with policy agendas that politicians assert are the only valid response to the inevitable and unstoppable process of globalization. Such issues not only concern protesters at the World Trade Organization summits but also lie at the heart of the debates within the European Union, over whether the so-called European social model can be considered a contributor to European prosperity or a hindrance to the more rapid development of the European economy.

International employment issues have also increased in salience for practitioners concerned with issues of employment at the workplace. In the new globalized world,

according to much of the management literature, managers are expected to be able to identify and implement the employment system that represents new global best practice. Managers therefore need to be informed about the debates that question whether such a thing as global best practice even exists. Similarly trade unionists often find themselves under increasing pressure to develop new local partnership arrangements with management; but in order for a proper partnership to develop the trade unions also need to understand how the particular plant or organization fits within the wider international company or the international supply chain.

It is with these three motivations in mind that we have developed this text, designed for final year undergraduate and graduate students studying issues related to work and employment on a range of social science and management courses. The book starts with an opening chapter designed to achieve two objectives: to make clear to the reader why employment issues are interesting and important in both a national and international context, and to introduce the reader to some of the rich and interesting literature on comparative employment systems. We do this by relying on the research to speak for itself, by including extracts from some of the key writings covering a range of employment topics. Chapter Two describes and critiques the different methodological approaches that have been developed towards comparative analysis and sets out the theoretical or analytical framework that we adopt through the book. This framework draws on an institutionalist rather than a cultural approach to diversity in employment systems, but develops the approach to focus on the dynamics of change within societal employment systems, in response to global and international pressures. The next two chapters focus on how and why the employment systems in apparently similar advanced countries have taken on different forms. Here we draw on the debate on the varieties of capitalism, focusing on the reasons for and the consequences of the emergence and sustainability of variety in the organization of production and employment. Chapter Three, informed by debates in organization analysis, the labour process and political science, discusses the move from Fordist to a variety of post-Fordist production regimes. The chapter identifies the role of societal factors in giving rise to a range of alternative models compatible with the new competitive requirements. These societal factors inhibit the extent to which models may be copied or transferred. Nevertheless there are forces promoting the spread and diffusion of new production techniques and employment systems, sometimes known as best practice. However, the process of diffusion is shown not necessarily to be leading to convergence as the integration of the new approaches may be only partial or selective, influenced by national conditions and by the particular societal logic. Chapter Four introduces a parallel literature on varieties of capitalism, found mainly in sociology and social policy, on the different patterns of welfare state development or welfare regimes. The chapter explores the impact of these welfare regimes on employment, identifying their influence on the level of employment, patterns of participation, the role of public employment and, above all, on gender relations inside and outside the labour market. The chapter

draws together the work on welfare regimes with comparative research on women's integration into the labour market. The expansion of women's employment is one of the most sustained and universal features of OECD labour markets, but the pattern of integration has taken different forms, with implications for example for the growth of flexible employment forms or for the level of wage inequality within labour markets.

Chapter Five takes up the issue of how nation states have developed different ways of skilling the labour force. One set of institutions that has been particularly well studied as a result of this interest in varieties of capitalism is that of education and training systems, often believed to hold the key to better economic performance. These claims and the possibilities of transferring the apparently more successful systems to other nation states are critically explored. The chapter concludes by considering the extent to which training and education systems are capable of adjusting to new needs for training and development.

In Chapter Six the focus is on the system of labour market regulation and its implications for labour market flexibility and rigidity. The meaning of the term flexibility and the role of regulation in creating or promoting flexibility are critically examined. Here we draw on two main sources of material: on the rich tradition of comparative research within industrial relations that has demonstrated the variety of forms and meaning to be attached to collective bargaining systems, trade union structures and even systems of labour law; and on the ever expanding research by policymakers and economists seeking to find the relationship, if any, between different ways of organizing and regulating employment and economic outcomes. This focus on the role of labour market institutions in economic performance has been driven to a large extent by the OECD, the policy think tank for advanced countries operating within the UN system, and also by the European Union as it strives both to defend the European social model and to develop a new employment strategy for Europe. The chapter suggests that the need now is to move the debate forward, beyond the question of whether regulation is desirable or undesirable and instead towards the analysis of what constitutes an appropriate mix of policies, taking into account the regulatory traditions and institutions within a given society.

The implications of these different approaches to employment policy and practice identified at the national level for the experience of work and employment at the workplace level are the subject of Chapter Seven. Here we explore the employment policies and practices in a number of major OECD economies with respect to work organization, pay, redundancy and working time.

The final three chapters of the book address, each in a different way, the impact of increasing international integration on employment systems. Chapter Eight explores the factors influencing employment policy and practice within multinationals and considers the role of multinationals in the diffusion of employment practices across international boundaries. The consequences for national employment systems are also considered. Here we draw on the typologies of multinationals developed by

international business experts and the now expanding literature on the management of employment within multinationals found both in the industrial relations and the international business literature.

In Chapter Nine the focus is on globalization and the implications of globalization for the survival of national employment regimes. This theme is addressed throughout the book but in this penultimate chapter we explore in more detail the different perspectives on globalization found in political science literature and elsewhere, and identify the pressures for change upon employment regimes. However, although there are problems in sustaining some of the key features of the labour market models — for example the job-for-life system in Japan and the dual training system in Germany — there is also evidence of adaptation and change within these models which may secure their survival, albeit in a modified form. Chapter Ten completes the volume by taking up the issue of the role of international labour standards. This complements the analysis of the role of labour market regulation at a national level found in Chapter Six. Here we describe the current initiatives taken at both an international and regional level (for example the EU and NAFTA) to promote and regulate labour standards. The argument is made that the promotion of decent work must become a major part of the policy agenda to regulate and develop the international economy. To achieve this objective we need not only to promote international labour standards but also to integrate employment objectives and considerations into general economic and development policy.

1

Diversity in the organization of employment: an introduction to the subject

The subject of this book is employment; and employment matters — not only to those who provide the labour or those who provide the jobs, but also to all of us who have a stake in the well-being of our economies and societies. Most books about employment focus on what happens within a particular country or locality. This is because the organization of employment is influenced by a whole variety of institutions — the law, the collective bargaining system, the training and education system, the family and household organization, and gender relations — and these institutions are often local or national in character. Yet if the way in which employment is organized is crucial to people's lives and livelihoods, to the economic success of companies or nation states and to the creation of social cohesion or division, then it is also crucial to understand how and why the organization of employment differs outside the local or national context. Knowledge of alternative ways of organizing employment expands the range of options that may be considered in shaping employment in the national context. Moreover, as economies become more integrated on a global or regional basis, there is increasing competition between economies based, in part, on different modes of organizing employment. These pressures have been calling into question traditional ways of organizing employment within nation states, and generating debate about whether there is one best way of managing employment that all nation states and all organizations should try to emulate. To evaluate these debates and to understand more about the possibilities or scope for organizing employment in different ways, we need both more knowledge about how and why employment organization currently varies, even within advanced countries, and more understanding of the forces that drive and limit the pressure for globalization and homogenization. The purpose of this book is to contribute to increasing knowledge and understanding of these two issues. First, however, we need to explore a little more why employment matters and to whom.

Why employment matters

Employment is of central concern to all individuals and to all the major social actors in society. For individuals, the interest in employment is clear: it provides their main source of economic livelihood and often their source of social identity. Working under an employment contract defines the daily activity of most people in their prime years. Their interest in both the rewards from working and the conditions and constraints under which they work is direct and considerable. Both private and public sector employers are equally concerned with employment issues: the skills their employees use and the effort that they expend define these organizations' ability to provide goods and services. Employers have just as strong an interest, however, in how much employment costs and how much risk they incur from employment contracts that provide some employment and income security to employees, and thus involve fixed as well as variable costs.

Employment is also a political issue. Governments are expected to take some responsibility for generating economic growth and for providing reasonable employment opportunities for citizens. Failure in these respects may lead to a change of government or to more serious political unrest. Governments feel obliged to intervene but there are mixed views on what forms of intervention are appropriate. Is it better to try to attract capital to enter or to remain within the economy by offering opportunities to companies to employ labour at low costs and with low economic risks? Or should the government foster the development of a highly skilled workforce and an atmosphere of high mutual trust between employers and employees, bolstered by a strong system of employment protection?

A book on the organization of employment, therefore, addresses a wide number of audiences. Its function first and foremost must be to explain and illustrate why employment is not only important but also complex. The term 'labour market' often gives the impression that employment can be analysed in the same way as the market for any other type of commodity. However, labour is not a commodity as it is provided by human beings, who must be treated with respect and dignity and who only sell their labour and not their souls on the labour market. This distinction has fundamental consequences for the nature of the market, not least because the exercise of labour remains under the control of the persons supplying the labour, not the purchaser. Issues of motivation are as important in determining outcomes as the original transaction, based on an exchange of hours of work for a wage. Employers in fact do not usually seek to purchase a predetermined level of effort, as they wish to engage the creative and problem-solving capacities of labour in furthering the interests of the organization. These capacities are needed in a whole spectrum of activities, including some often considered low skilled or low discretion jobs.

The first element of complexity in employment analysis, therefore, emerges out of the nature of the employment relationship and the distinctive form of the

Box 1.1 The nature of the employment contract

The employment contract is an example of what is now sometimes called an 'incomplete contract'; that is to say, some of its terms are unspecified. Employees agree to do, over the life of the contract, what they are ordered to do; but the orders will not be issued until some time after the contract is negotiated. The usual argument (within the neoclassical framework) for the existence of incomplete contracts is that in a world of uncertainty actions will have to be taken as the situation calls for them, without time for negotiation … An employment contract contains all sorts of implicit (and explicit) limitations that set boundaries to the range of actions the employee will be directed to perform. These boundaries define the 'zone of acceptance' within which employees can be expected to obey orders … Authority in organisations is not used exclusively, or even mainly to command specific actions … most often, the command takes the form of a result to be produced ('repair this hinge'), or a principle to be applied ('all purchases must be made through the purchasing department'), or goal constraints ('manufacture as cheaply as possible consistent with quality'). Only the end goal has been supplied by the command, not the method of reaching it … Doing the job well is not mainly a matter of responding to commands, it is much more a matter of taking initiative to advance organisational objectives … For organisations to work well, it is not enough for employees to accept commands literally. In fact, obeying operating rules literally is a favourite method of work slowdown during labor-management disputes, as visitors to airports when controllers are unhappy can attest. What is required is that employees take initiative and apply all their skill and knowledge to advance the achievement of the organisation's objectives.

Extract from H. Simon, 'Organizations and markets', *Journal of Economic Perspectives*, 5 (1991): 30–2.

employment contract (see Box 1.1). A second level of complexity arises out of the divergences in interests and objectives of employment from the perspective of the various actors. These divergent interests can clearly be found between the main actors — namely labour, capital and the state. However, even the individual actors may be seeking potentially contradictory objectives in their employment strategies (see Figure 1.1). Can organizations have both cheap labour and high productivity and performance, or do they have to accept a trade-off? Can wages provide both a fair standard of living for all and still provide a fair reward for effort, performance and skill? Can governments both build up the skill base of the economy and respond to problems of high levels of unemployment?

The range of objectives pursued under the heading of employment provides also the scope for finding mutually beneficial solutions between actors with different interests. For example, employees interested in increasing their job security may be willing to cooperate with and facilitate a process of change and innovation within an organization. However, there is always a risk of divergent interests re-emerging and undermining such a coalition of interests if, for example, employees come to fear that the restructuring may eventually lead to job losses or to further work intensification. There tend to be, therefore, no simple solutions to employment

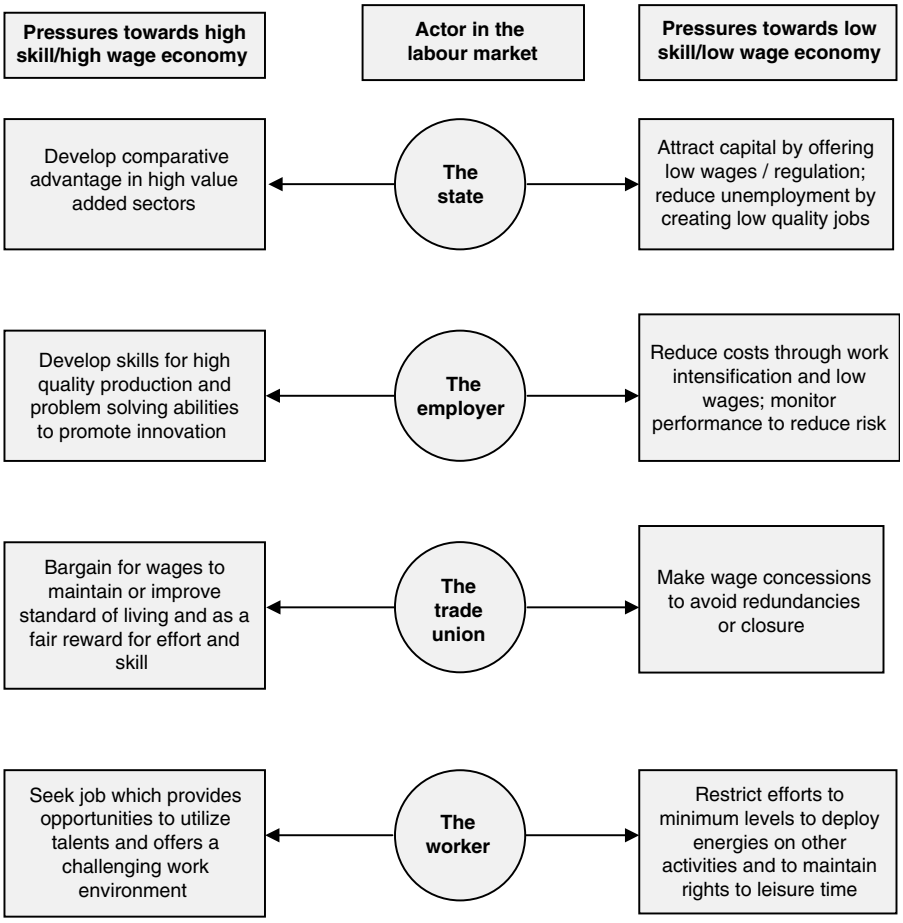

Figure 1.1 Contradictory pressures on employment policy and practice

problems, only compromises and second best solutions, which are constantly subject to renegotiation and change.

Given this complexity even at national level, it is reasonable to ask if there are strong grounds for extending this complexity further by looking at these practices from an international perspective. The answer depends on two issues. First, how much do employment policies and practices actually vary in practice between countries? And second, if we find evidence of difference, is that discovery interesting and important?

The answer to both questions is in the affirmative. Our argument will be that employment practices do indeed differ significantly between countries and that these differences are likely to persist. Knowledge of these differences is not only important for anyone who has direct concern with, or responsibility for, employment spanning more than one country — for example those employed in the

human resource functions of multinationals or in the international branches of unions — but also for anyone concerned with employment issues within their own country. In each society there are different ways of organizing employment, reflecting the various institutional arrangements in place to generate skills, regulate the employment relationship and shape the wage structure. Recognition that there is not only one way of doing things, that alternative methods, for better or for worse, are available and in use, can be extremely illuminating in opening up debate and discussion even over a very local employment issue.

At one extreme, there is a predisposition to take local arrangements and ways of doing things as representing the only way or the commonsense way of organizing and managing complex issues such as employment. At the other extreme, systems deployed in other countries may be seen as offering simple solutions. Under this latter approach, it is tempting to blame government myopia or the vested interests of employers or workers for the apparent failure to learn from a 'best practice' example in another country.

The approach taken here is not to regard examples from different nation states as providing models that can be simply emulated in other environments. Employment policies and practices are necessarily embedded in a social environment and do not operate independently of other aspects of social and economic life. Analysis of other ways of doing things requires a full assessment of both the pluses and minuses of particular arrangements or systems of employment organization. This evaluation requires an understanding of how the arrangement operates within its own social context and an understanding of how the interactions with the immediate environment influence the effectiveness of that particular way of organizing employment.

The first task of this book is, therefore, to explore the different approaches to employment in order to open up the range of options considered in the organization of employment. At the same time care will be taken to warn against notions of easy transfer or learning from best practice. A second and equally important task is to try to understand the likely developments in employment policies and practices in the light of current trends towards an increasingly integrated world economy. To what extent will nation states, or indeed individual organizations, be able to retain their distinctive approach to employment? Would a move towards a more homogeneous approach to employment organization be beneficial, and if so to whom? What types of protections and institutional arrangements are needed in a world where capital is relatively free to travel and labour remains the factor of production most tied to the fate of a particular society or even region?

Introducing national differences

There is now a wealth of empirical material, including detailed statistical information, to inform our analysis of employment organization between countries.

However, understanding of the importance of the statistical variations cannot be achieved without locating these differences within the whole set of institutions found within a particular country. For example, if we want to assess the significance of differences in training systems we need to be interested in much more than differences in numbers receiving training. In assessing the significance of these different systems, it is essential to understand their implications for how work is organized, for the development of capacities for innovation and for career patterns and inter-job mobility.

To focus on interpreting the significance of differences in employment policies and practices, we present a number of examples, in the form of case studies of usually two or three countries where there are clear differences in the nature and significance of a particular employment form or employment practice, based on detailed research carried out by a variety of employment analysts. We call these examples case studies, in line with the traditional terminology applied to the study of individual organizations, as we are not claiming to pick representative or average country cases. Moreover, even if a country seems to be 'average' or 'typical' in one employment area, it may be at the opposite end of the spectrum on another dimension. However, it is in the nature of comparative research that opposites tend to attract; that is, countries are selected for study around a particular employment practice precisely because they are known to, or are strongly expected to, display major differences. The differences may therefore be considered overdrawn relative to the differences one might expect to find between any two or three randomly selected countries. Often the selection is in fact deliberate, to represent a category or type of employment regime. In later chapters of the book, we discuss whether it is possible or desirable to develop typologies of employment systems, with respect to the system of work organization (see Chapter Three); the welfare state system or the gender relations regime (see Chapter Four); the training and education system (see Chapter Five); or the regulatory and collective bargaining system (see Chapter Six). For the moment, however, the selections are used to give some flavour of the richness of diversity in employment systems and to begin to establish why employment policies and practices may differ in significant ways between societies.

The organization of employment: some national comparative case studies

To provide examples of differences in employment organization we have to be selective over both the choice of countries and the choice of aspects of employment to be considered. Here we focus on five areas, all of which feed in important ways into either the cost and/or the productivity side of the wage-effort bargain at the heart of the employment relationship. As such they are significant in shaping comparative advantage for both individual organizations and whole economies.

They also each have considerable importance for how individuals experience employment in their working lives. The five dimensions selected are:

- skills and work organization;
- pay systems;
- working time arrangements;
- downsizing and retirement;
- employee involvement or voice.

We also return to these dimensions at various points in later chapters of the book. In particular we look in Chapter Three at the significance of skills and work organization for comparative advantage; and in Chapter Five we explore how the education and training systems in advanced countries help to shape these different systems of work organization. Working time arrangements are looked at from a supply-side and, in particular, from a gender or household perspective in Chapter Four. In Chapter Six we look at the influence on working time practices of regulations, deriving both from legislation and collective bargaining. Downsizing and retirement policies again feature in Chapter Four, where we consider the influence of welfare regimes on labour supply, and again in Chapter Seven where we look at how employment policies and practices operate at the workplace or organization level. Employee involvement or voice is another issue considered in Chapter Seven, and provides an underlying theme in our discussion of the development of high trust versus low trust production regimes in Chapter Three.

The aim here is not to provide a comprehensive analysis of these dimensions of employment but rather to introduce some of the key issues in comparative analysis, around these five dimensions. The research-based studies that we draw upon fit within these broad areas, but each study has a narrower specific orientation or focus, on particular occupational groups, particular sectors or indeed particular employment arrangements within the broader area. Moreover, these studies are drawn from different time periods and have used divergent methodologies; their findings may have significance at different levels of generality. Some may only be relevant for the particular firms or sectors or occupations studied; but for the most part they have been chosen because of their salience for understanding how the employment system operates in those particular countries. Limitations of space, and indeed limitations of available research, prevent a full discussion or defence of the validity of these arguments. However, the reader will find much supportive evidence in the other chapters of this book.

It should still be noted that in some cases recent developments in employment organization in the countries concerned may have changed the state of play since the research was conducted or the article written. For the moment we take the differences as revealed at the time of the research and do not attempt to update this research or comment on the continuing significance of the differences revealed.

Skills and work organization

Much comparative research has focused on the ways in which work is organized, and in particular on differences in the opportunities that these systems offer for workers to exercise skill and discretion or to contribute to organizational learning, development and innovation. To some extent these differences are related to trends in the management of employment which transcend national boundaries. Over recent years the post-war interest in a mass production work organization system allowing minimum discretion to workers — sometimes referred to as the Taylorist or Fordist production system (see Chapter Three) — has given way to an interest in work organization systems more geared to flexible and variable production. Here the focus has been more on harnessing the problem-solving and innovatory capacities of the workforce as a means of improving competitiveness in an era characterized by niche markets and competition based on fashion, design and variety. However, although research has revealed that there may have been some general tendencies towards Taylorist techniques in the earlier period, and more recently a relatively widespread interest in more flexible systems, these broad or general trends in work organization are not capable of accounting for the variety of systems of work organization found over time and space (see Chapters Two and Three). There were significant variations in the extent to which production systems within specific countries or sectors emulated the Taylorist model in the first place, and there remain equally major differences in the extent to which there has been a systematic move away from low discretion systems to post-Fordist systems or high trust forms of work organization. Further variations are found in the form of post-Fordist/non-Taylorist system that has been adopted and developed (see Chapters Two and Three). The capacity of organizations within a particular societal context to adapt and respond to product and technological changes has been found to be dependent upon the specific cultural and societal context in which they are located and indeed embedded.

The organization of work is influenced not only by competitive requirements, but also by how work organization relates to other major features of the societal system. Here two areas can be focused on in particular. The first is that of career structures and career expectations; the second is the role of the education and training system in shaping employment. In our first extract from a comparative study on work organization (Box 1.2), we find that the greater separation of managerial from technical work in British compared to Japanese companies is related to a large extent to differences in career structures. In the UK managerial careers are structured independently of technical careers, while in Japan technical expertise provides the legitimacy for exercising authority within the organizational hierarchy.

Box 1.2 Player manager or coordinator: engineers in Japan and the UK

Successful product development requires effective integration across different engineering activities and functional groups … The more uncertain the market environment, the greater the need for efficient communication, and elaboration of knowledge and information across the product development cycle.

Organisations operating on the principle of functional specialisation create a heavy demand for an administrative hierarchy specialising in coordination and integration. The more sub-divided the organisation into individual tasks and functional disciplines, the greater the need for coordinators to act as focal points of communication and information flow. In the British firms, this specialist coordinating role is carried out predominantly by project managers. In our interviews, all the British project managers emphasised the importance of their coordinating function. The following examples of how these people described their 'typical day's work' are illustrative:

> As deputy engineering manager on the systems my prime task is liaison among engineering groups in three different divisions of the company. So I spend a lot of time on the phone, at meetings, reading papers generated by engineers in their groups, because the systems function is to really make sure that all the different engineers working in the company on this project are tied into the contract … It's a technical liaison job and you have to trace people for information, go to meetings, help engineering meeting and project meeting … It's basically liaison and coordinating. I am not designing any equipment.
>
> I headed up a team of five, and they did the technical work of producing the workbenches and specs and things, and I had to make sure it all held together … I spend quite a lot of time on the phone … If I have an overriding function it's that of coordination. So, yes, I do lots and lots of coordination. I actually produce very little.

Most of the British engineers promoted to project leader positions often become preoccupied with their coordinating role and find themselves having to disengage from their design and development role very early on in their supervisory roles. The separation between managerial and technical work is distinct in the British firms.

In the Japanese firms, the relationship between technical and managerial work is quite different. Although Japanese project managers also have an important coordinating role, they are not 'specialist coordinators' like their British counterparts. The overlapping nature of the Japanese approach to product development means that a great deal of the coordinating functions are carried out by engineers at the working level. Information necessary for the coordinated adjustments in the product cycle tends to flow laterally across the functions through direct communication among the project team members rather than necessarily passing up and down the hierarchy via the project manager. In the Japanese firms, the product development cycle is coordinated by a decentralised network structure of communication and information sharing rather than a centralised hierarchical information system. As a result, Japanese project managers tend to devote more time and effort to product planning and strategic decision-making rather than specialising in operating coordination. They emphasise their technical leadership role and act as product champions in integrating technical development with corporate objectives. A project manager (*kacho*) at an R&D laboratory described his key role as follows:

> In my case, there is of course, the overall policy of the company. The primary concern is to follow the policy, and then deciding how to translate it into concrete details. The top management only provides very broad guidelines and it is really up to the project managers (*kacho*) and team leaders (*kakaricho*) to come up with concrete strategies, for example, how we can double the sales figure next year. In order to achieve the objective, I have to carry out detailed analysis in a wide range of areas, including marketing, costing

Box 1.2 Continued

and then consider how to incorporate the technical aspects in order to achieve the overall objective. On the technical side, we know what level of technical performance we want to achieve but it is important to work out how to translate it into actual development work. I have to ensure that my subordinates understand all these.

In the Japanese firms, a project manager effectively functions as a general manager of a product. Their role is 'strategic' in that they are responsible for product planning and concept development; it also contains a strong technical dimension in the sense that they are ultimately responsible for translating the product concept into technical details.

While most of the British engineers promoted to project managers often find themselves having to disengage from their technical work very early on in their supervisory roles, Japanese project managers often remain technically involved — many of them described themselves as 'player managers'. There are two main reasons why Japanese project managers tend to maintain a closer involvement in technical work. First, unlike their British counterparts whose role is to liaise with local representatives from different functions within a vertical administrative hierarchy, Japanese project managers often directly lead a project execution team — members who leave their functions and report directly to the project manager. They have direct contact and stronger influence over the working level engineers. They are responsible not just for coordination but also for product planning and translating product concepts into detailed technical work. It is a technical leadership role and thus knowing the technical details of their subordinates' work and providing on-the-job training is all part of the job. Second, it is important for Japanese project managers to remain technically competent in order to justify their authority and control within the project team. Unlike their British counterparts, they are not specialist coordinators and they do not have monopoly access to organisational information. Japanese project teams have a high degree of integrative autonomy and lateral information processing capacity. The coordinating role of a manager can easily be made redundant and bypassed. Thus, remaining technically active and involved is a good way of ensuring authority and gaining 'competence trust' among the engineers.

Extract from A. Lam, 'Work organisation, skills development and utilisation of engineers', in R. Crompton, D. Gallie and K. Purcell (eds), *Changing Forms of Employment* (London: Routledge, 1996), pp. 190–2.

The second extract (Box 1.3) is drawn from the study that to a very large extent was responsible for sparking off the debate about international differences in employment policies and practice. The research was based on case studies of plants in Germany and France, carefully matched according to size, nature of production and technology (Maurice *et al.*, 1984, 1986). The study found major differences in the occupational structure, authority systems and inter-occupational relationships, such that the French system was based on a much longer hierarchy of jobs, determined both by status and pay, and with the system of work organization based much less on a cooperative and multi-skilled basis than in the German case. The more hierarchical French structure was found to reflect the more elitist French system of education, and the more cooperative approach in Germany, based around a higher average skill level, reflected the strong vocational training system there. This particular extract focuses on the different organization of the management function in France and Germany, from foremen to top managers.