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Japanese management in the U.S. auto industry: Can it be transported? Nissan: A case study

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JAPANESE MANAGEMENT IN THE U.S. AUTO INDUSTRY:

CAN IT BE TRANSPORTED?

NISSAN: A CASE STUDY

by

JUDITH A. LILLESTON

A dissertation submitted to the Graduate Faculty in Sociology in partial fulfillment of the requirements for the degree of Doctor of Philosophy, The City University of New York

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Abstract

JAPANESE MANAGEMENT IN THE U.S. AUTO INDUSTRY:

CAN IT BE TRANSPORTED?

NISSAN: A CASE STUDY

by Judith A. Lilleston

Adviser: Professor William Kornblum

The increasing influence of Japanese firms in the United States auto industry comes as no surprise to anyone who reads the newspapers or drives the nation's highways. Within the last decade, however, a startling innovation has impacted the U.S. auto industry: The manufacturing of Japanese cars in the United States, in plants owned by Japanese firms, run by both Japanese and American management, and staffed by American labor--the Japanese transplant.

In 1981 there was one Japanese transplant in the U.S., and twenty-one point eight percent of vehicles sold in the U.S. were Japanese, manufactured in Japan. By 1990 there were eight Japanese transplants in the U.S.; twenty-nine percent of vehicles sold in the U.S. were Japanese, of that twenty-nine percent, twenty-three point nine percent were manufactured in the United States. During the eleven-year period from 1979 to 1990, the Japanese automobile industry gained more of the U.S. market share, while U.S. auto makers' share of total automobile production fell fifteen percent.

Using the Nissan assembly plant in Smyrna, Tennessee as a case study, this dissertation examines the issue of whether a foreign managerial style can be transported to the U.S. and, if so, what is the impact on the workers and the community where it is located.

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CHAPTER 1

THE JAPANESE AUTOMOBILE INDUSTRY COMES TO THE U.S. CAN IT REALLY BE TRANSPORTED?

Within the last decade, the increasing number of Japanese automobiles in the United States comes as no surprise to anyone who reads the newspapers or drives the nation's highways. During this time a startling innovation has impacted the U.S. auto industry: the manufacture of Japanese cars in the United States, in plants owned by Japanese firms, run by both Japanese and American management and staffed by American labor--the Japanese transplant.

In 1981 there was one transplant; nine years later there were eight. By 1992 Japanese automobile manufacturers had seized almost thirty percent of the U.S. auto market share. During this same period (1979-1990) U.S. automakers' share of total automobile products fell fifteen percent.

With the successful arrival of the Japanese transplant in the U.S., the question arises: can a foreign managerial style be transported to the U.S. and, if so, what is the impact on the workers and the local community? This is the question answered in the present study.

Japanese transplants in the United States may be categorized into three groups: (1) those that are owned, and managed by the Japanese (Toyota, Honda, Subaru/Isuzu); (2) those that are owned and managed jointly, by both Americans and Japanese (NUMMI[1], Mitsubishi/ Chrysler, and Ford/Nissan); and (3) those that are owned by the Japanese and managed by Americans (Nissan in Smyrna, Tennessee is the only one of this type).

For the purpose of this study, I considered Toyota in Georgetown, Kentucky and Honda in Marysville and East Liberty, Ohio (Japanese owned and managed) in terms of their

[1]NUMMI is a joint venture of Toyota and GM.

general corporate culture and management practices. I examined Nissan in Smyrna, Tennessee (Japanese owned, American managed) in depth regarding these same issues.

What has made these Japanese transplants so productive and financially successful that they have been able to take almost thirty percent of the market share of the 1992 U.S. automobile industry? Are the same management and production models used in the transplants as in Japan? How much of a difference does management culture make? Japanese culture is very different from the American way of life. The Japanese are holistically oriented; individualism is not prized. Japanese business practices are patriarchal and rigid, and oriented to the team, and their industrial relations grew out of a society that places a premium on conformity. The practices of lifetime employment, the just-in-time (JIT) inventory system (where inventories are kept to a bare minimum), on the job training, kaizen (continual improvement of product, or quality control), job rotation, and minimal management tiers, are characteristic of this team approach.

Japanese transplants in the United States have incorporated many of these characteristics, but have had to make modifications. Many of the transplants have adopted the philosophy, "When in Rome, do as the Romans do."[2] A Japanese businessman from the Sumitomo Bank, the keiretsu[3] for Mazda, stated that the smartest approach when doing business in a foreign country is to use nationals to manage. "They know the rules," he stated.[4] Many modifications have come about as a result of adjusting Japanese production methods and management techniques to American industrial and cultural standards. This study examines these modifications and the reasons behind them.

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[2]Ruth Milkman, *Japan's California Factories: Labor Relations and Economic Globalization* (Los Angeles: University of California Press, 1991), 16.

[3]For a discussion of keiretsu, see chapter 2, pp. 38-39.

[4]Mr. Yoshihiko Onda, Sumitomo Bank, interview by author, tape recording, New York, New York, 29 April 1993.

In order to answer these questions I conducted a number of in-depth interviews. In Smyrna, Tennessee I interviewed the President/CEO of Nissan Motor Manufacturing U.S.A., approximately fifteen Nissan assembly line workers and quality inspectors, the man who was mayor of Smyrna for forty years, and randomly selected Smyrna residents. I also interviewed American and Japanese automobile analysts, UAW officials and organizers, the Commissioner of the State of Tennessee for Community and Economic Development, and the national and international Directors for Development of the Nashville Chamber of Commerce, as well as other state and local officials in Tennessee. In addition, I interviewed approximately six Japanese professionals: a Nissan public relations spokesperson, a manager of one of the largest banks in Tokyo, and the public relations representatives from Honda and Toyota. In my preliminary research, I interviewed Americans who had lived in Japan, the manager of Nissan Finance in America; and I visited and interviewed management and union officials at the General Motors plant in Linden, New Jersey,

Although their answers were complex and respondents' views often differed significantly, their consensus is that aspects of Japanese management practices can be transported, and that overall impact on the work place has been significant in varying ways. Community response to transplants varied, but for the most part the transplants were seen in a positive light. This dissertation addresses these issues, using Nissan in Smyrna, Tennessee as the case study.

Chapter 1, The Japanese Automobile Industry Comes to the U.S.: Can It Really Be Transported? introduces and then answers the main question presented by the study: Can Japanese management be transported to an American automobile plant; and, if so, what are the consequences to the workers and the community? The chapter also presents the methodology of the study: the use of in-depth interviews, and analysis of business periodicals as well as the academic literature. The analytical framework of the study is rooted in the social organization of work, and the techniques that management uses to control the work process.

Chapter 1 illustrates Braverman's concepts by discussing the Japanese transplant in terms of the organization of production as a means of control over the work force.[5] Workers are organized into teams, and are responsible for a specific task or tasks. Management's ability to track the work and the work force is made easier because of the organization of the workers into teams, which enable management to better scrutinize workers and to assign specific tasks to each group. This is part of the Japanese system referred to as "lean production." Lean production is a system based on eliminating waste--fewer parts, fewer things, fewer people: its goal is perfection. How this production system affects workers will be discussed briefly.

Chapter 2, The History and Development of Japanese Management, describes the origins of Japanese management procedures, and defines the setting in which they developed. Contrary to popular opinion, these foreign management techniques actually originated in the United States in the 1920s. They were developed by industrialists in response to a threatening labor force that displayed enormous power in several strikes in 1919. As will be discussed later, the Japanese adopted these management practices at a similar time in their labor history. Chapter 2 discusses this development in the American work place and then provides the reader with background information about Japanese cultural and business values, in order to understand the impact of the imposition of those values on the Japanese work place, which are then returned to the American work place. The chapter examines the rapid growth of Japan since World War II.

Dominant characteristics of Japanese culture are discussed: group concern, perseverance, strength, amae (dependence), and paternalism. An understanding of these traits will help illuminate Japanese culture and business practices, in order to understand how they have assimilated and developed the American management practices into their industries.

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[5]M. Kenney and R. Florida, "Transplanted Organizations: The Transfer of Japanese Industrial Organization to the U.S.," *American Sociological Review* 56, June 1991, 381-398.

"The nail that sticks up gets hammered down" is a common Japanese proverb. The Japanese feel a need to fit in. To do as others do, to not stick out, to not express individuality, and to not express emotion are considered valuable character traits. Reciprocity is valued in everyday life as well as the business world. Chapter 2 explains these phenomena in detail in relation to Japanese business practices. Individual characteristics of Japanese culture have been incorporated into the corporate culture.

Chapter 3, The Universe of the Japanese Transplants in the United States, describes the Japanese transplants in the United States. Only three of the transplants owned solely by the Japanese are discussed: Honda, Toyota and Nissan. Specific issues concerning site selection, hiring and training practices, production methods, and community response to the new transplants are examined.

Chapter 4, The Transportation of Japanese Managerial Practices to the U.S. - Nissan: A Case Study, reports on the case study of Nissan in Smyrna, Tennessee. This transplant represents the model for the question of whether Japanese management can be transported to the United States. The plant's organizational structure will be discussed, as well as the production process, labor/management relations, and how the plant was selected for this study. Also discussed will be the workers' attitudes about Nissan in comparison to their previous work experience; what factors workers see as distinguishing Nissan as a Japanese plant; and what issues workers see as problems there.

Another topic for discussion is workers' attitudes toward the union. The current CEO at Smyrna stated that there were no problems at the plant, yet the UAW was able to hold both an organizing drive and an election (which they lost two to one), making the UAW more successful at Nissan than at either Honda or Toyota.[6] Sources of discontent at the plant are

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[6]Some pro-union Nissan workers as well as some of the UAW organizers were not surprised at the election results. They believed that not only would there be a second election, but that the union would win.

discussed, and whether any of the grievances expressed by the union were resolved as a result of the UAW campaign.

Nissan workers were asked if they had participated in the UAW's effort and whether they would again. According to pro-union workers, the campaign that Nissan waged against the UAW was based on overt and covert intimidation. Workers who had been involved with the UAW organizing drive had experienced severe harassment, both during and after the drive. They were closely watched, and in one case, a supervisor told a worker he could not use the bathroom that everyone else used. "Management just nit-picks at you, anything they can find they don't like about you."[7] Consequently, workers who were involved in the original union efforts are reluctant to participate again. They are finally experiencing some reconciliation with the company, some two years after the election, and do not want to jeopardize it.

Nissan workers are depicted as typical of other transplant workers (such as those at Honda and Toyota)--young (though older than at Honda and Toyota), unskilled, with some manufacturing experience, cooperative, and having good attendance records.

The community surrounding Nissan/Smyrna is also examined in this chapter. State and local officials involved in the process of bringing Nissan to Tennessee were interviewed, and the history of the town of Smyrna prior to Nissan is discussed. (As one politician put it, Smyrna was a mere "spot on the map," before Nissan.) Community acceptance of Nissan has been very positive. The infrastructure of the town of Smyrna has improved significantly, and the town has profited financially, economically, and educationally. Most residents, whether they work for Nissan or not, are pleased to have the plant in their area.[8]

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[7]Union activist, telephone interview by author, tape recording, Smyrna, Tenn., 10 May 1993.

[8]In contrast, community opposition to Honda (Marysville and East Liberty, Ohio) and Toyota (Georgetown, Kentucky) was initially very high. Over time, community sentiment has changed somewhat, although the degree of acceptance is not as great as felt by Smyrna residents.

Chapter 5, Implications, discusses the implications of this study. My findings conclude that aspects of Japanese management originated by American management have been successfully transplanted to Nissan in Smyrna as well as to other transplants. Japanese management practices have had a profound impact on the work force. Workers no longer work alone but in teams, where they share the responsibilities for all tasks and are asked for their suggestions. According to management, this process gives workers a sense of involvement with their company--"participative management." Japanese lean production creates less material waste and intensifies manpower efforts while minimizing manpower needed. With the tightening of production processes, and on-the-shop floor training, Japanese management has created a highly visible, controllable labor force. Additionally, they have developed a production system and enhanced a management style that is transportable anywhere. Yet the issues raised by the UAW organizers and supporters must not be overlooked: health and safety concerns, discrimination, sexual harassment and better working conditions. According to one Nissan worker, more than half of the employees on the assembly line are on pain killers for job-related injuries.[9]

Methodology

This thesis relies primarily on my interpretation of data gathered in the case study presented, as well as analyses of data collected and analyzed by Wall Street analysts, management, sociologists, and historians.

Primary Sources

An important research method was the use of in-depth interviews. My purpose in using the in-depth interviewing technique was to obtain background information as well as to understand the Smyrna and Nissan environments.

9Nissan worker, interview by author, tape recording, Smyrna, Tenn., 25 May 1989.

I made five trips to Smyrna, Tennessee. The first was exploratory. I interviewed several pro-union Nissan workers and UAW officials at the UAW headquarters, located a building that looks like a large white garage, about one mile from the Nissan plant. Most of the workers that I spoke with at the UAW hall had been injured on the job. Their injuries were mostly carpal tunnel syndrome. Carpal tunnel syndrome is a result of repetitive motions for long periods without rest, and it causes a great deal of pain as well as numbness in arms and hands.[10] Some injured workers had returned to Nissan, others were waiting to return to work. One worker said he had been fired, unfairly, because of his union affiliation.

The former mayor of Smyrna, Tennessee gave me background information about the town, and told me how Nissan came to locate there. I also walked all around the town and conducted random interviews with residents.

On the second and third trips I interviewed more workers and state officials. I interviewed the former mayor once again, and was given the Key to the City. I also interviewed the Planning Manager for the Town of Smyrna.

On my fourth visit to Smyrna I interviewed the CEO at Nissan. I had developed an interviewing instrument focusing on questions regarding the management style at Nissan, the degree of influence of the Japanese at the company, and his views about the UAW.

On my final visit I interviewed more workers as well as the mayor. I had planned to randomly interview residents, but due to illness I could not. On this visit I interviewed some of the members of the Nissan night shift after work at 6:30 a.m. at the Wagon Wheel bar. Since I wasn't sure anyone would talk to me, the questionnaire was the same I had delivered to all workers (see Appendix). Sometimes several workers would answer me simultaneously, other times just one.

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[10]It is difficult to obtain statistics from either the U.S. Department of Labor or from OSHA regarding the number of cases of carpal tunnel syndrome that have been reported in the automobile industry. Official statistics list only the industries where it has been found, and do not report numbers of cases.

In all my trips to Smyrna, the interviewing instruments varied according to respondents. All workers were given the same questionnaires, and most of the questions asked of state and city officials were historical (e.g., how the Japanese came to Smyrna, and how it has been since Nissan has come to the town).

One of Smyrna's limitations is that it has no public transportation, and no taxi service. Everyone drives, and owns at least one car and a pick up truck. Someone who does not drive is less mobile, and I was in the position of having to ask hotel clerks, Nissan workers, UAW officials and the mayor to drive me around. However, I managed, and never was without transportation. I hired a laid-off Nissan worker to drive me to the interviews I had arranged in Nashville.

The impetus for this study was a job that I held at a Japanese owned and managed company in New Jersey. During my three years there, I interviewed many workers concerning their feelings about working for the Japanese and their perceptions of Japanese management techniques. The business environment there was significantly different from anything that I had ever experienced. Suggestion boxes lined the walls; every morning at exactly nine a.m. the company song was played over the loud speaker system; and on the occasion of the death of the Japanese emperor, everyone, Japanese and Americans alike, were required to wear dark clothes for three days. Employees were occasionally subjected to group reprimands. A manager of a department would criticize everyone, telling them that criticism was as important as praise. On one occasion, a manager actually threatened to freeze salaries if productivity and efficiency did not improve. However, employees were so infuriated with that suggestion that he was forced to rescind it.

In my preliminary research I interviewed Americans who had lived in Japan. I had no structured questionnaire; I asked them to describe what it was like living in Japan. At about this time, I visited the GM plant in Linden, New Jersey.

In New York I interviewed eight Japanese businessmen: two from Nomura Securities, three from an American investment bank, and one each from Nissan, Honda and Toyota. The objective was to achieve an overview of the economic impact of the Japanese management style and production system on the American automobile industry and labor force.

Several telephone interviews were conducted, but respondents were later interviewed in person afterwards. Frank Joyce of the UAW in Detroit is the only respondent I spoke with by telephone only, during my preliminary research. Since I knew very little about the UAW vis-à-vis Nissan, questions asked were very general, to give me an idea of the relationship between the union and the Japanese.

Secondary Sources

A number of secondary sources were used to examine management practices in Japanese transplants, and their impact on industrial relations in America. This strategy was necessary because of the difficulty of studying management directly, especially one rooted in a foreign culture and language. Many articles on management seem to function more as public relations material than as analyses of theory and technique. Management techniques are frequently treated as private property, locked up by consultants to be sold in seminars, out of public sight and review.

There is a rich literature on the automobile industry, because of its importance to the American economy and because of the growing number of Japanese firms which have set up automobile plants in America. American managers and analysts have become extremely interested in understanding Japanese management, and in applying those techniques to their own work force. The analysis of secondary sources provided an opportunity to identify trends in management techniques, to see which Japanese practices fit in an American context and which practices have not been incorporated by American managers.

More current information was found in business journals, consultant reports, and publications of research groups and industry associations.

The Japanese transplants in the United States are examples of a production and networking system that may be transported anywhere in the world.[11] This study presents an analysis in terms of techniques of worker and work place control; Japanese transplants illustrate one way this may be accomplished.

Management determines the physical plant and technology, and organizes the work force for production. Braverman describes how, with the development of capitalism, management appeared with unique coordination and control functions.[12] He shows how management gained control over the content of work, using automation, new technologies, and eventually a new work force to produce independent of craft unions. Brody's study shows how the steel industry at the turn of the century eliminated its reliance on craft unions through fierce repression, automation and a new immigrant labor force.[13] The two authors opened the doors for a new school of labor history, one that views labor management relations through an analysis of control over the content and terms of work.

Braverman argues that the more complex the production process becomes, the less the worker understands and the more he becomes subservient to the environment; ultimately his wage becomes the only thing that he can call his own.[14] According to Braverman, with the Japanese techniques of lean production, as the work process becomes more scientifically analyzed and controlled, workers are made to feel that they have less and less control of their surroundings. In a work environment containing familiar elements, but with a distinctly unfamiliar approach that derives from a foreign culture, workers can feel disoriented and off

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[11]M. Kenney and R. Florida, "Transplanted Organizations," 381.

[12]Harry Braverman, *Labor & Monopoly Capital* (New York: Monthly Review Press, 1974), 124.

[13]Davis Brody, *Workers In Industrial America: Essays on the Twentieth Century Struggle* (New York: Oxford University Press, 1980), 11.

[14]Harry Braverman, *Labor & Monopoly Capital,* 126.

balance. "It is only under capitalist conditions that the masters take over the entire process, repeatedly reshape and reorganize it to suit their own needs, and parcel it out as tasks to workers for whom the process as a whole is now lost."[15]

Although they differ from the American mass production system, the managerial techniques the Japanese have brought to the transplants have been successful. It may be argued that lean production, incorporating tighter worker controls, has led to products of higher quality and a more productive work force.

The Japanese management approach includes the following characteristics: lifetime employment, work teams with team leaders, task rotation, inventory control, status distinctions, minimal management tiers,[16] worker participation in company planning, on-the-job training, and high wages.

A brief discussion of these characteristics follows. Each will be treated in detail in Chapter 4, where they will be discussed in terms of how and if they have been transported to a Japanese owned, American managed transplant.

Lifetime Employment. Japan is noted for its lifetime employment guarantee and low employee turnover. Japanese corporations argue that with the guarantee of a lifetime job employees work harder and have more company loyalty. In Japan there has been very little job hopping, compared to the United States.[17] However, recent studies argue that only one third of the Japanese have lifetime employment guarantees and they are given mostly to middle class, male businessmen. With Japan experiencing severe economic difficulties, companies are

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[15]Harry Braverman, "The Degradation of Work in the Twentieth Century," *Monthly Review*, October 1989, 36

[16]There are five management tiers at Nissan, as opposed to twelve at Ford.

[17]Joann Lublin, "Japanese Are Doing More Job Hopping," *Wall Street Journal*, 18 November 1991, B1. "Today, about one in ten Japanese managers jump ship following a U.S. assignment, compared with one in 100 a decade ago. . . .".

hiring more part time workers, in whom they have to invest less, and who when there is a work shortage can be laid off with no repercussions.

No lifetime guarantees are being made by any of the Japanese transplants, and very few are made in Japan. With difficult economic times being experienced in both Japan and the United States, more and more plant shutdowns and layoffs are happening, and for the first time in the history of the Japanese automobile industry, Nissan has closed down one of its facilities in Australia. More plant closings are probable.

A different trend is occurring in U.S. transplant facilities: when the company has to cut production, workers are not laid off; the slow time is used to teach the workers more about their jobs. If this approach were to continue, then a sort of lifetime job guarantee could be seen to exist--to a degree, and only at some transplants.

Work Teams and Task Rotation. Japanese work philosophy and business practices reflect the Japanese cultural orientation toward the group in the way the work environment is structured. Most assembly lines, factories, and many business offices are organized into teams with team leaders. Tasks are learned by everyone, and rotated where applicable. In assembly plants job rotation serves a twofold purpose: the monotony of the job is lessened, and repetitive motion injuries are decreased.

Inventory Control (JIT). The Japanese are known for their "just in time" (JIT) inventory system, which is a part of lean production. This system allows manufacturers to maintain less inventory, and receive equipment that they need on a daily basis, significantly cutting costs and inventories. Chapters 3 and 4 show how the transplants have interpreted the JIT approach in the United States.

Status Distinctions. Few status distinctions between management and labor are made in the Japanese corporate culture, reflecting a well-known Japanese proverb, "The nail that sticks up gets hammered down." This philosophy has been transported to some degree in the transplants. For example, it may be manifested in transplant cafeterias available to all, or

uniforms worn by both workers and management. It is important to note that each transplant has its own unique character and may or may not adopt and adapt any of these traits.

Minimal Management Tiers. Japanese automobile companies have fewer management tiers than do their U.S. counterparts. The need for better communication is cited as the main organizational reason. Since there are fewer job classifications, fewer managers are needed. Upper management at Nissan in Tennessee reported they have five tiers of management, compared to Ford where there are as many as eighteen tiers.[18]

Worker Participation. Intrinsic to the work team effort is worker participation. Workers in Japan are encouraged to participate in company management decisions either by participating in groups (both mandatory and voluntary) to discuss how to improve work conditions. Quality circles and focus groups are held for these purposes, the structure depending on how a specific company may have organized them.

Of equal importance is the "bottom up" management approach. An idea for improvement may be suggested by a worker. If the idea is thought to be constructive it is passed up through the management tiers for approval. Suggestion boxes are to be seen throughout Japanese companies and in many of the transplants as well, offering workers the chance to voice their criticisms through offering solutions.

On the Job Training. Japanese companies frequently offer extensive training prior to the start date of the job, and sometimes even prior to an applicant's hiring. A trip to Japan to the parent company may be required, although this is done mainly for management trainees. A significant portion of training, both in Japan and in the transplants, is done on the job, on the shop floor. This method provides an arena conducive to open-ended questions and answers. If one person does not know an answer, someone else will. Thus, a continual flow

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[18]Mr. Jerry Benefield, President and CEO, Nissan Motor Manufacturing, Inc. U.S.A., interview by author, tape recording, Smyrna, Tenn., 10 June 1991.

of information and help is available to the worker. In this type of situation everyone has the opportunity to keep learning.

High Wages. Japanese companies pay high wages, as do the transplants, which pay wages comparable to union scale. The following diagram represents 1990 wages for Honda, Nissan, Toyota, and the Big Three (Ford, GM and Chrysler)

Table 1.--Wages: Transplant Workers vs. Big 3[19]

ASSEMBLER	HOURLY WAGES FOR PRODUCTION WORKERS	UNION PRESENCE
Honda	$14.55	No
Nissan	$13.95	No
Toyota	$14.23	No
Big 3	$16.41	Yes

The average hourly wage for production workers in 1990 for the transplants located in the U.S. (shown above) was $14.24, compared to $16.41 for the Big 3 (approximately $18.00 less per day per man, or $4,500.00 less per man per year). Though not as frequently as in Japan, the transplants do give occasional bonuses to regular employees.

Mass production has been in existence almost since Henry Ford created the automobile. It is the production system that the American automobile industry has been built on. At its inception it revolutionized the industry by automating highly skilled jobs into unskilled jobs.[20] Braverman argues that the "degradation of work" began with the development of mass production. For the first time, a premium was placed only on a man's physical capabilities and his ability to perform tasks on the assembly line, and not on his

[19]M. Kenney and R. Florida, "Transplanted Organizations," 385.

[20]James Flink, *The Automobile Age* (Cambridge, Mass.: MIT Press, 1988), 246.

knowledge, or his specific technical or creative skills, or his uniqueness as a person. His individuality was replaced by automation and the growing demand to produce.

It is important to note the relevance of the study of the automobile as a means in which to study American society and the organization of the industrial work place. The beginning of the mass production of automobiles created more mobility for the general population than ever before. Movement was less restricted, and all societal institutions, from the family to the work place, were impacted. For example, people were no longer dependent on their neighbors as the only source of socialization; they could use a car to visit others easily. People who lived in rural areas were no longer so isolated because of the car. The same went for people who lived in the cities--access to the suburbs was made easier with automobiles. Cars provided a new source of mobility for many Americans.

Over the years, mass production proved to be the most efficient way to produce vehicles. To be sure, enhancements were made continually, but until recently it was "*the*" way to manufacture automobiles. As the Japanese share of the U.S. market was increasing and global competition became fiercer, the need for a more efficient and expedient production process became apparent to the Japanese. In the process of developing the lean production system, the Japanese made many visits to Detroit. They wanted to improve or redo mass production techniques. During the 1950s Toyota discovered through its research that tasks could be performed better and quicker and with less inventory and less waste. This turned the concept of mass production upside down.

The concept of lean production is central to the hypothesis of this study: that, despite cultural differences, aspects of the Japanese management style can be transported to transplants in the United States and have a profound impact on the communities where the transplants are located. Lean production means less of everything: fewer people, fewer parts, fewer things:

Its goal is perfection (or "zero defects").[21] Lean production has proven to produce high quality products, as may be seen by comparing the number of cars recalled: in 1991, twice as many American cars were recalled as Japanese cars.[22]

One of the basic traits of Japanese culture is reciprocity, or "amae." In Japanese society it is often referred to when describing parent-child relationships; in the business community it is often used to describe relations between a superior and his subordinates. In lean production, this reciprocity is intrinsic between bosses and their workers, as well as between companies and their suppliers. The worker relies on his boss to provide him with his work and the manager expects his subordinate to perform the tasks that will get the work done, and ultimately make him look good. This is the underlying, unspoken agreement between them.

Other characteristics of Japanese culture have influenced lean production: harmony, cooperation, group-think/group-identity, perseverance and paternalism. Chapter 2 defines these traits and then applies them to the Japanese automobile industry. Together, they serve to create a production system that demands tighter production and control. Unlike mass production, lean production has a versatility that enables it to be reproduced almost anywhere. "The idea is to perfect a car's design and production in one place and then churn out thousands of 'world cars' each year that can be made in one place and sold around the globe."[23]

Braverman argues that lean production alienates the worker from the work process by creating a shop floor that is so foreign to the worker that he loses a sense of the environment and control of his job. Others argue quite the opposite. While creating a process that

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[21]J. Womack, D. Jones and D. Roos, *The Machine That Changed The World* (New York: Rawson Associates, 1990), 151.

[22]"Recalls," *Wall Street Journal,* 24 March 1992, A12.

[23]Jane Perlez, "Japanese Mix and Match Auto Plants and Markets," *New York Times*, 26 March 1993, D1.

eliminates unneeded people and things, ". . . [lean production] also provides workers with the skills they need to control their work environment and the continuing challenge of making the work go more smoothly."[24] Still others argue that lean production is a rigid production system which may entrap a worker's mind and body, and which requires tighter controls over the technical and inventory processes, as well as over the work force.[25] The lean production system has been designed so that everything works according to a very tight schedule. There is little allowance for waste of any sort. Because of its rigidity, management must be continually aware of the goings and comings on the shop floor.

Lean production thus requires continual management supervision. The Japanese concept of kaizen, or continual improvement, must be applied to maintain this new system. At Nissan the concept has received a great deal of publicity through posters, and programs on in-house closed-circuit TV; however, team groups, quality circle meetings and/or focus groups provide the most efficient means by which the system may be learned, promoted and improved upon. On the job training also provides immediate information regarding aspects of lean production.

According to the Japanese, one of the basic premises of lean production is that workers perform more tasks, thus making them less bored, able to create better products, and less likely to injure themselves.

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[24]J. Womack, D. Jones and D. Roos, *The Machine That Changed The World*, 101.

[25]M. Kenney and R. Florida, "Transplanted Organizations," 383.

Table 2.--Mass Production vs. Lean Production

PRODUCTION SYSTEM	TASKS
Mass Production:	• Assigned job: i.e., installation, repair, etc.
Lean Production:	• Assigned job • Maintenance of equipment • Quality Control • Responsible for work area

The chart above displays the differences in tasks required of mass production assembly line workers and those required of lean production workers.[26] Not only is there a discrepancy in the number of tasks performed, there is a basic difference in philosophy towards workers.[27] However, there are conflicting views in these philosophies. The UAW argues that the lean production system is a further means by which to exploit workers and make them think they have more responsibility than they do. This viewpoint bolsters Braverman's contention that the combination of technological advancements and Japanese management techniques foreign to American workers have disoriented workers so that they feel out of control on the shop floor. The UAW also claims that worker injury has increased.[28]

The goal of lean production is zero defects. It is difficult not to agree that it has worked in Japanese-produced vehicles. High quality levels help to sell cars. Japanese success in the American automobile industry corresponds with the advent of lean production. Little is

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[26]Dorin Levin, "Toyota Plant in Kentucky Is Font of Ideas for U.S.," *New York Times*, 5 May 1992, D8.

[27]Ibid.

[28]Nissan worker, interview by author, tape recording, Smyrna, Tenn., March, 1990.

known regarding the UAW claim that worker injury is high. Some Nissan workers claim that injury in their plant is very high and that Nissan refuses to hand over the OSHA 200 injury log, despite the fact that they have been fined $5,000 by the government for not doing so, for fear that this will prove the UAW accusations correct.

Some theorists argue that the Japanese have been so successful in transporting their management practices here that they have actually been able to mold the environment to adapt to what they need.[29] This is a testimony not only to the strength of their production system, but to strength of their financial resources as well. This argument also aligns itself with the Japanese strategy for global competition: to create a production system that is portable and flexible, and to locate it in a non-adversarial environment. This type of organization will be able to locate itself anywhere in the world.

Since its invention, the automobile has become increasingly important. Its design, production, and the location and management style of the facilities where it is produced may be seen as signs of the times. As industries downsize as a result of deindustrialization, as more plants and businesses close and unemployment rises, competition continues to increase. The pressure to do things more efficiently and expediently--more "lean"--is tremendous.

As mass production replaced craft industry, lean production is gradually replacing mass production. It is important to note, however, that many techniques that are considered part of lean production originated with mass production. The Japanese have studied mass production practices carefully and built on them.

Perhaps the Japanese, who through their determination, perseverance and discipline rebuilt their country after its massive destruction in World War II, could be the only country that could bring about the next step in the evolution of mass production. Their thoroughness, care, and long term planning goals have enabled the Japanese to advance so rapidly that they

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[29]M. Kenney and R. Florida, "Transplanted Organizations," 382.

may, even though currently faced with economic difficulties, surpass their conquerors of fifty years ago.

Japanese production processes have largely been accepted, and transported to the transplants in the United States. The processes have required some degree of modification, but as Florida and Kenney argue, ". . . [the Japanese] have transformed their environments to suit their needs."[30] However, it has not been a silent transformation. The Japanese methods have met with community, industry and labor opposition. This study examines the transporting to the United States of Japanese managerial practices to a Japanese-owned, American managed and staffed assembly plant, and the responses that it has evoked in the workers and community.

[30]M. Kenney and R. Florida, "Transplanted Organizations," 381.

CHAPTER 2

THE HISTORY AND DEVELOPMENT OF JAPANESE MANAGEMENT

Since the late 1980s the Japanese have been credited with developing a management style responsible for great economic achievements. Japanese business leaders have been regarded as having found the secret to economic success, while the international business community is still scratching its head trying to understand exactly how the Japanese have been so successful.

Japanese management represents a style that incorporates worker cooperation and participation in the management process. Distinctions between management and workers (such as private dining rooms or special parking places) are few, and the underlying theme of the "team" and equality is prevalent. The goals of efficiency and quality dominate manufacturing practices, and factories and workers are organized to this end. Kaizen, or continual improvement, is a main concern. Workers are told that if the company does well, so will they. Fixing problems and looking for improvements is part of a worker's job. This management philosophy promotes the group concept, where everyone works to improve the company. In return, workers are rewarded with guarantees of lifetime employment, pensions, and monthly bonuses.

Along with the promise of lifetime employment and other benefits, the Japanese management style demands devotion from its employees, requiring workers to be committed to being an active, participating team players. The workplace is sacred, work taking precedence over family. Promotions are usually based on seniority and there is little room for quickly rising "stars." The corporate structure is organized with few management tiers to facilitate for easier communication between workers and management.

Production processes are designed to accommodate and encourage worker suggestions and involvement. In many plants suggestion boxes line the hallways. In keeping with kaizen philosophy, workers are encouraged to stop a production line if there is a problem. Management and labor have a non-adversarial relationship where problems can be addressed quickly and efficiently.

Focus groups, quality groups, and task groups have been established for workers to verbalize problems to management, and communicate their ideas about how to improve products. Guarantees of lifetime employment enable workers to think better about improving the company they are spending their lives with. Financial rewards are frequently allotted to workers for good attendance as well as for suggestions that improve the company. Worker-management reciprocity is the backbone of Japanese management practices.

Japanese management style is not geared towards the individual; the group or team is pivotal, and cooperation is intrinsic to the work process. Management's primary concern is how well the individual performs as a team player, and Japanese hiring practices often focus on this aspect of an applicant's qualifications. Factory workers are organized into teams with specific responsibilities. If a worker is out, his team is still held accountable for its regular quotas. Japanese workers are expected to accommodate to situations such as this on a daily basis, with the goal of improving productivity.

The Japanese management model is paternalistic; the company acts as parent and the worker as child. If the worker (child) is good, the company (parent) will take care of him for his entire life (it often replaces his real family in its demands and importance). Long hours are the norm, and workers' families accommodate themselves to this fact. To keep workers healthy under these demanding circumstances, companies often provide on-site recreational facilities, and institute mandatory daily routines which include physical exercise as well as the singing of the company song at the start of each day.

Paternalism is the driving strategy behind Japanese management techniques. Reciprocity, cooperation, participation and kaizen are all outgrowths of this. Workers are expected to take an active role in the development and production of the product. Japanese management practices have had an enormous impact on the international marketplace. Yet before their impact can be fully understood, their origins and development must be discussed.

Contrary to popular belief, Japanese management practices did not originate in Japan, but were first developed in the United States by American management in the 1920s, in response to organized labor and the general economic and political climate in the U.S. at that time.

From the turn of the 19th century to the 1920s, organized labor grew at a rapid pace. By 1920, twelve percent of the U.S. labor force was unionized.[1] During World War I the American government displayed an interest and involvement in labor.

The government showed an unprecedented interest in labor organizations, and labor organizations and labor representatives served on many of the specially created war agencies. A War Labor Board was established in 1918 with the function of settling industrial controversies that affected the war effort. Recognition by this board of labor's right to organize and bargain collectively was favorable to the union cause. A sympathetic government and economic prosperity were sharp stimuli to union growth.[2]

In addition to an increase in union membership, wages increased by twenty percent. By 1919 the number of workers involved in strikes reached an all-time high. Many strikes took place in 1919, including a general strike in Seattle, the Boston police strike, and other

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[1]L. Belliet, *Survey of Labor Relations* (Washington, D.C.: Bureau of National Affairs, Inc., 1981), 29.

[2]Sanford Cohen, *Labor In The United States* (Columbus, Ohio: C.E. Merrill, 1970), 98.

strikes in the coal and steel industries.[3] However, none lasted very long and none were victories for organized labor.

During the nineteenth and early twentieth centuries union membership tended to decline during periods of recession. With the harsh realities of life, union membership and activism peaked in 1919, when the cost of living had doubled in five years while wages had decreased. However, in 1920s this trend reversed. Even though times were prosperous and consumerism at an all time high, union membership declined significantly. The National Association of Manufacturers (NAM) and the National Chambers of Commerce (NCC), along with the U.S. government worked together to counter union activities by telling the public that strikers were trying to initiate a Bolshevik revolution. The "Red Scare" strategy proved to be an effective technique for squelching anti-American sentiment and any movement that endorsed unions.

> Innumerable . . . gentlemen now discovered they could defeat whatever they wanted to by tarring it conspicuously with the Bolshevist brush. . . . The open shop became the "American Plan" . . . [A] cloud of suspicion hung in the air, and intolerance became an American virtue.[4]

Protests, together with the increasing number of strikes resulted in the implementation of the "American Plan," which was sponsored by the American Legion, the American Manufacturers Association, the National Chamber of Commerce, the National Metal Trades Association and the League for Industrial Rights. These groups advocated the "open" (non-union) shop, endorsed the Ku Klux clan and used scare tactics on anything that did not represent the "American way"--and union affiliation was seen as un-American. They were highly skilled at both strike breaking and keeping wages down.

One month after the failed steel workers strike, January 2, 1920 the Palmer Raids began.

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[3]L. Belliet, *Survey of Labor Relations*, 212.

[4]R. Boyer and H. Morais, *Labor's Untold Story* (New York: United Electrical, Radio & Machine Workers of America, 1955), 236.

> On the night of January 02, 1920 American workers, both aliens and citizens, most of them trade union members and many of them union officials were hauled from their beds, dragged out of meetings, grabbed on the streets and from their homes, and thrown into prison. . . . [O]f the 10,000 arrested 6,500 were ultimately released without any charge whatsoever being placed against them. . . . It was just an unfortunate mistake.[5]

Unfortunate as it may have been, the raids succeeded in frightening many people. At the beginning of the 1920s union membership had been at its peak; by the end of the decade most workers in the United States were unorganized.

In addition to the American Plan, the concept of "scientific management" was developed during this period. Under scientific management, workers' motions were timed in order to improve efficiency and exert greater control over workers, whose rate of production and work ethic were more closely scrutinized then ever before. Union membership decreased during the 1920s, because the anti-union movement was so strong. In addition to the generally conservative mood in the country coupled with anti-union sentiment, industry was developing its own managerial style which was part of the rise of welfare capitalism.

The main thrust of this new management style was the welfare of the worker; concern for the human conditions of the assembly line worker. Management hypothesized that if workers weren't happy then productivity would be affected. This participative management style and alleged concern for the worker represents the beginnings of and the framework for what is now widely known as the underlying philosophy of the Japanese management style.

Cooperation between labor and management was the main thrust of this new management style, which was considered to be the most celebrated experiment of the decade. Workers would be rewarded for their participation in management. Enticements included steady employment, employee representation, stock ownership, proprietorship, training, special bonuses, sharing of work tasks or job rotation (so in lean times layoffs might be

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[5]L. Belliet, *Survey of Labor Relations*, 212.

averted because workers could share in different aspects of production), job security (a precursor of the Japanese lifetime employment).

According to Charles Schwab, head of Bethlehem Steel and one of the most enthusiastic advocates of this new management style, American companies were "acquiring a new industrial philosophy . . . that the fundamentals of Jesus of Nazareth constitute the soundest, most sensible and workable economic system possible to devise."[6] Schwab, whose brilliant business career went back to the bloody Homestead strike of 1892, announced:

> I have gone through some rather dark chapters in American industry . . . and it is a great joy to me to realize that humanity rules American industrial life today.[7]

This was a management style steeped heavily in paternalism. The company would take care of the worker if the worker submitted himself completely to the company. As in Japanese management practices of the present day, reciprocity was a necessary condition.

These management techniques sent a message to non-union workers: why bother joining a union if the company could provide everything workers wanted, and there was a forum for open and fair discussion of grievances. This management strategy, together with the conservative, anti-union mood of the country helps explain the decrease in union membership in a relatively prosperous economic period when it might be expected that union membership would rise.

Industrial leaders of the 1920s believed that

> [E]mployee consultation . . . helps to increase production and it also serves to develop and satisfy the human beings engaged in the production process . . . it brings together

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[6]Brody, Davis, *Workers In Industrial America* (New York: Oxford University Press, 1980), 48.

[7]Ibid.

> minds and emotions that have been apart . . . a leadership that will preserve dignity and self-respect of each human being.[8]

This was the sentiment of industrial management. Unfortunately, these hopes could never be achieved. Realistically, these companies could never promise lifetime employment guarantees to anyone. The Great Depression, beginning in 1929, proved this true.

Charles Schwab coined the phrase, "Management of men on a human basis," claiming that if management could allay workers' fears, productivity would increase. Incentives were designed to incorporate this theory. If the worker had only to think about the product he was producing and how to improve upon it, management would reap large rewards, as well as profits. Some fifty to sixty years later, this concept may be seen in the Japanese work ethic of kaizen.

This new management style did many things for elite management. Highly publicized concern for workers would enhance their public image. In 1913 the Ford Motor Company had an annual turnover rate of 380%, which climbed even higher one year later.[9] High turnover rates were considered to be indicative of bad management practices. Ford's solution to this problem was the $5.00 day. Ford offered employees a wage that they had never dreamed of, as a method of reducing turnover.

Henry Ford, as a leading industrialist, had additional plans in mind to reduce the turnover rate, as well as keep his employees in line. He created a "Sociology Department" consisting of approximately forty men whose job it was to spy on employees. Although other companies did this as well, Ford was known for this particular practice. If a member of the Ford Sociology Department should suspect any worker, a file would be started on them which was

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[8]S.A. Lewisohn, *The New Leadership In Industry* (New York: E.P. Dutton and Co., 1926), 123

[9]James Flink, T*he Automobile Age* (Cambridge, Mass.: MIT Press, 1988), 123.

> . . . often passed into the hands of the Department of Justice, military intelligence officers, and local law enforcement officers. . . . Ford officials made high worker productivity a patriotic duty and considered any worker activity that retarded production to be . . . a conscious and treasonable act of sabotage.[10]

Any union affiliation was considered to come under the rubric of sabotage.

The 1920s saw a movement by industrial leaders to gain control and coerce workers by management techniques that professed concern for the worker and his environment, which originated in the aftermath of the proliferation of strikes in the early part of the century. In their newly created worker participation and cooperation plan, management gave workers the sense that their welfare would be protected if they would just cooperate with them. "Company unions" were created to assure workers that their rights would still be protected. These unions were nothing like the already existing trade unions, which gave the workers more genuine representation.

The 1919 steel strike in the United States and the 1953 Nissan Strike in Japan represent tremendous turning points for the future of union activity in the two countries. After each of these strikes management came in with new managing techniques (worker participation schemes) and formed their own unions: the company union in the U.S., and the corporate union in Japan. The new unions were not the radical unions of the past, but company-formed and company dominated. They did not represent workers; in reality they were an extension of management.

Worker participation in the strikes of 1919 and 1953 was very high. Both in the United States and in Japan, prior to both strikes, worker/management relations had been extremely volatile. Turnover rates and high levels of absenteeism were the norm for both industries prior to these massive strikes. Similar to the economic and political climate in the 1920s in the United States, Japan in the early 1950s started to change from a more labor-aggressive

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[10]Ibid.

orientation to a subdued labor movement. The role of unions in Japan went from being "political" to "economic" with more company affiliation.[11]

Similar to the circumstances in the 1920s in the United States, this metamorphosis of the union's role in Japan was not without dramatic and severe occurrences.

> This process of change was neither smooth nor easy. It may be viewed as an eventual outcome of repeated experiences with prolonged labor disputes, strike defeats, union splits, and internal union struggles during a stagnant and difficult phase of the economy.[12]

The 1953 Nissan Strike will be discussed in detail later in this chapter.

After both strikes new types of "unions" and managerial styles evolved. The Japanese management techniques (originated in the 1920s in the U.S.) were brought into practice. As reported in a 1983 Automotive News issue by the former Chairman of Ford,[13]

> Eiji Toyoda told me himself in Tokyo, last year, there was no mystery to the development of Toyota in Japan. He merely came to the Ford Rouge Plant in 1950 - and then went back to Japan and built the same thing.[14]

The role of unions both in the United States and Japan changed after these strikes, becoming more company- and management-oriented. American unions again became more radicalized, but Japanese unions have remained the same. After both strikes, wages decreased significantly and remained unchanged for several years afterwards.

The significance of discussing the history and development of Japanese managerial practices is relevant in understanding them and the Japanese culture. The next section of the

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[11]H. Shimada, "Japan's Postwar Industrial Growth and Labor-Management Relations," in L. Reynolds, S. Masters and C. Mosers, *Readings In Labor Economics and Labor Relations* (Englewood Cliffs: Prentice Hall, 1991), 459.

[12]Ibid.

[13]M. Schwartz and F. Romo, *The Rise and Fall Of Detroit: How The Automobile Industry Destroyed Its Capacity To Compete* (Stony Brook: State University of New York Press, forthcoming).

[14]Ibid.

chapter discusses the Japanese culture as well the business practices which have incorporated American management techniques from the 1920s. It is the aim of this chapter to understand Japanese business and management practices so that we may better understand our own.

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The Japanese business world reflects Japan's political, economic and social morés. The Japanese are known for the subtlety, aggressiveness and success of their corporate practices. They are a population regarded as relentless workaholics. They have achieved economic and manufacturing success in the short period of time since the Second World War. This chapter will examine Japanese society, corporate culture and its automobile industry, and how the Japanese have been so successful in organizing their lives and their businesses.

In many respects, the Japanese culture has laid the groundwork for its business practices. This chapter examines this way of life to see how it has been incorporated into the Japanese world of finance. Japan, where approximately one hundred and twenty million people live, is the same size as the state of California.[15] Eighty-five percent of the land is uninhabitable mountains; everybody lives and works on the other 15%. With space at a premium, Japan has some of the highest real estate prices in the world. Because of its geographic location, Japan is vulnerable to earthquakes, volcanoes, and tidal waves. These physical conditions have had a profound impact on the Japanese people, who are forced to accommodate themselves to them. Yet even with these problems their economic success has been tremendous.

Certain cultural concepts characterize the Japanese way of life: consensus, collectiveness, paternalism, dependence and perseverance. However, all of these concepts may be subsumed under the same rubric: holism, where everyone shares the same beliefs and ideals. As a member of Japanese society, you must strive to fit into this insular family world.

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[15]William J. Holstein, *The Japanese Power Game: What It Means For America* (New York: Penguin Group, 1991), 15.

"Where the West founded its hope on individualism and universals . . . in the Japanese mind, consensus and collectivism are more than a virtue. They have almost the quality of a religion."[16]

In this chapter five cultural themes will be discussed: consensus, collectiveness, paternalism, dependence (amae) and perseverance. All of these concepts are interrelated and act together to maintain the status quo in Japanese society. From these convictions, business has developed its own institutional philosophies and concepts: the keiretsu (business alliances), kaizen (continual improvement), and a participative managerial style.

One of the driving forces behind Japanese culture is the sense of what Robert Christopher refers to as the "preservation of the tribe."[17] Everything in Japanese society stems from this commitment of the Japanese people to their society. This sense of oneness or harmony provides the framework from which to understand the culture.

The themes of consensus, collectivism and perseverance have been dramatically displayed in Japanese society at least twice in the past one hundred years. In 1853, the U.S. Navy forced the feudalistic Japanese to open their country to the outside world. The Japanese knew that they had two options: either: surrender to the West or organize themselves in response to this challenge and transform themselves into a world power. They chose to "overthrow the last of the shogun . . . and to emulate the great imperial powers of Europe."[18]

When Japan was devastated and defeated after World War II, the Japanese had to rethink their goals. Gradually at first, then with more and more momentum the country picked itself up and transformed itself into one of the major superpowers in the world today. Only a very serious commitment to a common goal by the people of Japan could achieve this.

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[16]Frank Gibney, *The Fragile Super-Power* (New York: Meridian Printing, 1979), xiv.

[17]Christopher, Robert, *The Japanese Mind* (New York: Fawcett Columbine, 1983) 55.

[18]Ibid, 31.

The concept of harmony, consensus and perseverance is complex. While Japanese society strives for and maintains collectivism, there is also the culture of the warrior - where to fight to the death for one's country is valued. This was clearly seen during World War II when kamikaze pilots would commit suicide if their mission was not successful.

The Japanese believe that "[s]trategy is the craft of the warrior,"[19] and where planning can be equivalent to running a military operation. This concept will be discussed later as Japanese business practices are examined; however, in order to understand the complexity of the Japanese culture this warrior spirit and its impact must be considered. As dedicated and persevering as the warrior is in his sense of duty, so is the Japanese citizen to his country.

Harmony is one of the most important features of Japanese culture, and defines its direction and practices. Japan is a country where emotions are rarely shown and conflict is avoided at all costs, both because it makes people uncomfortable and they do not know how to handle it. Robert Christopher argues that the Japanese "instinctively operate on the principle of group consensus."[20] He further states:

> The manner in which such a consensus is achieved is known as nemawashi, or "root-binding" a term taken from bonsai culture, in which, whenever a miniature tree is repotted, its roots are carefully pruned and positioned in such a way as to determine the tree's future shape. In the human context . . . it involves a cautious feeling - out of all the people legitimately concerned with an issue, a highly tentative process in which no firm stands are openly taken and argument is implicit rather then explicit.[21]

Inherent in this is a high degree of caution and conservatism that the Japanese exhibit among themselves and with foreigners, and in their business practices, thus ensuring the future

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[19]M. Musashi, *A Book Of Five Rings: The Classic Guide To Strategy* (New York: Overlook Press, 1974), 37.

[20]Robert Christoper, *The Japanese Mind,* 53.

[21]Ibid., 54.

and safety of the "tribe." Adhering to this, the nail that sticks up will certainly get hammered down.

The concept of gaman, or perseverance, is the driving force behind the Japanese. where the idea of relaxation is almost unheard of. Until recently, many workers would refuse vacations, and put in long hours of overtime. Karoshi (death from overwork) has received a great deal of publicity in the past few years, and the Japanese government has come under enormous pressure to investigate the problem. As a result of this recent publicity, a group of lawyers and doctors established a "karoshi hot line" and have received hundreds of calls complaining about working conditions that demand long and hard working hours.[22]
What makes gaman such a strong factor in Japanese society? Perhaps it is the country's relatively recent prosperity, and relatively recent emergence from the devastation and poverty caused by World War II. Holstein argues:

> [U]nderlying all these explanations is the sheer drive embedded in the culture. Japan's feudal history was characterized by centuries of civil conflict among clans and lords. It may have been at a low level, or it may have been subtle, or it may have been temporarily halted by an alliance, but it rarely ended. . . . [I]t is much the same today but the struggle is more among ministries, factions, and companies than warlords. A commitment to a common culture does not preclude conflict. Rather, the Japanese are masters of long-term, low-level conflict. Often what the outside world perceives to be harmony or consensus is the result of an intense struggle where many different Japanese interests have competed feverishly against one another. Like a gigantic pressure cooker, these forces may balance against each other so that there is the appearance of nonconflict.[23]

Holstein's argument illustrates the complexity of Japanese society, where the appearance of harmony and order is crucial, yet the extent to which harmony and order really

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[22]David Sanger, "Tokyo Tries To Find Out If 'Salarymen' Are Working Themselves To Death," *New York Times*, 19 March 1990, 8(A).

[23]William J. Holstein, *The Japanese Power Game*, 24.

does exist is difficult to tell. As stated previously, Japanese display very little emotion, a conditioning from birth that makes it harder for outsiders to understand the culture.[24]

Roy Smith has observed that in addition to displaying little emotion, the Japanese understand two different levels of the truth. Tatemae is the spoken truth, what is actually told to people or the public or the press; honne is the unspoken truth, what is held in the strictest of confidence. Smith states that "[i]n the world of tatemae everything can be explained; in the other world, nothing ever is."[25] It may be that these two varieties of truth exist more in the business community than in everyday Japanese life. However, these levels of truth reflect the general outlook of a society closed to outsiders as well closed internally.

When discussing the Japanese business world it must be kept in mind that there are always two levels of communication going on, the honne, and the tatemae: what is told to the public and press, and what is only for those of the inner circles. What may appear as very straightforward business practices are, in fact, only a veneer of reality. To be sure, American business practices may not be so different, but with regard to Japan, this means of communication may be seen as a way of maintaining isolation and excluding foreigners.

Consensus, collectiveness and perseverance all contribute to two other Japanese cultural concepts revolving around the idea of dependence on another: paternalism; and amae, a dependence similar to that of mother and child. Paternalism operates more in Japanese corporations rather than Japanese society at large. Japanese corporations promote this form of dependency so that a worker feels as though he cannot survive without his company. To be sure, the company provides him with an income. However, it also makes life seem a little easier by offering lifetime employment, recreation facilities, company leisure time activities,

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[24]Mr. David Lee, interview by author, tape recording, New York, New York, March 1993.

[25]Roy Smith, "Japan After The Bubble", in *Best Paper Proceedings of the Sixth Annual Association of Japanese Business Studies,* ed. Allan Bird (New York: Association of American Japanese Studies, 8-10 January 1993), p. 4.

benefits, promotions and salary increases. Psychologically, workers gain a sense of belonging and self-importance by being a member of the company. Thus, the worker comes to depend on the company not only for his livelihood, but for emotional and social support. In return, the company has gained a dedicated worker.

Amae refers to an extreme dependence, represented by mother and child, which in later life the Japanese company may fulfill. Takeo Doi argues:

> The Japanese term amae refers, initially, to the feelings that all normal infants at the breast harbor toward the mother - dependence. . . . [T]he Japanese social structure is formed in such a way as to permit expression of that psychology.[26]

Because the Japanese sense of collectivism and the group is so strong, most Japanese expect to be taken care of, an expectation derived from centuries of people being cared for by the group or community.

In Japan, amae is implicit between child and parent. In adult life, this same dependency is implicit between boss and subordinate in the corporation. There is a mutual loyalty between the two, where the worker allows and expects his boss to take care of him, and the subordinate has an undying obligation to his boss. This reciprocity serves to enhance the feeling of harmony as well as paternalism within the corporation.[27]

Amae is dependency on an external force. In the case of a child it is the parent; in business it is the worker and his boss. As a subordinate, the worker is obligated to his superiors to act in a certain way. If he does not, the worker brings shame to his group and to his relationship with his superior. Consequently, he feels shame brought on by not demonstrating his loyalty, and by causing his group and his superior to look bad. Since in Japan appearances are very important, if a person causes someone to look bad, shame is the appropriate response.

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[26]Takeo Doi, *The Anatomy Of Dependence* (Tokyo: Kodansha International, 1971), 7-28.

[27]Mr. David Lee, interview by author, tape recording, New York, 8 March 1993.

> At the heart of the Japanese business community is the keiretsu, or business alliance.
>
> Keiretsu are critical to the country's special brand of capitalism, the reason Japan keeps dominating world markets. . . . What makes the difference is a system that pulls together government, industry, capital and the best information on high technology worldwide to create a machine that grinds competitors into powder.
>
> * * *
>
> Although they account for less than 0.1% of all companies in Japan, they account for 78% of the value of all shares on the Tokyo Stock Exchange.[28]

The keiretsus that support the four major Japanese automobile companies (Nissan, Toyota, Honda and Mitsubishi) have assets totaling over $500 billion.[29] Prior to World War II, the keiretsu did not exist. Instead, zaibatsu (family-owned companies) controlled the Japanese business world. Much like conglomerates, they gave backing only to those companies they approved of, thus defining the parameters of the Japanese marketplace and perpetuated the dynamic of "the rich get richer and the poor get poorer." Prior to World War II there were five zaibatsu. Most of their strategies were derived from the Western capitalists, whom they studied closely.

With the post-war occupation of Japan by the United States, many reforms were made: the zaibatsus were abolished, land reform was instituted, and labor unions were legalized. With the demise of the zaibatsu, competition became fierce among companies, aggressive investments were made, and Japan began to grow at an almost miraculous rate.

Conditions were ripe for Japan's expansion. It was during the two and one half decades from 1945 to 1970 that foundations were laid for Japan's rise to a position of world power. Within a relatively short time, a poverty stricken, devastated country transformed itself into one of the leading powers of the twentieth century. Certainly economic and political

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[28]Carla Rapoport, "Why Japan Keeps On Winning," *Fortune*, 15 July 1991, 76.

[29]Economic Strategy Institute, *The Future of the Auto Industry: It Can Compete, Can It Survive?* (Washington, D.C.: Economic Strategy Institute, 1992).

conditions were conducive to this growth, but the Japanese sense of perseverance and dedication to themselves and their country must be kept in mind.

Other critical factors contributed to the post-war economic growth: the Japanese government provided economic support to growing industries at a time when the world economy was not threatened by such growth. In addition, labor-management relations were relatively calm. This growth period lasted till well into the 1970s, at which time there was a slow down.

Although the powerful family-owned business groups, called zaibatsus, had been abolished in the 1940s, another structure arose to take their place: the keiretsu. The keiretsu is an industrial group; there are both vertical and horizontal groupings. The horizontal keiretsu, the center of which is a bank or other cash holding company, comprises dozens of major companies consisting of many diversified industries. They are "held together by cross-shareholdings, old-boy networks, and a compulsion to hammer rival groups."[30] Japanese companies such as Mitsubishi, Sumitomo Group, and Mitsui typify the "horizontal" keiretsu. Mitsubishi, for example, has over 190 member companies with sales of over $400 billion annually. There are six horizontal keiretsus, three of which are centered around major Japanese banks. The remaining three are organized along the lines of the zaibatsu, the family-owned conglomerates that were outlawed in the 1940s.[31]

The vertical keiretsus are structured in a pyramid, with many companies subservient to the same institution. Like the banks that head the horizontal keiretsus, the companies at the top of vertical keiretsus also have extraordinarily large cash holdings. At the bottom of the structure are smaller companies who which supply materials, components and services to the

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[30]K. Kelly, O. Port, J. Treece, G. DeGeorge and Z. Schiller, "Learning From Japan," *Business Week,* 27 January 1992, 54

[31]Carla Rapoport, *Why Japan Keeps Winning, 77.*

company at the top of the pyramid. Toyota, a "vertical" keiretsu, has 175 primary suppliers and 4,000 secondary ones.[32]

he keiretsus provide the Japanese with financial security. If a company is in financial trouble, the keiretsu will step in to save the day. With this kind of economic foundation and assurance, lifetime employment can be offered.[33] With financial stability assured, long term planning can be strategized. Planning is a priority for Japanese banks, the financial backers for many of the corporations. Since they have invested in these institutions it is in their interest for them to profit. They are not reluctant to take either risks or make changes early on, because it is they who supply the backing.

Attitudes that are central to the Japanese culture--homogeneity, perseverance, and dedication--are also evident in Japanese business. The Japanese corporate culture and managerial style, infamous as well as enigmatic, are credited with the success of the Japanese economy. William Ouchi argues that whereas in the United States, the management approach is geared to the individual, Japanese management is based on the group or team approach. The team approach is also a feature of the Japanese lean production system, where the group is the driving force. Team members learn a variety of tasks related to their team's responsibilities, so they can fill in if someone is out, and reduce the potential for boredom.[34]

Ouchi identifies the following characteristics of Japanese management style: lifetime employment, slow evaluation and promotion, non-specialized career paths, implicit control mechanisms, collective decision making, collective responsibility, and holistic concern.[35] On one hand, the emphasis on the collective and the bottom up management approach, where

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[32]Ibid.

[33]Although Japan is often noted for offering lifetime employment, only one third of its work force is offered this benefit, and it is generally given to male, middle management.

[34]William Ouchi, *Theory Z* (New York: Avon Books, 1981), 49.

[35]Ibid.

ideas start at the lowest level of the company and are passed upwards if they get approval, are intended to give workers a sense of responsibility. On the other hand, these management techniques could also be seen as a means of giving workers a false sense of responsibility, while increasing the company's paternalistic role and the workers' dependency on it.

The concept of kaizen, or continual improvement, is an important component of the extraordinary success the Japanese have achieved in manufacturing and other areas. Kaizen is evidenced in the continual search for a way to make better products; and the Japanese drive, and their sense of responsibility to themselves and their companies are strong assets in the production of goods. The kaizen attitude of continual improvement has been contrasted with the American attitude of "if it ain't broke, don't fix it." In fact, this contrast in attitude has been seen as a major difference between the Americans and the Japanese.

Amid glowing reports, problems are rarely publicized. But Japanese success also has a down side. Death from overwork, karoshi, has become more and more of a problem. As a result, the government has been urging workers to take time off from their jobs, although until recently people have been reluctant to do so. Sony announced in 1990 that it would require all employees to take one to two weeks vacation, whether they wanted to or not.[36]

Karoshi is not the only problem facing the Japanese. Along with well publicized high quality ratings, enormous sales, and praise for their production systems, there has been significant criticism of the Japanese automobile industry's treatment of workers. Satoshi Kamata has documented the problems faced by temporary line workers at the Toyota plant in Japan:

> It is not uncommon these days for big industries to have many injuries and deaths, as well as occupational diseases which are dealt with as away-from-the -job-injuries and diseases. . . . [A] worker from the Tsutsumi plant committed suicide in his dormitory by taking sleeping pills. He was depressed after having been blamed by the team leader for his tardiness and forced to apologize to his fellow workers for the

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[36]David Sanger, "Tokyo Tries To Find Out."

> inconvenience he caused. . . . With the rise of suicides and accidents a team leader is said to have told his workers at a meeting in the Main plant, 'Your injuries won't trouble the company much. Only your family will be in difficulty.'[37]

Several Japanese workers have described their offices as subdued and restricted.[38] One young man, a lively, bright person by nature, told me how he had been reprimanded by his boss for being too jovial in the office.[39]

Robert Hayes supports the theory of the well-known Japanese proverb "the nail that sticks up gets hammered down," stating that Japanese factories are examples of the nail having been hammered down.[40] The concern with order keeps factories running with precision and less waste than in most countries. Japanese workers are responsible for their own work areas, as well as for quality control on the products that they work on. Hayes argues that it is precisely this feeling of responsibility for the product and the work area that results in better products with fewer defects, improves efficiency and quality and worker satisfaction is higher than in other factories. The success of the Japanese transplants in the United States (as seen by their rapid gain of U.S. market share), with their Japanese production and managerial techniques, affirms that their manufacturing practices turn out a product that consumers frequently select over American-made products. In 1991, the number of recalls for Honda was one out of every twenty-four. Ford and Chrysler recalled three-quarters of their vehicles.[41]

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[37]Satoshi Kamata, *Japan In The Passing Lane* (New York: Pantheon Books, 1982), 210.

[38]Japanese businessman, interview by author, tape recording, New York, New York, 5 May 1990.

[39]Bars provide the arena for the highly publicized drinking that goes on after working hours, where emotions can be displayed and are considered appropriate.

[40]Robert Hayes, "Why Japanese Factories Work," *Harvard Business Review,* July-August 1981, 57.

[41]"Recalls", *Wall Street Journa*l, 24 May 1992, A12.

The automobile industry is a amalgamation of many major industries and its overall success in any economy may be seen as a direct reflection of that economy. As societies have become more technologically advanced, the automobile, too, has become more advanced and more available to the everyday consumer. It has increased the ease, speed and the parameters of people's mobility. Steel, rubber, plastic, and various other materials combine together in producing a car. An automobile consists of over 15,000 parts, many of which are produced by companies other than the automobile company. Layoffs, plant closings and strikes have a tremendous impact on other industries. If fewer cars are needed, so is less steel, less rubber and other materials.

The Japanese automobile industry produced 32,000 vehicles in 1950, increasing to over 11,000,000 during the early 1980s.[42] Previous sections have discussed Japanese culture; the following section will examine Japanese business practices to understand the environment in which the Japanese automobile industry developed.

Prior to the 1920s in Japan there was relatively little demand for cars and very little governmental support Japan's auto industry. Most Japanese vehicles were Ford and GM products imported from the U.S. In 1936 the Japanese government passed legislation that restricted Ford's and GM's access to the Japanese market. The same legislation also allowed the government to manipulate protectionism, further limiting imports. At the same time it also endorsed national vehicle manufacturers, including Nissan and Toyota. From 1936 on, four wheel vehicle supply increased significantly. More and more cars were produced each year.[43]

In 1948, the Japan Automobile Manufacturers Association was founded to represent the industry regarding price control, governmental restrictions and protectionist measures. This was in agreement with the General Headquarters of Allied Forces, which abolished the law

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[42]Michael Cusumano, *The Japanese Automobile Industry* (Cambridge: Harvard University Press, 1985), xvii.

[43]Ibid., 386.

restricting vehicle production in 1949. The Ministry of International Trade and Industry (MITI) promoted the Japanese automobile industry; as a result, Nissan, Toyota and Isuzu were given substantial monies by Japanese banks and major corporations, in order to pull themselves out of bankruptcy. MITI's support enabled the automobile industry to accelerate its production rates and begin the climb to the top of the international market.

> In 1961, Japan ranked only seventh in the world as a 4-wheel vehicle producer, making just one automobile for every ten made in the United States . . . and Japan was receiving considerable pressure from West Germany, France, Britain, and the IMF to allow 4-wheel vehicle imports.[44]

The Japanese felt growing competition growing and knew that they must take some decisive steps. In establishing long term plans, MITI in 1961 asked car manufacturers to specialize in small passenger and sports cars. This measure was not as successful as they had hoped, because it favored large automobile manufacturers and did little to help smaller companies. However, it did preserve the national market from other small imported cars throughout the 1960s and 1970s.

Cusumano argues that during the thirty years between 1950 and 1980, the Japanese automobile industry was greatly helped by a cooperative, educated labor force. Union growth was enormous. In 1945 there were no unions, but four years later there were 34,688 and union membership was 6.7 million.[45] Unions were able to obtain and secure contracts and higher wages, and were seen by management as a potentially disruptive force.

Japanese manufacturers organized enterprise unions to defeat leftist unions. In enterprise unions, workers' benefits are directly linked to the financial success of the company, creating a disincentive to strikes and other protests. Enterprise unions "were not a part of

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[44]Ibid., 22.

[45]M. Kenney and R. Florida, "Beyond Mass Production: Production and the Labor Process in Japan," *Politics and Society* 16 no. 1 (March 1988), 127.

national organizations of workers in the same industry, and they increased the ability of managers to reduce wages and numbers of permanent employees."[46]

The strategy worked, and the Japanese unions became decreasingly radical. As the unions became less militant, workers compromised with management and gave up their control over working conditions in return for seniority pay and the promise of lifetime employment.[47] Union leadership was now more concerned with wages and benefits than organizing a strike. The leftist direction that the unions had been headed in was now a thing of the past.

Japan is a society where conflict is considered a social evil, and harmony must be obtained through the practice of human understanding. This is in distinct contrast to Western society, where conflicts are commonly resolved through litigation. The Japanese feel uncomfortable about handling disputes. Hanami states that the Japanese way of handling disputes is avoidance of any clear-cut decisions, and a "preference for conciliation rather than adjudication and a better understanding of the continuity of labor which [the Japanese] have been regarding obstacles to modernization."[48]

The All-Japan Automobile Industry Labor Union, the industrial union that had served Japan from 1947 until 1954, when there was a massive automobile strike. Toyota and Isuzu workers settled with management, but Nissan workers continued to strike. Out of the continued Nissan dispute an enterprise union was born, created by Nissan management for its own purposes, and from this point on, organized labor changed significantly. Workers in the newly formed second union were white collar workers, carefully selected to provide

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[46]Cusumano, *The Japanese Automobile Industry*, 140.

[47]Only twenty percent of Japanese workers are entitled to these benefits. Gender discrimination against women is prevalent, and female workers receive no benefits at all. The same is true for part-time workers. Unfortunately, corporations are moving more and more in the direction of hiring part-time or temporary workers, so they do not have to pay any benefits, leaving the workers with no union protection and no company benefits.

[48]T. Hanami, *Labor Relations In Japan Today* (Tokyo: Kodansha International, 1981), 237.

information to management. In this newly created union, if a worker were selected to be a shop steward or other union leader, it was assumed after he had finished serving in the union he would rise in the management tiers. Cusumano states:

> Although Nissan executives denied it for decades, they were, to a large degree, responsible for the 1953 strike and the end of the industrial union. They not only expected a dispute to occur, but planned it - once they found employees willing to establish a second union.[49]

The strike of 1953 was significant in many ways. In drawing up wage negotiations in 1953, the union asked for a sliding wage scale based on seniority and a guarantee to new employees of a monthly base wage of 10,000 yen. Nissan management rejected the proposal and then proceeded to fine workers for attending any union meetings that were not authorized by the company. Nissan management wanted a union that was under its control. Specifically, Nissan wanted control over wages and work rules. A month after the union's original proposal, Nissan management refused to allow any unions to hold meetings without their approval. Workers became agitated, frustrated at the way negotiations were proceeding, and called several strikes which brought production to a halt.

From a broader standpoint, the direction of organized labor was being challenged. Management wanted more control, as evidenced by the creation of Nissan's second union. Management representatives became involved in top union positions. The high visibility of these union positions enabled senior management to observe how young managers handled things, and to exercise control over them. Nissan justified the formation of the union by saying that workers were unhappy with the existing one.

Nissan management and the newly created second union became hardly distinguishable from one another. This new union created the model for Japanese unions to follow. Management and labor no longer exist in a confrontational setting. Since many executives are

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[49]Cusumano, *The Japanese Automobile Industry*, 142.

former union organizers, people are more relaxed with one another. Many argue that the new system is better because it provides for greater communication between management and labor.

However, the new union did not bring an end to workers' problems. Wages at Nissan dropped 16% after the 1953 strike, and did not recover until 1964, eleven years later. Many of the workers who had supported the first union lost their jobs. Nissan management was pleased that it had done so well.

Since World War II, labor's power as a leftist militant vehicle has greatly diminished. Assembly line production is being replaced by job rotation, overlapping work roles, team based work units and flexible assembly lines. With the promise of lifetime employment, workers can concentrate more on improvements and the company does not have to worry as much about its turnover rate.

Teamwork is the crux of this production system. New tasks can be learned on the shop floor, communication is easier and new ideas are more accessible. In addition, management is more privy to worker information, and the workers are easier to manage and control. Since unions are now led by members of management and the shop floor is the main area of factory activity, the chance of union organizing without management's knowledge is remote.

Efficient integration of production into the factory system has impacted Japanese manufacturing processes significantly. It has made Japan one of the world class industrial manufacturing countries of this century, and has increased the quality and efficiency of its work. There is less waste and a greater rate of productivity; consequently, sales and profits are higher. Workers are encouraged to participate in corporate planning, and companies promote "the cultivation of workers' intellectual assets as well as their intellectual skills."[50]

Suggestion boxes are hung in various places in companies so that workers are able to make suggestions. In some plants workers may be rewarded for suggestions either financially

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[50]Ibid., 141.

Suggestion boxes are hung in various places in companies so that workers are able to make suggestions. In some plants workers may be rewarded for suggestions either financially or with a product manufactured by the company. Cusumano reports that a few Japanese companies actually track the number of suggestions made by each employee, and if they make either not enough or none, those employees will forego their bonuses.

The development of lean production as the alternative to mass production (Fordism) has grown as the union's adversarial role has diminished. The production process establishes the way that the plants will be organized, and human interaction, or social relations are developed from there. Kenney and Florida argue that "technology itself is viewed as a product of evolving social relations, which themselves embody a legacy of struggle while simultaneously shaping existing social relations."[51]

The Japanese have moved manufacturing facilities to the United States since the beginning of the 1980s. They came to the U.S. for a number of reasons: the huge North American internal market, the declining value of the dollar in relation to the yen, cheaper U.S. labor costs, an appealing, available labor force, and to preempt potential protectionism.[52] Japanese direct investment in the U.S. increased 1500% between 1980 and 1990,[53] starting with lumber and followed by electrical products. Although automobile and other vehicle transplants were not built here until the early 1980s, their planning was being strategized as early as the 1970s. The transplants have been tremendously successful and have enabled the Japanese to maintain up to 30% of the U.S. auto market share.

An additional aspect must be considered. The Japanese move to the U.S. could be seen as a stepping stone to more geographically distant European markets. The Japanese are well

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[51]M. Kenney and R. Florida, "Beyond Mass Production: Production and the Labor Process in Japan," *Politics and Society,* vol. 16 no. 1 (1988), 125.

[52]Ruth Milkman, *Japan's California Factories,* 26.

[53]Ibid., 16.

I have intentionally not discussed the current status of the Japanese economy and manufacturing sector. I felt a general understanding of the environment and affiliated practices must first be analyzed. However, for the past several months, daily business periodicals proclaim the decline of the Japanese economy (like the U.S. economy), the decline of the Japanese auto industry, and Japanese loss of shares of the U.S. auto market.[54] Japanese unemployment is expected to rise (its jobless rate in January 1993 was 1.5 million, or 2% of the work force).[55] Automobile analysts have very mixed views on the future of the Japanese auto market. Some argue that it is doomed until the year 2000. Others view this downturn as a passing phenomenon, a time for the Japanese to assess their position and to learn from mistakes. The Japanese production system is highly advanced, but the Japanese managerial style may prove an impediment to growth.[56]

The Japanese are not alone--the global auto industry has been hurt by too much capacity, and firms are laying off workers and shutting down plants.[57] The attention given to the decline of the Japanese automobile industry stems from the fact that their advancement has been rapid and successful, yet threatening to many Americans, who fear losing control over their own economy and their own destinies.

The Japanese are losing U.S. auto market share. "After hitting 30% in 1991 and 1992, the Japanese share of U.S. car sales plunged to 27% for the first two months of 1993, while

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[54]"Japan Follows the Nikkei . . . Up . . . And Down," *Business Week*, 27 April 1992, 36; "Japan's Reversal Of Fortune," *US News and World Report*. 11 January 1993, 12; "After Years of Growth In US Car Market, Japanese Surge Is Over," *Wall Street Journal*, 4 March 1993; "Recession In Japan Gives A Generation First Taste of Sobriety," *Wall Street Journal*, 23 December 1992, B1.

[55]"A Special News Report on People and Their Jobs In Offices, Fields and Factories," *Wall Street Journal*, 2 February 1993, A1.

[56]Maryann Keller, Keynote Address given at the Sixth Annual Meeting of the Association of Japanese Business Studies, New York, New York, 8-10 January 1993.

[57]M. Rechtin and M.A. Maskery, "Thomas Begins Reign at Nissan with Job Cuts," *Automotive News*, 19 April 1993, 36.

the Big 3's market share rose three percentage points, to 68%."[58] In 1993, for the first time in several years, an American car manufacturer (Ford Taurus) won over Japanese car company (Honda Accord) as having the highest selling product.[59]

All major Japanese auto makers face hard times. Nissan appears to be the hardest hit. It was the first to close one of its Japanese plants (the Zama plant), and it is abandoning its efforts to compete with its arch-rival, Toyota. Overtime has been slashed, workers will be laid off, new hires have been curbed, model designs are being significantly reduced, and Nissan is suggesting to its suppliers that they cut costs.[60]

Similar to the American automobile industry, the Japanese automobile industry is faced with an over-supply of workers, whose negotiated benefits include such things as lifetime employment guarantees. Additional plant closings in Japan may be needed (as has already taken place in the U.S.). Frequently, the media refers to Japan's financial problems as the "bubble's end" or the "bubble has burst."[61] One can only speculate about the cause of the economic and social troubles that are facing both the United States and Japan. Economic expansion come to a screeching halt in both countries. Neither old production systems (mass production) or new ones (lean production), or new managerial practices can supply the solution at the moment.

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[58]Krystal Miller, "After Years of Growth In US Car Market, Japanese Surge Is Over," *Wall Street Journal,* 4 March 1993.

[59]Cathy Jackson, "Ford Dealers Lengthen Lead with Maker's Marketing Aid," *Automotive News*, 29 March 1993, 1.

[60]M. Rechtin and M.A. Maskery, "Thomas Begins Reign," 36.

[61]Ibid.

CHAPTER 3

JAPANESE TRANSPLANT FACILITIES IN THE UNITED STATES

In 1981 there was one Japanese transplant in the U.S., Honda in Marysville, Ohio. In that year, 21.8% of the vehicles sold in the U.S. were Japanese, manufactured in Japan. By 1990, there were nine Japanese transplants in the U.S. and 29% of the vehicles sold in the U.S. were Japanese, 23.9% of which were manufactured in the United States. Since 1981, Japan has invested more than six billion dollars in eleven assembly plants and three engine plants in North America.[1] Japanese transplants have developed quickly and successfully in this country and as of July, 1992 almost a half million Americans collected their paychecks from the over 2,000 Japanese companies in the U.S.[2] This chapter will examine the site selection processes, hiring and training practices, managerial styles, production methods, and community reactions to the transplants.

In the 1970s, American consumers began to prefer Japanese made cars over American cars. Japanese cars were more fuel efficient, of better quality, and lower priced. Conditions were ripe in the United States for the Japanese to begin building assembly plants here. Two oil crises had driven the price of gasoline up, so that the small car was becoming an economic necessity. With plants closing and the Big 3 (General Motors, Ford, Chrysler) laying off workers, the United Auto Workers (UAW) urged the Japanese to build auto plants here.[3] The

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[1]R. Wright and G. Pauli, "Global Competitive Strategies of Japanese Firms: A Cross-Industry Analysis and Generic Model," in *Best Paper Proceedings of the Sixth Annual Association of Japanese Business Studies,* ed. Allan Bird (New York: Association of American Japanese Studies, 8-10 January 1993), 15.

[2]J. Impoco, B. Streisand and L. Dentzer, "The Great Divide: U.S.-Japanese Business Deals Are Often Unable to Bridge a Vast Culture Gap," *U.S. News & World Report*, 6 July 1992, 52.

[3]Ruth Milkman, "Japan's California Factories," 32.

UAW leadership hoped and assumed (incorrectly) that the jobs these plants would bring with them would automatically go to UAW members.

The general belief held by business, government and the UAW was that the coming of Japanese vehicle plants would offset the loss of automotive jobs due to layoffs and plant closings. In general, the belief was that these foreign transplants would be a stimulus to the American economy at a time when people were beginning to feel uneasy about it. An automobile consists of over 15,000 parts, most of which are produced outside the assembly plant and shipped in from suppliers from either nearby or out of state. In considering the advent of Japanese transplants and the revenue and jobs they would create, it was thought that auto parts suppliers would benefit as well.

Americans saw the coming of the Japanese transplants here as an investment in existing state infrastructures. In many cases states offered financial enticements to the Japanese. One state official reported how the governor of his state told his subordinates that they should actively recruit the Japanese.[4]

Japanese auto manufacturers hoped that transplants would accomplish two things: increase their share of the U.S. auto market, and place them physically closer to the European market. Maryann Keller, automobile analyst for Furman, Selz Inc., stated that the Japanese did not see coming to the U.S. as a means of increasing their wealth, but primarily as a stepping stone to the European market.[5]

Japanese transplants in the United States are either joint ventures, meaning they have established a business with an American manufacturer, or operate solely as a Japanese company on American soil. Honda, Nissan and Toyota (sometimes referred to as the Japanese

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[4]Mr. Jim Cotham, interview by author, tape recording, Nashville, Tenn., 22 March 1991.

[5]Ms. Maryann Keller, automobile analyst, interview by author, tape recording, New York, New York, February, 1992.

Big 3) are owned solely by the Japanese.[99] Honda and Toyota are managed by the Japanese, whereas Nissan is managed by Americans.

In 1979 Honda was the first of the Japanese auto makers to build a facility in the United States, followed by Nissan. Toyota watched the progress of Honda and Nissan to see if their manufacturing system could be duplicated outside of Japan. Once the results at Honda and Nissan were apparent, Toyota moved quickly to locate in the U.S.

Honda was the first Japanese company to build a facility in the U.S.; it started motorcycle production in 1979 at Marysville, Ohio, and three years later began producing cars there. Honda was followed by Nissan in 1983 in Smyrna, Tennessee. Two years later, in 1985, Toyota and General Motors began a joint venture in California. In 1987 Mazda and Ford embarked on a joint venture in Flat Rock, Michigan. During the next two years, four more transplants were created: in 1988 Mitsubishi and Chrysler began a joint venture in Illinois, and Toyota built a plant in Georgetown, Kentucky. In 1989 Honda built another plant in East Liberty, Ohio and Subaru and Isuzu began a joint venture in Lafayette, Indiana.

Table 3.--Japanese Transplants in the U.S.[6]

Year	Company	Location	Unionized?
1979	Honda	Marysville, OH	No
1983	Nissan	Smyrna, TN	No
1985	Toyota/GM joint venture	Fremont, CA	Yes
1987	Mazda/Ford joint venture	Flat Rock, MI	Yes
1988	Mitsubishi/Chrysler joint venture	Normal, IL	Yes

[6]*1990 Ward's Automotive Yearbook* (Detroit: Ward Communications, Inc., 1990), 181.

Table3--*continued.*

Year	Company	Location	Unionized?
1988	Toyota	Georgetown, KY	No
1989	Honda	East Liberty, OH	No
1989	Subaru/Isuzu joint venture	Lafayette, IN	No

Site Selection Process

All three transplants are located in former farming communities near interstate highways and rail and air connections, in former farming communities. Perhaps one of the most important criteria for the Japanese was to be far away from Detroit and any union affiliations.

Honda. In 1976 the governor of Ohio heard that an unnamed Japanese company was interested in locating a manufacturing facility in the United States. One year later, as a result of the State of Ohio's efforts, Honda announced its plan to build a $35 million motorcycle plant in Marysville, Ohio. In 1979 that plant began producing motorcycles and in November, 1982, automobiles.[7] In terms of site selection, Honda established a precedent for the other Japanese transplants. It selected a small town in an isolated rural area approximately thirty-eight miles from Columbus, Ohio. Like Smyrna, Tennessee, where Nissan built its plant, Marysville, Ohio was a town that published its own weekly newspaper whose newsworthy items consisted of bake sales, senior citizen meetings and traffic violations.

The Japanese considered Ohio to have a strong, young and able work force, one that would be adaptable to the Japanese work ethic. Since the Japanese production process demands maximum human effort in the minimum time, the Japanese were looking for young, able-bodied people who were not accustomed to union regulations or American assembly line

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[7]Robert Shook, *Honda: An American Success Story* (New York: Prentice-Hall, 1988), 224.

practices, and who were not already worn by the rigorous pressures of line work. In addition, the State of Ohio promised Honda $2.5 million in direct aid. Very little protectionist sentiment existed at the time, so little attention was paid to the financial or other incentives the state offered. In addition, Honda was very committed to being a good corporate citizen and avoiding anything that might cause unfavorable publicity. For example, when construction was necessary, union employees were used, in order to avoid any possible conflict with American unions. When Honda decided to build another manufacturing facility, publicity was kept to a minimum.

Nissan In the early 1970s Nissan began the process of looking for a site, and twenty-four states bid for their business.[8] Joe Davis, the Director of the Nashville Chamber of Commerce and one of the main people responsible for bringing Nissan to Tennessee, explained the lengthy process:

> It was a massive project that took a lot of hard work and long hours. We worked around the clock, except for sleep time, which kept getting shorter and shorter. We didn't know where we were going when we first started out, and we didn't know if we had a chance or not. We didn't feel like we were number one but we kept being on the list, and we were always on the list.[9]

Jim Cotham, the Commissioner for Community and Economic Development for Tennessee from 1979-1982, confirms Davis's statements and added that the Japanese

> . . . [came] three or four times. They would have anywhere from five to ten on a team, and the more they got involved with their research, the more technical issues would come up, and the more people would have to get involved. Over the course of time they may have had as many as twenty in a group come in, asking the same questions, just in a variety of ways.[10]

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[8]Mr. Joe Davis, interview by author, tape recording, Nashville, Tenn., 21 March 1991.

[9]Mr. Joe Davis, interview by author, tape recording, Nashvil Tenn., 30 January 1991.

[10]Mr. Jim Cotham, interview by author, tape recording, Nashville, Tenn., 30 January 1991.

According to the wishes of the Japanese, all negotiations were held in secret. To break silence would mean to lose the contract.

The Japanese were interested in Tennessee from the start; originally Memphis, but its rocky terrain and its location near the Mississippi River ruled it out. According to Cotham, Nissan had built a plant in Japan near a major waterway, and Because the soil was sandy the earth beneath the plant shifted, causing their presses to crack and subsequently costing Nissan millions of dollars to fix.[11]

Jim Cotham, Commissioner for Community and Economic Development for the State of Tennessee, served as the project coordinator for the Nissan project. He traveled back and forth many times to Japan, getting to know the Nissan people, and they him and his staff. Because they knew that Nissan was no longer interested in Memphis, Cotham set about having the state's geologists do the research to geologically desirable site that was within seventy-five miles of a major airport.

> So we just got out the geological maps and they wanted 400 acres. So we found the only 400 acres table top, flat site in the entire state of Tennessee that had the geological composition within seventy-five miles of the airport--and this was Smyrna. [Nissan] picked that site. They believed in us. There was a trust. They thought that they could do business and they liked the people and the governor and the business climate.[12]

Cotham added that he believed that the Japanese had selected the South because of its non-union element, and because it is over 500 miles from Detroit.[13]

Once the physical site had been found to meet Japanese specifications, Cotham and his staff ran into another problem: the woman who owned the property refused to sell it. Despite Cotham's position, the woman refused to talk to him or any of his staff. He approached the

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[11]Ibid.

[12]Ibid.

[13]Ibid.

Governor of Tennessee, Lamar Alexander, and asked him to speak with the woman. Joe Davis explained the situation:

> The governor came to [the woman's] house and sat down with her and talked to her. She, thank goodness, had also voted for him. This was unbeknownst to him, but she had told him this and she had said that she was a good admirer of his, and told him that she thought that he was a great governor. He then said, "Well, this is what I want you to do." And he laid it all out for her. "This is an opportunity for you to do something for your fellow Tennesseans, to be remembered for all time. And this could have a tremendous impact upon this state for many, many years. If you would at least agree to sit down and talk to me." [14]

Needless to say, the land was sold to the Japanese.

The town of Smyrna was originally known for tobacco and grain production. However, since the 1970s it has been described by its former mayor, Sam Ridley, as a true success story. The local airport, a B-24 training facility during World War II, had been closed after the war, but was reactivated as Sewart Air Force Base in 1950. The Air Force left in 1970, and the facility was then used by private industry and started to employ local people. In the early 1970s, Better Built Aluminum, Square D and Carrier Air Conditioning all located there. Then Nissan came.[15]

Ridley described his part in the Nissan negotiations: "I kept a lawyer with me all the time during the negotiations but I was prepared when I went into the briefings. We would negotiate for the quantity of water and gas, and sanitation."[16]

Smyrna city officials were hopeful that the Japanese would select their town and made many accommodations.

> To attract [Nissan] to the town of Smyrna we promised to expand the fire department and to build a gas line worth about $1.5 million. Rutherford County contributed a

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[14]Mr. Joe Davis, interview by author, tape recording, Nashville, Tenn., 21 March 1991.

[15]Mr. Sam Ridley, former Mayor of Smyrna, Tenn., interview by author, tape recording, 21 March 1991.

[16]Ibid.

> property tax break worth at least $10 million. The State of Tennessee chipped in $7.3 million to train plant employees and more than $12 million for new roads.[17]

After strenuous negotiations between the Tennesseans and the Japanese, Smyrna was selected. In many ways, Smyrna is like Marysville, Ohio where the Honda plant is located: situated in a rural, predominantly agricultural area near major transportation, with an eager, flexible work force; with tax breaks and other lucrative state offerings.

Former mayor Sam Ridley stated that both Smyrna and the State of Tennessee contributed to Nissan's locating in the area, and they have been repaid more than once over.

> [Nissan] came in and we had to expand our water facilities. They paid for those improvements. We had to expand our sewer plant. But they paid for that. They paid for the gas lines over a period of five years. But I'd say we have made close to $1 million selling gas to them this year. Instead of paying taxes, they pay for sewer improvements and gas lines. The taxes never go down on them, they always go up.[18]

An additional factor that attracted Nissan to Smyrna is that Tennessee is a "right to work" state[19]. Laws were on the side of anti-union sentiment, which the Japanese clearly wanted.

Toyota. Toyota was more cautious about coming to the United States than either Honda or Nissan. Toyota sales in Japan were much higher than their competitors, and they weren't sure of the risks or the gains to be made. Toyota management was less than

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[17]Michael Lenehan, "A Japanese Auto Maker Finds a Home," *The Atlantic*, December 1982, 12.

[18]Mr. Sam Ridley, former Mayor of Smyrna, Tenn., interview by author, tape recording, 21 March 1991.

[19]In a "right to work" state, even if a union is voted in, union affiliation is not required as a condition of employment.

comfortable with the idea that Toyota City[20] with its precise lean production system could be duplicated in the United States.[21]

In December, 1985 Toyota announced its plans to build a plant in the United States. It wanted to locate in the same type of areas as Nissan and Honda. After an aggressive pursuit, Kentucky won. The State of Kentucky offered Toyota a more extensive and comprehensive package than had been previously offered to any Japanese automobile company.

> The package totaled $125 million (not including interest payments) and was larger by far than anything any state had given a foreign auto maker before, far larger too, than anyone could remember having [been] given an American company.[22]

Almost as soon as this highly controversial incentive package was offered, Kentucky residents began to file lawsuits, claiming, among other things, that the State of Kentucky was actually buying the land for Toyota, using taxpayer dollars. Though community resentment towards the plant has diminished significantly, some residents still dislike what the plant and its owners stand for, and the exorbitant amount of monies and tax breaks they were given.[23]

Hiring and Training Practices

Hiring practices among the transplants share many traits. The U.S. auto industry opened its doors to the Japanese with the hope that they would bring jobs to an industry where plant closings and layoffs were happening all too frequently. The number of applicants for

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[20]Toyota City is Nissan's manufacturing facility 200 miles southwest of Tokyo, Japan. Nissan's suppliers are located there as well, making possible the maximum use of the JIT inventory system. Toyota City is known for its precision, productivity and efficiency in manufacturing.

[21]David Gelsanliter, *Jump Start: Japan Comes To The Heartland* (New York: Farrar, Strauss, Giroux, 1990), 72.

[22]Ibid., 78.

[23]Thomas O'Boyle, "To Georgetown, Kentucky Toyota Seems A Blessing and a Curse," *Wall Street Journal*, 26 November 1991, D14.

jobs at the transplants was overwhelming: Nissan had over 200,000 applicants for 2,000 jobs,[24] and Honda and Toyota had similar experiences.[25]

All three transplants are located in areas where the work force is predominantly of German background, former farmers accustomed to working sixteen-hour days. Transplant management anticipated that working in a factory with an eight-hour shift would be far easier than farming for these people, and perhaps this work force would work twice as hard, since the working hours were half what they were accustomed to. Most of the people hired by the transplants are second generation farmers who do not own the farms.[26]

The current CEO at Nissan in Smyrna, Tennessee describes the work ethic at that plant:

> It has to do with being so closely associated to an agrarian economy. Those people are used to getting up at five o'clock in the morning, and work from the time when the sun comes up until it goes down. If their tractor breaks they fix it themselves; they don't have anybody to help them. They do everything by themselves. They do all the jobs, so when they come to a place that says we are only going to make you work for eight hours they think that it is half a job.[27]

Hiring Practices

Transplants are known for their rigorous hiring practices. All three transplants received an overwhelming number of applicants for the available positions. As a pro-union Nissan worker commented, they could have the cream of the crop. At Toyota, people applying for entry level jobs had to take 14 hours of written tests.[28] Toyota reported that out of 108,000 applicants 8,000 scored high enough on written math and English tests to get to the

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[24]Mr. Jerry Benefield, President and CEO of Nissan Motor Manufacturing, Inc. U.S.A., interview by author, tape recording, Smyrna, Tennessee, 10 June 1991.

[25]Robert Shook, *Honda Success Story,* 169.

[26]Mr. Jerry Benefield, interview by author, tape recording, Smyrna, Tenn., 10 June 1991.

[27]Ibid.

[28]Robert Shook, *Honda Success Story*, 45.

next phase after completing the application.[29] At Honda only one person per family could be hired, and the younger person (i.e. stronger) had preferred status[30]

The transplants may have wanted employees to be county or state residents, but none of them placed such stringent restrictions as Honda, which required that potential employees had to live no further than twenty miles away from the plant.[31] Since he closest minority population to Honda is located thirty-eight miles away, in Columbus or Springfield Ohio, Honda was accused of not hiring enough blacks.[32] The geographic restrictions Honda had placed on applicants were said to be aimed at minorities, since no blacks lived within the specified twenty mile radius In 1977, Honda was sued for discriminatory hiring practices, and settled out of court to avoid unfavorable publicity.[33] The suit brought against Honda acted as a warning to the other transplants not to do the same thing, and they didn't.[34]

One of the predominant concerns in hiring practices of the transplants is whether the recruit will be a good team player and whether he will "fit" the environment. Applicants go through a series of strenuous individual and/or group interviews.

> Toyota subjects recruits to rigorous examination. It is not unusual for a recruit to spend as many as twenty-five hours proving himself or herself to the Japanese auto maker."[35]

Although Honda did not require applicants to take a written test, it did require them to go through a series of interviews, either individual or group. Applicants could be asked the

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[29]David Gelsanliter, *Jump Start*, 150.

[30]Ibid.

[31]Ibid.

[32]Ibid.

[33]Ibid., 93.

[34]Ibid., 37.

[35]Robert Shook, *Honda Success Story*, 167.

same question repeatedly by different interviewers. Interestingly, those applicants who answered in the affirmative when asked if they had any work-related problems were hired more frequently than those who said they had no work-related problems. Perhaps an acknowledgment of problems was seen as an indication that a worker had the potential for continual improvement (kaizen), a quality valued by the Japanese.[36]

The State of Tennessee's Industrial Training Service Assistance Program (ITS) has worked closely with Nissan in screening initial applicants.[37] After screening applicants, ITS passes on the names to Nissan, which in turn puts applicants through a lengthy interviewing process. Nissan's hiring criteria include a good attendance record in high school, positive attitude toward teamwork and cooperation, and no union affiliation.[38]

Nissan requires applicants to take from forty to two-hundred hours of unpaid pre-employment training. After participating in this training, applicants' names are placed in a "job bank;" they are not guaranteed employment. Moreover, Nissan rarely hires anyone who wants to apply for only one position, in keeping with its philosophy of having workers learn many jobs in order to have solid job rotation at the plant.

Prior automotive experience is not a requirement for employment at the three transplants. Honda has even stated that it prefers employees to have no manufacturing experience.[39] The three transplants believe that new hires who have no prior automotive experience are more receptive to working in the Japanese mode of production. Since a new type of production system (lean production) is used at these facilities, upper management's

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[36]David Gelsanliter, *Jump Start,* 30.

[37]Mr. Jerry Benefield, interview by author, tape recording, Smyrna, Tenn., 10 June 1991.

[38]Ibid.

[39]Robert Shook, *Honda Success Story*, 44.

belief is that workers without preconditioned work habits are easier to train and more flexible in this type of work routine.

Training Practices

Training practices at Honda, Nissan and Toyota differ slightly but their basic approaches are similar. Programs include training workers to perform more than one task so that they will be more valuable members of the "teams" that exist at all the transplants. If someone is out sick, a fellow worker can pick up the slack. Also, it is believed that this way workers will not get bored and therefore will do a better job.

Paternalism is a primary feature of the Japanese business world. Japanese transplants in the United States as well as Japanese companies in Japan are concerned that employees feel that the company is a second family. Training programs stress the importance of being a member of the team.[40] Management's hope is that feelings of paternalism towards the employer can guarantee good work practices. If the employee is made to feel that he will get his fair share and will be taken care of he will then work as hard as possible. This particular management style is not, however, unique to the Japanese. Though not always overt, it is a means exerted by management to control workers and promotes a dependency between labor and management. In difficult economic times, where jobs are scarce, it is easily implemented.

All three transplants have sent some of their American employees, particularly managers, to Japan for a period of one week to several months, to learn how vehicles are produced there.[41] Before American workers go to Japan they are carefully briefed on Japanese culture and business ethics. Transplants make a large financial investment in each employee, in the belief that people are the most important part of the company. Honda officials explain:

> In addition to our large investment in production equipment we believe in putting our money into people. Yes, it is expensive, but we never hesitated to spend

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[40]Mr. Jerry Benefield, interview by author, tape recording, Smyrna, Tenn., 10 June 1991.

[41]Nissan sent over 400 employees to Japan for training.

> the money. After all, Honda plans to be in America for a long time, so we didn't worry about the short-term costs.[42]

Another Japanese executive stated, "We manufacture the person before we manufacture the product."[43] In short, the person, the producer of the product, must be not only physically qualified to perform the job but also psychologically qualified.

Training in most of the transplants is done on the shop floor. From management's point of view this creates a more flexible work force. Workers are required to learn multiple tasks, and teaching on the shop floor creates a learning environment where new tasks can be learned any time and questions can be asked and answered on the spot. Knowing all the team's jobs makes workers more responsible for their areas and also able to fill in when needed. In the current economic climate, where layoffs and plant closings are ever increasing, a management considers a flexible work force to be a necessity.[44]

Managerial Practices

In incorporating the Japanese management style at the three transplants, all have adopted the team or cooperative approach, where workers are called upon to be responsible corporate members. Management encourages workers to make suggestions for improvements, which are rewarded, often financially, when a suggestion is successfully implemented.

Nissan, Honda and Toyota all have daily team meetings where issues and problems of the day are discussed. In the Japanese tradition, Nissan has three different kinds of group or team meetings:

> Teams meet for seven minutes every morning before they start working. There are also weekly meetings of groups working on production method improvement. They meet for two-day stretches to work on production problems. Another program is

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[42]Robert Shook, *Honda Success Story*, 49.

[43]Alan Binder, "More Like Them," *The American Prospect* (Winter 1992), 57.

[44]H. Katz, and C. Sabel, *Changing Industrial Relations & Industrial Adjustment in the Car Industry*,(Sacramento: California State Board of Regents, 1985), 24:3, 298.

> Teams meet for seven minutes every morning before they start working. There are also weekly meetings of groups working on production method improvement. They meet for two-day stretches to work on production problems. Another program is Involvement Circles, where a group of technicians picks a project from a list of suggestions. They meet once a week for as long as the project takes and present their solution to management.[45]

Management views these groups as a vehicle for talking to workers, finding out existing issues and problems, and then improving upon them. However, some workers see these groups as a management technique to try to increase control over workers and to identify the trouble makers. As one worker stated, "They want you to think that they are concerned, they are not."[46]

Upper management at Nissan in Tennessee is American; Nissan is the only transplant where there are no resident Japanese. Upper management at the Honda and Toyota transplants is Japanese. At Toyota, 60 Japanese are on permanent assignment and 2-300 are on temporary duty. The number of those on permanent assignment is planned to decrease in a few years.[47] Of the ten Board of Directors positions at Honda, the president and three to four board members are Japanese and the remainder are Americans.[48] In addition, there are 350 Japanese engineers out of 10,000 workers.[49]

Jerry Benefield, the current President and CEO at Nissan in Tennessee, states that there is no Japanese management at Smyrna, but a managerial style created at that plant, which he

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[45]R. Levering and M. Moskowitz, *The 100 Best Companies To Work For In America* (New York: Doubleday, 1993), 325.

[46]Nissan worker, interview by author, tape recording, Smyrna, Tennessee, 24 June, 1990.

[47]Mr. Akikazu Kida, Manager, Public Relations, Toyota Motor Company, interview by author, tape recording, New York, New York, 8 February 1991.

[48]Mr. Sunihiko Ike, Manager, Public Relations, Honda Motor Company of America, interview by author, tape recording, New York, New York, 6 February 1991.

[49]Ibid.

corporate culture, not a totally Japanese environment. They wanted an atmosphere that would complement the U.S. work force, and yet use Japanese production methods. To do this, they created a management task force that met daily for a period of months, and whose sole purpose was to develop a management style that was not too Japanese and not too American.[51]

The practice of lifetime employment that is said to exist in Japan has not been incorporated as a feature at any of the transplants. Moreover, this lifetime employment guarantee in Japan is available to only a few; in fact, only one third of the working population, male, mostly white collar workers (or as the Japanese refer to them as "salarymen").

Some aspects of Japanese manufacturing life transported to the U.S. visually and psychologically emphasize oneness. These include uniforms worn by all workers (including occasionally by a CEO to establish to his team spirit); recreational facilities that allow workers to exercise on the job; and subsidized cafeterias. Workers at the transplants are not referred to as assembly-line workers but are called "associates" or "technicians."

Because of a concern for communication among technicians and management, Japanese transplants have fewer tiers of management than U.S. plants. Where Ford Motor Company has twelve tiers of management, Nissan in Smyrna has five.[52] As another way to foster good communication between workers and managers, transplants have instituted the Japanese model of a "bottom up" management style, where ideas and suggestions coming from the workers are passed upward for approval through the levels of management. The rationale is that workers feel they have more input into the company, which in turn has a more devoted work force. The team approach itself is seen to create a vehicle for communication. Nissan management

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[51]Robert Shook, *Honda Success Story*, 45.

[52]Mr. Jerry Benefield, interview by author, tape recording, Smyrna, Tenn. 10 June 1991. The five levels of Nissan management Benefield referred to include Benefield at the top level, and the four divisional vice presidents.

sees its plant as "one big team".[53] However, the UAW sees these management techniques as yet another ploy to exploit workers and give them a false sense of importance.[54]

The Japanese operate on the premise that they must always be continually improving the product. Kaizen, the Japanese commitment to continual improvement, is responsible for the transplants' high quality products. Instead of waiting for something to break, as is common in U.S. companies, production at the transplants is organized so that quality control and kaizen are an integral part of the production process.

Transplants and the UAW

The United Auto Workers strongly supported the Japanese coming to the United States. As early as the 1970s, Pat Greathouse, the UAW representative for international affairs, began trying to persuade the Japanese to build assembly plants in the U.S. He argued that if they were selling so many cars here, they should build them here. Greathouse proposed a "250,000 car rule": "a company that sold more than 250,000 cars a year in the United States should build its own factory there."[55] The union assumed that the jobs created by Japanese industry in the U.S. would be union jobs. The UAW was wrong. The Japanese located as far from Detroit as possible, and shunned applicants with prior automotive experience, stating that because they had new production techniques they did not want to have to train people to think differently, as well as perform differently. As John Cesasa, a well-known automobile analyst for Wertheim, Schroder & Company puts it, there were three reasons why the transplants located themselves where they did: "non-union, non-union. and non-union."[56]

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[53]Ibid.

[54]Ruth Milkman, *Japan's California Factories,* 31.

[55]David Halberstam, *The Reckoning* (New York: Avon Books, 1986), 587.

[56]Mr. John Cesasa, automobile analyst, interview by author, tape recording, 19 March 1991, New York City.

The transplants have been successful in keeping unions out. Wages at Japanese transplants are comparable to those of American union shops. Since many workers hired have been young and inexperienced, and since they are making more money than they ever dreamed of making, most workers don't want to rock the boat. These factors make the probability of a successful union organizing drive slight. Toyota has had very little to do with the UAW and was the only transplant where the UAW was unable to make any headway.[57] The UAW was slightly more successful at Honda. There they held an organizing drive and went on to prepare for an election. However, the election was canceled in December, 1985 because the union knew that defeat was inevitable.[58]

The international business community watched the highly-publicized 1989 UAW organizing drive and election at the Nissan plant in Smyrna, Tennessee, with great interest, regarding it as setting the trend for Japanese business interests.[59] The result of the UAW election was regarded as paving the way for U.S. future involvement with the Japanese. The main issues raised by the UAW were health and safety. Pro-union workers claimed that the assembly line was run too fast, that there were high rates of carpal tunnel syndrome,[60] that the injured workers were not adequately compensated for their pain and suffering, and that once they went out on sick leave they could not get their jobs back.[61] Four injured Nissan workers

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[57]Doron Levin, "Toyota Plant In Kentucky Is Font of Ideas for U.S," *New York Times*, 5 May 1992, D8.

[58]Robert Shook, *Honda Success Story*, 109.

[59]Ms. Beverly Keel, business reporter for the *Nashville Banner*, interview by author, tape recording, Nashville, Tenn., 21 March 1991.

[60]deCourcy-Hinds, Michael, "Judge Rejects U.S. Penalty for Repetitive Stress Injuries," *New York Times*, 27 March 1993, A12. Carpal tunnel syndrome is a condition of partial paralysis of the hand and wrist, resulting from swollen wrist veins caused by repetitive motion.

[61]Injured Nissan worker, interview by author, tape recording, Smyrna, Tenn., 25 June 1990.

demanded that the company publicly display their OSHA 200 logs showing workers' injuries. Nissan refused and fired three out of the four workers.[62]

Nissan refers to its campaign to discourage workers from allying themselves with the UAW as its "red, white and blue" campaign. It included the use of closed circuit TV monitors inside the plant, and reporting anti-union news to workers (e.g. news of union wins at other plants that resulted in strikes where workers lost income and sometimes their jobs).[63]

Union advocates assert that in the spring of 1989, before the election, Nissan escalated its anti-union tactics. They claim that focus groups within the plant were used as a vehicle to detect who was pro and anti-union.[64] One UAW member claims that Nissan management would only invite a worker to a focus group if the worker was thought to be undecided about whether to vote for the union. He said that management would take the opportunity to persuade workers to vote against the union.[65] In addition to the video clips broadcast on video monitors during shifts, a film was shown shortly before the 1989 UAW election, warning workers that Nissan management would fight hard against the UAW. Workers suspected of pro-union sentiment were not invited to view the film.[66]

The UAW worked very hard in its organizing drive at Nissan. Organizers came from other areas of the South as well as from Detroit to organize the workers.[67] Union issues were

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[62]Ibid.

[63]Group of pro-union Nissan workers, interview by author, tape recording, Smyrna, Tenn., 27 June 1990. The workers reported that videos showing the harmful consequences union affiliation were shown periodically during shifts.

[64]Pro-union Nissan worker, interview by author, tape recording, Smyrna, Tenn., 25 June 1990.

[65]Ibid.

[66] Beverly Keel, "Nissan Uses Tapes to Sway Union Vote," *Nashville Banner*, 25 July 1989.

[67]UAW organizer and pro-union Nissan workers, group interview by author, tape recording, Smyrna, Tenn., 27 June 1990.

was set up a mile from Nissan.[68] Workers were shy at first, then more and more showed up at the meetings. Many people had been injured on the job, but were afraid to do anything for fear of losing their jobs.[69] The union offered workers the hope of job security and support in their grievances.

The death of Jim Turner, one of the main organizers for the UAW, left the campaign disorganized and without consistent leadership.[70] Other organizers were brought in, but they did not have the impact that Jim Turner had had. Turner's death may well have had an adverse effect on the outcome of the election.[71]

The world watched the day of the election at Nissan.[72] The UAW, despite a very active, difficult organizing drive, lost the election two to one. However, after the election Nissan workers did not feel defeated. They were sure that there would be another election which they would win. Nevertheless, since that time there has been little union activity, and most of the people involved with the organizing drive are no longer quite so optimistic about Nissan becoming unionized.[73] Three years after the election was held, many workers who had been involved with the pro-union movement at Nissan didn't want to talk about it with

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[68]Ibid.

[69]Ibid.

[70]Ibid. Turner died of cancer before the UAW election. UAW organizers Red Peoples and Bloice Denby replaced Turner in the election campaign.

[71] UAW organizer and supporters, group interview by author, Smyrna, Tennessee, 25 June 1990.

[72]Gregory Patterson, "The UAW's Chances at Japanese Plants Hinge on Nissan's Vote," *Wall Street Journal*, 25 July 1989.

[73]Nissan worker, interview by author, tape recording, Smyrna, Tennessee, 8 November 1991.

strangers. They felt that at long last the company had finally started to leave them alone, and they did not want to risk the chance of antagonizing Nissan management.[74]

The UAW's defeat at Nissan sent a message to the Japanese that they need not worry about the UAW coming to the transplants. However, even though the UAW lost at Nissan, Jerry Benefield, CEO, still sees it as "a very powerful force." He believes that the UAW creates adversarial relationships within the plant that interfere with communication between management and labor.[75]

Production Methods

> Since economic development is rooted in the expansion of systems of production, the strategies by which transnational enterprises organize and locate their production processes in various of the world's places is a critical international issue.[76]

With the advent of the transplants in the United States a whole new production system arrived as well: lean production, designed in Japan to eliminate waste and heighten productivity. Lean production is considered by many to be the successor to mass production.[77]

Lean production is comprised of the following features: simultaneous engineering, kanban (daily goals and objectives), "just in time" inventory system (JIT), total quality control, kaizen (continuous incremental improvement), team work, integration of the supply

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[74]Pro-union Nissan worker, interview by author, tape recording, Smyrna, Tennessee, 11/5/91. The worker didn't want to be identified for fear of further harassment. Harassment included workers being closely watched, and not being allowed to use the same bathroom as other employees.

[75] Mr. Jerry Benefield, interview by author, tape recording, Smyrna, Tennessee, 10 June 1991.

[76]Richard Hill, "Comparing Transnational Production Systems: The Automobile Industry In the United States and Japan," in *Proceedings of the International Studies Association* (Copenhagen: International Studies Association, 14-18 April 1987), 1.

[77]M. Kenney and R. Florida, "Transplanted Organizations," 383.

chain, and cooperation.[78] Most of these aspects are characteristic of the Japanese production process, and have been incorporated into the American transplants without the Japanese culture that created it.

Workers in a lean production environment learn a number of jobs and take on responsibilities that include maintenance, inspection and machine setup. With a flexible work force that can perform a variety of skills, Toyota and other lean producers are able to stop production to get help to correct a problem.[79] Batches of parts or partially completed cars are kept small. As workers change the type of part each machine makes, they also note and record every minor glitch, no matter how slight. Lean production is designed so that if a worker sees a flaw in a vehicle, he alerts the group leader who then can stop the line or have the flaw corrected while the car is still on the assembly line. High quality levels as well as worker satisfaction are reflected in Japanese automobile statistics. The March 24, 1992 *Wall Street Journal* reported that "[w]hile Honda recalled one car for every twenty-four it sold last year, both Ford and Chrysler recalled more than three-quarters of the number that they sold".[80]

According to recent statistics, the total number of work days lost in the U.S. because of industrial disputes in 1987 was 39.74 per thousand, while in Japan it was 4.33 per thousand, almost ten times less. Statistics for 1988 reflect similar figures: the U.S. had 38.11 workdays lost, compared to 2.89 for the Japanese, a tremendous difference between the two.[81]

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[78]W. Sengenberger, "Lean Production: The Way of Working and Producing in the Future?" in *Forum on Labour in a Changing World* (Geneva: International Labor Assn., November 1992), 34.

[79]Doron Levin, "Toyota Plant is Font," D8.

[80]"Recalls", *Wall Street Journal*, 24 March 1992, B10.

[81]Richard Wkoutch, *Worker Protection, Japanese Style: Occupational Safety and Health in the Auto Industry* (Ithaca, New York: ILR Press, 1992), 43.

> One of the reasons that quality is higher in Japanese plants is that the workers are involved with and responsible for quality. A concern for quality is integrated into the production system. . . . [T]his system allows for the almost immediate identification and correction of work problems.[82]

The three transplants discussed here (Honda, Toyota and Nissan) have incorporated many aspects of lean production at their facilities, including the "just in-time" inventory system (JIT). Because Japan is a small country where space is at a premium, the practice of maintaining no inventory, but getting it from suppliers when needed ("just in time") was developed. While Jerry Benefield, Nissan's current CEO, believes that the JIT system is a good way of doing business, he also states that it will not necessarily work for Nissan because suppliers are scattered throughout the U.S.[83] At Honda, where JIT is utilized, one manager believes that if there are problems with the inventories they will be exposed sooner with JIT in effect.[84]

Some argue that lean production is a means of social control, a way to organize a plant so that a worker's performance may be closely scrutinized.[85] In the early twentieth century Frederick Taylor laid the groundwork for lean production by developing his time and motion studies "which generally broke jobs into their simplest rote function . . . and were used to wring machinelike efficiency out of workers."[86] Others argue that this concern for efficiency

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[82]Ibid., 27.

[83]Mr. Jerry Benefield, interview by author, tape recording, Smyrna, Tennessee, 10 June 1991.

[84]Mr. Sunihiko Ike, Manager, Public Relations, Honda Motor Company of America, interview by author, tape recording, New York, New York, 6 February 1991.

[85]M. Kenney and R. Florida, "Transplanted Organizations," 383.

[86]Andrea Gabor, *The Man Who Discovered Quality* (New York: Random House, 1990), 42.

benefits the workers, and that it acts as a safety device so that management cannot ask for more than the studies have shown to be feasible.[87]

Community Reaction To The Transplants

All three transplants are situated in rural farming areas populated by predominantly white, second generation farmers. Community reaction has ranged from welcoming to overtly hostile. Nissan is the only transplant that experienced no opposition from residents. Honda was sued by employees for what they considered to be discriminatory hiring practices, but once Honda settled out of court and changed its geographic hiring restrictions, community acceptance rose dramatically.[88]

Toyota initially was welcomed by the residents of Georgetown, Kentucky, a relatively small southern town populated mainly by working class poor, but having a wealthy component.[89] When former Governor Martha Layne Collins announced that Toyota had chosen Georgetown as its us manufacturing site, there was euphoria. Signs in windows proclaimed "Oh what a feeling!" But the mood darkèned when Kentucky residents learned that Governor Collins had given Toyota incentives totaling $140 million, for worker training, purchase of the 1,600 acre-plant site and improvements there.[90] Residents became overtly hostile to the Japanese and it was reported that on several occasions male Georgetown residents made rude sexual gestures at the Japanese when they saw them in the streets.[91] Community

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[87]~~Mr. Mike Williams~~, interview by author, tape recording, Smyrna, Tennessee, 8 November 1991. NISSAN WORKER

[88]"The company would hand back over $6 million in back pay to 377 employees, black and females. These were people who were offered and have accepted positions . . . but were previously not hired at the time of their original applications." David Gelsanliter, *Jump Start*, 92.

[89]Ibid., 126.

[90]Thomas O'Boyle, "To Georgetown Kentucky, Toyota Plant Seems a Blessing and a Curse", *Wall Street Journal*, 26 November 1991, A1.

[91]David Gelsanliter, *Jump Start,* 170.

opposition was so high that Toyota appointed one of its American managers to meet frequently with a Georgetown city official in order to help with the transition.[92] Eventually, Toyota made significant financial contributions to the town. A Toyota senior vice president said, however, "[W]e don't want Georgetown to become a company town. . . . [W]e don't want to dominate this city."[93] Local sentiment toward the plant is mixed. While some appreciate Toyota's financial contributions and the jobs that it has brought, others feel that Toyota has disrupted their community and has caused unnecessary fighting.[94] Still others feel that Toyota has become a scapegoat for local problems.[95]

Nissan has received the greatest community acceptance of all three of the transplants. The former mayor of Smyrna refers to the arrival of Nissan as a true success story:

> [Nissan] upgraded our social and income status Our income status has been greatly increased. For every job that you fill it creates three jobs in the local economy. Beauty shops, grocery stores, barber shops, mechanics, service areas, Walmart, K-Mart. When they came in we only had two restaurants in town. I guess the best way to describe the effect that it has had on us is in March of 1980, we were collecting about $30,000 a month in sales tax. In March of 1985, we were collecting about $300,000, which is a pretty good barometer.[96]

Joe Davis, who served as part of the governor's team that helped to bring in the Japanese, said that part of the success of Nissan coming to Smyrna was the fact that "[the Japanese] found a willing community, willing to everybody. A local government body, which was very important, with all the infrastructure in place."[97] Smyrna, Davis thought, was ready

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[92]Ibid.

[93]O'Boyle, Thomas, "Toyota Blessing and Curse," A1.

[94]Ibid.

[95]Ibid.

[96]Mr. Sam Ridley, interview by author, tape recording, Smyrna, Tenn., 21 March 1991.

[97]Mr. Joe Davis, interview by author, Nashville, Tenn., 21 March 1991.

to accept a corporation into its fold. Smyrna was a solid community that could only benefit from Nissan.[98] Jim Cotham, Davis's boss, agreed that Smyrna has prospered significantly. In fact, Rutherford County, where Smyrna is located, is one of the fastest growing counties in the state. Cotham referred to the fact that Smyrna had just been a "spot in the road" before Nissan came to Tennessee.[99]

Despite the grueling physical demands of the work, most workers at Nissan consider themselves fortunate to have their jobs.[100] Recently, Nissan was named one of the top one hundred companies to work for in the United States.[101] Wages as well as overall working conditions, where upper management and the workers are seen as one team, were cited as big pluses for the company.[102] If the company does well in a year, employees are given bonuses.

To some, the UAW's failure has been a disappointment. The UAW was one of the most active advocates in bringing the transplants to the U.S., but transplants have gone out of their way to not hire anyone affiliated with the unions. Rather, transplants have tended to hire strong and inexperienced young men without union affiliation.

Before the advent of the transplants, most Americans did not understand the familial quality of Japanese business. They did not understand that, rather than use American materials, the Japanese would either manufacture vehicle parts in Japan or Japanese suppliers would open up businesses here, creating the same type of environment that exists in Japan.

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[98]Ibid.

[99]Mr. Jim Cotham, interview by author, tape recording, Nashville, Tenn., 21 March 1991. At the time of the interview, Cotham was Commissioner for the State of Tennessee for Community and Economic Development. As of this writing, he is a Professor of Business at Belair College in Nashville, Tennessee.

[100]Nissan workers, interview by author, tape recording, the Wagon Wheel Bar, Smyrna, Tenn., 11 May 1991.

[101]R. Levering and M. Moskowitz, *The 100 Best Companies,* 323.

[102]Ibid.

This practice has resulted in a great deal of resentment toward the Japanese on the part of many American businessmen, who feel it is impossible for them to break into Japanese business in the U.S.[103] U.S. manufacturers were not pleased, and Japanese automobile manufacturers found themselves at odds with U.S. trade laws regarding the legal percentage of domestic parts content required for foreign-made automobiles. As the Japanese were gaining more and more of the U.S. auto market share, the Big 3 (Ford, Chrysler and GM) demanded more government control over foreign parts content in cars.[104]

From an international perspective, transplants have placed the Japanese physically closer to the European market, making European competitors and their marketplace more accessible.[105] Japanese transplants have also led the way for other foreign countries to locate their manufacturing facilities in the United States.[106] This will mean jobs for unskilled workers and an economic boost to the local communities where they locate.

Many do not feel positive about the Japanese transplants. A 1992 report by the Economic Strategy Institute, states that the future of the American auto industry has been jeopardized by the transplants, and that transplants have caused a net loss $1.375 billion in U.S. tax revenue.[107]

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[103]"Hardly Anyone Wants to Deal With Us," *World Press Review*, April 1992, 11.

[104]U.S. law now requires that there be at least 50% North American content in cars. P. Magnusson, J. Treece and W. Symonds, "Honda: Is It An American Car?" *Business Week*, 18 November 1991, 105-112.

[105]Ms. Maryann Keller, automobile analyst, interview by author, tape recording, New York, New York, February 1991.

[106]Jim Henry, "Mercedes Deepens U.S. Roots With New Plant," *Automotive News*, 4 April 1993, 14.

[107]"[B]ased on our calculations about the effect of transplants on employment and GNP, we can calculate a net loss of U.S. tax revenue of $1.375 billion." Economic Strategy Institute, "*The Future of the Auto Industry: It Can Compete, Can it Survive?*" (Washington, D.C.: Economic Strategy Institute, 1992).

The Japanese transplants have had to assimilate into the American culture. Their efficient lean production system may have proven easier to transport than their managerial ideas. However, lean production itself is so closely interwoven with Japanese management style that it is difficult to separate them. Knowing that many Japanese ideas would never be accepted in the U.S., Honda and Nissan wanted to create their own corporate culture, to ensure the presence of those Japanese qualities intrinsic to their production process (e.g., the demand for worker participation, and a sense of paternalism and loyalty towards the company).[108] Workers themselves, grateful to have a job in a troubled economy, question little and more often than not are accepting of the new ways of doing things.

[108]Robert Shook, *Honda Success Story*, 94.

CHAPTER 4

THE TRANSPORTATION OF JAPANESE MANAGERIAL PRACTICES TO THE U.S. NISSAN: A CASE STUDY

Background

The area surrounding Smyrna, Tennessee, looks like Anywhere, U.S.A. The terrain is flat, with very clean highways, bright green road signs, inexpensive restaurants, car dealerships, a large K-Mart, and a shopping mall that has more than its share of vacated shops. But everything seems and smells new. Cement seems still to be drying from the new homes and buildings. Since the arrival of Nissan in 1983 Smyrna has become a success story.

Smyrna is located in Rutherford County, Tennessee, twelve miles southeast of Nashville. It is located off the Sam Ridley Parkway, a two-lane highway named after the man who served as the town's mayor for forty years. There is no public transportation to or from Smyrna; the only way in and out is by car or a taxi which cannot be hired in Smyrna, but from a neighboring town (and which charges and additional fee just for coming to Smyrna).

K-Mart, McDonald's, Kentucky Fried Chicken, Pizza Hut, a taco and submarine shop, churches of all denominations, a new beauty shop, and much more has been built since Nissan decided to come to Smyrna in 1981. Its main street is a two-lane highway, I-24, where the local police are known for hiding out to ticket speeding drivers.

Despite its apparent isolation, Smyrna is located only twenty minutes from the Nashville International Airport. Smyrna has its own airport which provides businessmen easy access to the Nashville airport. The Smyrna airport has been a factor in inducing businesses to locate in the area. In addition, six interstate highways intersect in Nashville, which is located eighteen miles northwest of Smyrna. The Town of Smyrna's promotional brochure aimed at

the Japanese[1] makes several claims concerning Smyrna's physical attributes: it is within five hundred miles of seventy-five percent of the population of the United States; its climate is similar to Japan's, with cold winters, mild springs, hot summers and mild-to-cool falls. A further selling point was the fact that Smyrna and Japan are located at exactly opposite points on the globe, a fact used by Tennessee public relations people to build up Smyrna's uniqueness to the Japanese.

Much of the housing in Smyrna consists of subdivisions. Most of the houses and many of the apartment buildings are two-story, two-bedroom brick dwellings on a quarter or half an acre. Houses closest to the main part of town are less expensive, situated close together and usually surrounded by metal fences. Watch dogs are chained to fences to keep away intruders, and barking can be heard all day The more expensive houses are outside the town and range in price from $80,000-$90,000.[2] A striking feature of residences in Smyrna, regardless of economic status, is the number of vehicles usually parked outside, large American-made pickup trucks as well as cars, either Japanese or American. Smyrna realtors tout it as a small town with big city attributes, including diversified churches, recreational facilities, low taxes, and good schools.[3]

The impact of Nissan's decision to build its assembly plant in Smyrna has been profound. After World War II Smyrna's population was 700. It was an agricultural area whose main output was tobacco, grain and dairy products. Now, almost fifty years later, Smyrna has grown dramatically and boasts a population of 16,000. By the year 2000 it is

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[1]"Photographs from Home: A Pictorial Guide to Life in Smyrna, Tennessee," (Smyrna, Tenn., n.d.).

[2]Real estate agent, interview by author, tape recording, Smyrna, Tenn., 28 September 1991.

[3]Ibid.

expected to have grown to well beyond 19,000.[4] Because of Nissan, the economy has shifted from agrarian to industrial. Former farmland is now the site of housing developments and the Nissan plant itself.

Since 1970 industries started to move to Smyrna: Swan Drug, Better Built Aluminum, Square D (an electrical company), and Carrier Air Conditioning. According to Mike Woods, Smyrna's City Clerk/Coordinator, these changes were sparked by the closing of a local military installation, Smyrna Air Force Base. The industries that came to Smyrna at that time found a work force ideally suited to their need for hard-working unskilled labor. According to Woods, "[i]t was the work ethic, and the availability of labor that could be trained. People in the South believe in an honest day's pay."[5] As industries came in, Rutherford County grew enormously. Between 1980 and 1990 it grew forty-one percent.[6]

By 1990 local industries, excluding Nissan, employed nearly 3,000 people. In 1990 the "spin-off" industries created by Nissan (e.g. Spaulding Fiber, a manufacturer of insulation for electrical products; Tridon, Inc., a manufacturer of windshield wiper blades, gear clamps and signal flashers; Square D, a manufacturer of electrical switch gear) alone employed over 700 people, and during same year Nissan itself accounted for an additional 3,500 jobs.

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[4]Ibid.

[5]Mr. Mike Woods, Planning Director for the Town of Smyrna, interview by author, tape recording, Smyrna, Tenn., 21 March 1991.

[6]Mr. Fred Harris, Director, Nashville Chamber of Commerce, interview by author, tape recording, Nashville, Tenn., 20 March 1991.

Tennessee is a "right to work" state,[7] and many companies have located there for that very reason.[8] Most of the firms located in the Smyrna area, including Nissan, are non-union shops. As of 1990 the labor force included almost 20,000 available men and women.[9] The failure of the UAW's efforts to organize the Nissan plant in 1989 may be seen as a reflection not only of management's but also the workers' lack of desire for unionization.

Smyrna is now an industrialized town accessible by air, major highways, and railroads running directly through it. The surrounding area has several industrial support services, including tool and die, heat treating, foundry, heavy hardware, sheet metal, lubricants and welding supplies, making locating an assembly plant there an attractive proposition. Smyrna and state officials anticipated that additional local business and jobs would be generated by Nissan's "Just In Time" inventory system.[10]

The increase in jobs, population, and income and infrastructure improvements have not changed the social composition of Smyrna; it remains a blue collar community. Yet in the midst of rapid economic expansion, Smyrna town officials, led by the mayor, Sam Ridley, built the controversial "Town Centre," a single story, U-shaped red brick building resembling a modernized southern plantation house with twelve white columns supporting an elaborate, chandeliered portico. It was completed in 1986 at a cost four million dollars, and was paid for by the taxpayers of Smyrna. The Centre is advertised as having "versatility . . . something

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[7]In a right-to-work state, if a plant becomes unionized, plant employees are not required to join the union.

[8]B. Bluestone and B. Harkeson, *The Deindustrialization of America* (New York: Basic Books, 1982), 165.

[9]Mr. Bill Boozer, Director of Advertising and Communications for the State of Tennessee, interview by author, tape recording, Nashville, Tenn., 25 June 1991.

[10]For a discussion of JIT, see chapter x, page x.

uniquely designed for business, pleasure and fitness."[11] Within the large structure is a health club, swimming pool, reception area, dining rooms, several private meeting rooms and outdoor tennis courts. However, it is a facility aimed not toward the needs of a blue collar community but more toward use by businessmen and a mobile middle class.

In retrospect, Sam Ridley, one of the driving forces behind the Town Centre, observed:

> We have a Town Centre that nearly beat us. We paid $4 million cash for it. It's beautiful. But it's probably a little ahead of our time. I thought people were ready for tea and crumpets and a town club, but our community is not really ready for that yet. They still like moon pies and double cola.[12]

Residents were incensed that the facility was inaccessible to them. Not many knew how to play tennis or could afford to go out for an expensive dinner. To add insult to injury, an admission fee was charged. Local outrage against the admission fee was so great that the fee was waived.

Smyrna was prepared to accommodate Nissan. Since the 1970s it had been moving from an agrarian economy to an industrialized one. In the early 1970s President Jimmy Carter reportedly told a group of governors at a White House dinner, "Go to Japan. Persuade them to make here what they sell here."[13] Tennessee's Governor, Lamar Alexander, worried that his state ranked forty-seventh in family incomes,[14] followed Carter's advice, and Tennessee began to send elected and appointed officials, as well as several aggressive Chamber of Commerce representatives, to Japan.

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[11]"The Town of Smyrna," (Smyrna, Tenn.: n.d.).

[12]Mr. Sam Ridley, interview by author, tape recording, Smyrna, Tenn., 21 March 1991.

[13]John Burgess, "Tennessee: Japan's Home-Away From Home," *Washington Post*, 26 August 1990, 14.

[14]Ibid.

Jim Cotham was named by Governor Alexander to coordinate the project of bringing the Japanese to Tennessee, and spent over fifty percent of his time in office working on it.[15] Cotham said that he made his original trip to Japan in June, 1979, and from then on he and his staff made frequent trips. One of his most important staff members was Joe Davis, who was the Director of International Marketing for the State of Tennessee. Davis, who had already been pursuing Japanese business for the state for several years, had developed an understanding of the Japanese that Cotham found invaluable. Cotham believes Davis's understanding of Japanese culture was paramount in Nissan's decision to come to Tennessee.[16]

Cotham said that the Japanese decided to come to the United States just when Smyrna was beginning its own new expansion. At that time, Nissan was interested in Memphis. In 1977, they changed their minds, then two years later they again changed their minds and again pursued Memphis. As it turned out, Memphis was not a possibility because the soil there was too soft and could not support a plant of the size Nissan was planning to build. The Japanese then considered the eastern part of the state, at the same time investigating other states. Eastern Tennessee was ruled out because it was too hilly. The Japanese became explicit in their requirements. Cotham described the process:

> [They] wanted a tabletop, flat site that met geological specifications, within seventy-five miles of a major airport. So we just got the geological maps out. They wanted four hundred acres, so we found the only four-hundred acre table top flat site in the entire State of Tennessee that had the [right] geological composition, within 75 miles of the airport--which was Smyrna.[17]

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[15]Cotham served as Commissioner for Economic and Community Development for the State of Tennessee from 1979-1982.

[16]Mr. Jim Cotham, interview by author, tape recording, Nashville, Tenn., 30 January 1991.

[17]Ibid.

Cotham's team consulted with a state geologist to verify their selection. Nissan had originally wanted two hundred acres, then changed their minds to four hundred, then five hundred. Their final purchase was one thousand acres.[18]

Joe Davis explained that the Japanese liked everything about Smyrna and that the community was willing to help in every way that it could.[19] Both Davis and Cotham agreed on the magnitude of this project. They said one of the real difficulties of it was that everything was secret and could not be leaked to the public, which added enormous strain to an already pressured situation. Cotham and his team had to be very mobile, very flexible and not breathe a word to anyone what was going on. The media knew that the Japanese were thinking of and pursuing different places in the United States, but they did not know any of the specifics.[20]

Davis stated that Smyrna was willing to do anything to move the Nissan project forward. They were willing to annex the property, rezone it and control it. They were willing to extend the utilities.[21] In fact, Smyrna was a community with all the infrastructure in place. Because it had once housed a military base, it had been eligible for federal grants. The moneys received from the grants were used to improve Smyrna's water, sewer system, roads, etc. and the city was then in the position to offer potential businesses an attractive location.[22]

In addition to business and financial services, Smyrna offers recreational facilities. There is a golf course, Percy Priest Lake for water skiing, sailing and boating, and a

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[18]Ibid.

[19]Mr. J. Davis, interview by author, tape recording, Nashville, Tenn., 21 March 1991.

[20]Ibid.

[21]Ibid.

[22]Ibid.

recreational park for jogging, baseball and other outdoor activities. Nashville, eighteen miles away, offers many concerts, museums and cultural events, an added incentive to any company considering locating in the area.

Everything seemed set, and the community as a whole was ready to cooperate when Cotham's team ran into a problem. The woman who owned the land at the proposed site of the Nissan plant would not sell. Not only would she not sell, she would not even talk. Cotham and Davis felt stuck. They spoke to the Governor about it, who drove out and paid a visit to the woman. He convinced her that this was her true opportunity to make a contribution to the state of Tennessee that would affect generations to come. Once the governor had stepped in there were very few problems. Eventually the woman sold her property to Nissan for six thousand dollars per acre. Now, that same land is valued at thirty thousand dollars per acre.[23]

After Nissan decided to buy this tract it wanted an adjoining two hundred acres, which was owned by another family. The family agreed to sell, but one family member whose signature was required was vacationing in the back woods of New Hampshire. Still under tremendous pressure of secrecy, one of Cotham's team members flew to New Hampshire, located the woman and got her signature on the necessary papers.[24] All in all, Nissan purchased over eight hundred acres of land.

Because so many states were vying for Japanese business,[25] enticements were offered. Smyrna promised to expand its fire department, and to build a gas line worth about $1.5 million; Rutherford County contributed a property tax-break of about ten million dollars, and

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[23]Mr. Sam Ridley, interview by author, tape recording, Smyrna, Tenn., 21 March 1991.

[24]Ibid.

[25]David Gelsanliter, *Jump Start*, 160.

the State of Tennessee contributed approximately seven million dollars towards training, and almost twice that for new roads.[26]

Supplying enough natural gas, water and sewer services for Nissan and its personnel provided a challenge to Smyrna. Mike Woods reported that seven miles of gas lines were required, at a cost of $1.5 million. In addition, fifteen years ago Smyrna's water needs were two million gallons per day; since that time that has doubled. Nissan constructed and paid for a 1.5 million gallon water storage tank, at the cost of almost one million dollars. The capacity of the sewage plant had to be almost doubled. The cost was split three ways: Nissan (which paid the most), the Smyrna town government and the Federal government.[27]

Other services had to be greatly expanded as well: police, fire, roads and schools. Since Nissan's arrival the Smyrna police department has added two more officers, the fire department has a new building located across the street from the Nissan plant, and the roads have to be repaired more frequently. Woods stated that a major four lane road was built connecting Nissan and I-24. He also added that twenty-four million dollars had been spent on road improvements, and of that roughly twenty percent had been financed by Rutherford County.[28] Two new schools were built and another is under construction.

Most of the planning, both before and after Nissan came to Smyrna, was done by Smyrna's mayor, Sam Ridley,[29] who laid the groundwork for business to come to Smyrna. When Nissan finally arrived, Smyrna's infrastructure was in place and the town merely had to

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[26]Michael Lenehan, "A Japanese Auto Maker Finds A Home," *Atlantic Monthly*, December 1982, 20.

[27]Mr. Mike Woods, Planning Director for the Town of Smyrna, interview by author, tape recording, Smyrna, Tenn., 25 June, 1991.

[28]Ibid.

[29]Sam Ridley was Mayor of Smyrna from 1948 to 1988. He was succeeded by his brother, Knox Ridley, the present mayor.

adjust to the growth that ensued. Ridley described how, during the negotiations, his lawyer was always with him, and he kept engineering and pushing ahead. He wanted the economic growth that Nissan had to offer his town but he had to insure that the Japanese would hold up their end of the bargain.[30] Sam Ridley proved to be a keen businessman. Sam Ridley, former Mayor of Smyrna, was responsible for making Smyrna an attractive location for business. During his 40-year term he was accused of treating the town as though it were a business.[31] He says that is exactly what he did, and the reason why Smyrna has been so successful.[32]

Ridley is proud of his efforts to bring in Nissan to the community. As he put it:

> For every job that you fill it creates three jobs in the local economy. Beauty shops, grocery stores, barber shops, mechanics, service areas, Walmart, K-Mart. When they came in we only had two restaurants in town. I guess the best way to describe the best effect that it had on us is that in March of 1980 we were collecting about $30,000 a month in sales tax. In March of 1985 we were collecting about $300,000, which is a pretty good barometer.[33]

In the end, Nissan paid for everything that the town, the state and the Federal government did not. Ridley relates that in the original negotiations with the Japanese it was agreed they would pay their way and not become, as he said, "parasites."[34] In lieu of taxes, Nissan agreed to buy $450 million in revenue bonds issued by Rutherford: County. Ridley is quick to add:

> We did give them a break, but if they had been on the tax rolls they wouldn't have paid any more. I figured in another way that it wasn't a tax, it was an understanding

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[30]Mr. Mike Woods, Planning Director for the Town of Smyrna, interview by author, tape recording, Smyrna, Tenn., 25 June, 1991.

[31]Mr. Sam Ridley, interview by author, tape recording, Smyrna, Tenn., 20 March 1991.

[32]Ibid.

[33]Mr. Sam Ridley, interview by author, tape recording, Smyrna, Tenn., 21 March 1991.

[34]Ibid.

> agreement that they would pay us for additional tax that they would move in here. Such as another planning commissioner, two clerks or maybe two cars, four policemen. It doesn't sound like much in terms of big cities but it cost $300,000 a year, above the tax payment, which I negotiated.[35]

Sam Ridley's only complaint about Nissan is the additional traffic it has brought. The residents of Smyrna have almost no complaints, and Ridley has described their attitude toward the plant as excellent.[36] Some of the older residents who had been farmers were initially reluctant to have the Japanese in their community. However, it was not the Japanese they objected to *per se*, but industrialization and the consequent changes in lifestyle. Farming is very different from working in an assembly plant, starting with the hours people go to sleep and wake up. If one of the Big 3 had decided to locate a plant in Smyrna the reaction would probably have been the same.[37] Smyrna had been a farming community since its beginning and Nissan's arrival meant that land once used for crops and grazing would now be used for automobile assembly.

With the U.S. economy facing serious problems, U.S. unemployment continually increasing, and farming a way of life that was becoming increasingly obsolete, most residents of Smyrna recognized the need to have industry come to their area. They saw it as an alternative source of income for their children. A Smyrna farmer stated:

> All these young people growing up, they can't make a living farming. The most expensive and most dear crop a farmer has is his children, and there's no way with farming as it is today, for him to keep all his children on the land and expect them to make a living. Those farmers had better be darned thankful that there are other jobs in the area for their children.[38]

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[35]Ibid.

[36]Ibid.

[37]Michael Lenehan, "Auto Maker Finds A Home," 20.

[38]Ibid.

Nissan and the other Japanese transplants have located in semi-rural areas where the cost of living is lower than in big cities, where life is less chaotic and where housing is affordable, public schools are better and there is less crime. Moreover, the work force is "ready willing and able" and, most important of all, non-union. Local, state and federal governments are willing to cooperate to negotiate reasonable terms.

Although the cost of living in these areas may be lower than in major cities, wages are comparable to UAW standards. One of the most important criteria for foreign companies looking to invest in the United States is not a cheaper source of labor but a cooperative and flexible labor force. Site selection and hiring practices become more important than ever before.

The Nissan Plant and Management Practices

Less than three years after Nissan publicly announced that it was going to build an assembly plant in Smyrna,[39] the first vehicle, a light truck, came off of the production line. Approximately two years after that the first automobile was produced. Since that time the production capabilities as well as staff has increased.

As specified, the plant was built on flat land, limestone, and is located off the main street in Smyrna. It is a sprawling plant enclosed by wire fences in which vehicles are stored waiting for shipping. Recent facility expansion included: the administration building located in the front part of the plant, the body and stamping sections, trim, material staging, fascia mold and paint, pre-delivery and bituminous wax. The plant is made of white brick and has two to three levels. It was initially 3.4 million square feet; since the original construction it has expanded bringing its total square footage to 5.1 million.

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[39]The announcement was made in October, 1980.

Security at the plant is tight. Access to the production section of the plant is by identification card only, and access to offices in the administration building is prohibited except for those with an officially-scheduled appointment. At the time of my interview with Jerry Benefield, I waited in the main reception area until I was allowed entrance to the upstairs offices. I was buzzed through a set of automated glass doors and walked up stairs on carpet that felt as though it were three inches thick. I was greeted at the top of the stairs by Mr. Benefield's secretary, then taken through another set of doors to the reception area outside his office, where the interview would be conducted . This room resembled a small museum, containing Japanese artifacts as well as various books on Nissan. After the interview I was escorted back down the thick carpeted staircase and to the exit.

During another visit to the plant I went on a regularly scheduled public tour of the facility. The tour began with a lecture about plant's history and design. Then everyone on the tour (about 50 people) was seated in a train of golf carts and driven around the plant. During the tour the guide spoke to us through a microphone. We were taken to all parts of the sprawling plant. Nissan's vastness was impressive. Using transportation like this was the only possible way to get around such a large facility. Workers all along the route waved to us and were very congenial. The interior of the plant was very clean and well organized.

"People Are Our Most Valued Resource" is printed on all Nissan promotional literature, followed by Nissan's goal: to produce the highest quality car made in North America at the largest manufacturing facility in North America.[40] At Nissan, workers are organized into teams. Jerry Benefield, the current President and CEO of Nissan Motor Manufacturing, Inc. U.S.A. (NMMU), refers to the fact that Nissan is just one big team, but within the one big team there are many smaller ones.

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[40]*Nissan in Tennessee: People Are Our Most Valued Resource*, (Smyrna, Tenn.: Nissan Motor Manufacturing, Inc. U.S.A., n.d.).

Jerry Benefield is the second CEO at Nissan Motor Manufacturing, Inc. U.S.A (NMMU). Both he and his predecessor, Marvin Runyon, were American plant managers who came from Ford. Runyon had been planning on retirement when the Japanese persuaded him to be the first CEO at their American facility.[41] Marvin Runyon left Ford after 38 years because of mounting frustrations and various personal reasons, and because he believed he was ". . . taking a job in an American company, one that would provide Americans with jobs, even though its parent company happened to be in Japan."[42] In addition, Runyon felt that Nissan's board was comprised of manufacturing men, and quality, accuracy and concern for detail permeated its foundation.[43]

Both the Japanese and Smyrna officials valued Runyon's expertise in dealing with unions. From the beginning he vowed to keep the UAW out of the plant, and he is considered to have done an excellent job at Nissan. Because he had no union restrictions, Runyon could move workers all over the factory, creating a very flexible and unorganizable work force.

Jerry Benefield stated that NMMU did not practice Japanese management. He explained that for cultural and geographic reasons they could not adopt Japanese practices. For example, Benefield stated, the Japanese JIT inventory system is an excellent business practice because it helps suppliers to schedule better. However, since the United States is physically much larger than Japan, the JIT system cannot work because suppliers are scattered throughout

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[41]Gelsanliter, *Jump Start*, 52. After Runyon left Nissan, he became head of the Tennessee Valley Authority (TVA), and then went on to become the head of the United States Postal Service.

[42]David Halberstam, *The Reckoning* (New York: Avon Books, 1986), 634.

[43]Ibid., 636.

the country.[44] NMMU is an example of a company that has partial JIT, and where suppliers can provide this type of service, it is practiced.[45]

Benefield also added that in Japan the workers have a very strong work ethic and that they align their own personal objectives to those of the company, which does not happen in the U.S. However, many Japanese workers have lifetime job guarantees which makes them feel more committed to their companies. This benefit is not offered to American workers.

The original American managers of the plant had been involved with participative management prior to NMMU. Nissan's head office in Japan wanted them to design the managerial style of the plant since they were the ones that would be doing the managing. They studied the management practices at Nissan in Japan and then researched the managerial style of American companies that had very good employee standards, high quality, very good productivity and were very competitive in the marketplace.[46]

After completing the research the managers then had to apply their findings to Tennessee's culture and the workers there. They had to figure what techniques would work the best in their specific environment. Benefield says that they created a Nissan in Tennessee management style, a combination of many management styles.

Benefield attributes the success of Japanese management practices, and some of the practices that have been developed at Smyrna, to the fact that some of the "old rules" have been discarded and a new environment fostered where workers can participate in the decision-

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[44]Mr. Jerry Benefield, interview by author, tape recording, Smyrna, Tenn., 10 June 1991.

[45]Toyota in Kentucky, however, has organized a full JIT system. In Japan Toyota has developed a perfect JIT environment, which it has duplicated as much as possible in the United States. One must take into consideration the suppliers that have been selected to provide these service. Many of Toyota's suppliers in Japan have moved to the United States to continue to provide them with service.

[46]Gelsanliter, *Jump Start,* 47.

making process. Smyrna's management style was created with that as a main goal. The Japanese refer to this process as a "bottom up" management style, where the workers make suggestions concerning the company which are taken up the managerial ladder for approval. In its hiring practices, NMMU is more concerned with a potential employee's ability to work with a team than it is about his or her technical ability. They look for people who like to work in teams and like to solve problems.

The Japanese practice of kaizen (continual improvement) has been incorporated by management at NMMU. Upper management started developing the management style at Smyrna but they involved all newly-hired employees as well in the process. Benefield stated that they wanted to involve everyone in the development of Smyrna's philosophy statement.[47]

The philosophy statement that was ultimately developed includes the following concepts: utilizing people to their fullest ability, being responsible citizens from a corporate and community standpoint, being honest, and participating in company decisions. Upper management states that people are the most important element, without whom the company could not function.[48]

The Japanese are renowned for their sense of collectivism or holistic concerns. The importance of belonging and being a cooperative member of a group is of primary concern. In Japanese businesses practices this is known as the team approach. The team approach has been implemented at Smyrna, where it is considered to be the driving force behind management practices and the work force. Benefield refers to the plant as one big team where there are lots of teams within.[49] He stressed the fact that no one team is better than another but that they all

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[47]Mr. Jerry Benefield, interview by author, tape recording, Smyrna, Tenn., 10 June 1991.

[48]*Nissan in Tennessee: People Are Our Most Valued Resource.*

[49]Mr. Jerry Benefield, interview by author, tape recording, Smyrna, Tenn., 10 June 1991.

work together for the same goal, though what they actually do may be different. He refers to his own role as the facilitator of the plant.[50]

In their initial research, Smyrna management found that there was little difference between the so-called Japanese management and much of American management practices at successful American companies.[51] However, of the differences that do exist, the lifetime employment guarantee has been played up by the media as a striking aspect of Japanese management. In fact, only the so-called salarymen (the Japanese equivalent of American middle management) are eligible. With the Japanese economy facing severe problems, there will be less and less of this type of benefit given.

At NMMU no one is given a guarantee of lifetime employment. Employees are told that the organizational structure and work practices of the plant will be flexible enough so that different vehicles can be produced easily and that workers will learn multiple jobs, so that they can be moved around the plant where they are needed. If a certain type of car or truck is selling than they will build more of that. This outlook may be seen as an Americanized or Smyrna version of guaranteed employment. According to Benefield,

> What we do for our people is tell them if you will build high quality vehicles and help us produce them at very high rates of productivity then working together we can probably never have to lay anybody off. We ought to be able to restructure.[52]

NMMU management incorporates much of the Japanese managerial style, but with some adjustments. The Japanese business world is a seniority-based system. After an employee has been at a company for ten years, he is given either an advancement in position or an increase in salary. After fifteen years another advancement will take place. A worker's career

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[50]Ibid.

[51]Ibid.

[52]Ibid.

follows a certain routine, based on seniority. In contrast, in the U.S. promotion is based on performance, not seniority. NMMU management believed that a system based on seniority and not performance would not work in the U.S., and would create adversarial conditions.

The "bottom up" management style is encouraged and practiced at NMMU. The driving force behind NMMU is participatory management, where workers are involved with policy decisions. If a new policy is to be written it is randomly distributed to selected focus groups in all the different departments of the plant: trim and chassis, stamping, maintenance, production workers, material handling workers, and quality workers. Focus groups have been developed for special tasks. At NMMU they are generally comprised of management who randomly meet with different groups of workers to discuss outstanding issues, and try to find solutions.

Managers may rewrite a certain policy or work on a perceived problem. They then return to a focus group, to find out what the group may think about the new policy. Discussions ensue. Feedback is given, and more work may or may not have to be done. This is the "bottom up management" style practiced at NMMU.

> A prerequisite is good communication between management and labor. If a problem has occurred a department manager may call and ask a supervisor his opinion about something (this would be the equivalent of getting the worker's opinion); when the plant manager calls the department manager he is getting a worker as a supervisor. When the president calls the operating committee to discuss it, he fully expects that the vice president of manufacturing is delivering the input of the technicians' [workers'] supervisors of the department. The Vice President of Human Resources is delivering some of that same information, and the professional human resources and finance guys are doing the same thing. A decision is then written which is sent back through the same channels for people's comments.[53]

This same process exists in Japan. Smyrna differs from all the other transplants in the United States because the management at the plant consists entirely of Americans. This was

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[53]Ibid.

intentionally done; Mr. Ishihara, then president of Nissan Motors Ltd., thought that when a company had production facilities in another country, the management from that country should be used to run the company. Ishihara felt that local managers would understand the laws, customs and the culture better. He also believed that Americans knew how to build cars, since they were the ones who taught the Japanese. He and the Board of Directors decided that NMMU would be American-managed.[54]

NMMU's Board of Directors does include Japanese members who do not reside in the United States. The board meets twice a year to discuss major managerial and design issues (e.g. the making of parts in the United States, or whether the design of an engine should be changed).

Jerry Benefield states that neither he nor Marvin Runyon, his predecessor, made any management policies themselves. The company is run by a corporate management committee consisting Benefield and the five divisional vice presidents.[55] Benefield added that no decision is ever made unless it is unanimous.[56]

By locating in the United States Nissan had the advantage of not having a history of labor problems for the past seventy-five or a hundred years, as did American auto makers. Nissan hired very few applicants with prior automotive experience.[57] According to upper management, they didn't want workers to have any preconceived ideas of how to build cars

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[54]Michael Cusomano, *The Japanese Automobile Industry* (Cambridge, Mass.: Harvard University Press, 1989), 19.

[55]Mr. Jerry Benefield, interview by author, tape recording, Smyrna, Tenn., 10 June 1991.

[56]Ibid.

[57]Mr. Sam Ridley, interview by author, tape recording, Smyrna, Tenn., 25 March, 1990.

and trucks.[58] Because of UAW rules, American Big 3 auto makers are required to hire laid-off employees, all of whom have preconceived ideas of how to make vehicles.[59] NMMU, of course, had no laid-off employees to select from, but they believed that innovations in management would have been considerably hampered by using workers with automotive experience.[60]

NMMU's hiring standard was eighteen months of verifiable work experience, preferably industrial.[61] Because there are a considerable number of small manufacturing plants in Tennessee, Nissan thought that Tennesseans could be hired who had had this type of work experience and would fit in with the type of atmosphere that they were trying to create.[62] In addition, Nissan believed that people who have had the experience of being around machinery would tend to work more carefully because they were aware of some of the hazards of this kind of work. Upper management gave priority to these people over those who had worked in automobile plants.[63]

Approximately forty percent of NMMU employees are minority. Between sixteen to seventeen percent of employees are black, and approximately twenty-three percent are women. Almost everyone employed at the plant lives within fifty miles of Smyrna, and most are high school graduates who have lived in Tennessee most of their lives. Because it is a strongly

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[58]Mr. Bill Boozer, Director of Advertising and Communications for the State of Tennessee, interview by author, tape recording, 25 May 1991.

[59]Ibid.

[60]Mr. Jerry Benefield, interview by author, tape recording, Smyrna, Tenn., 10 June 1991.

[61]Mr. Jim Cotham, interview by author, tape recording, Smyrna, Tenn., 30 January 1991.

[62]Ibid.

[63]Mr. Jerry Benefield, interview by author, tape recording, Smyrna, Tenn., 10 June 1991.

family-oriented area, the likelihood of workers moving is slight. Family ties reassure Nissan that its work force is a stable one.[64]

NMMU pays the highest wages in the area (as do the other transplants), and this is one of the reasons why it has so many applicants for every position.[65] Nissan received 200,000 applications for its first two thousand jobs.[66] The transplants can pick and chose the cream of the crop. Some workers at the Nissan plant state that they never dreamed that they could have ever have made as much money as they have at Nissan.[67]

Nissan is proud that there have been no layoffs at the plant. However, currently the Smyrna plant is not hiring and job vacancies are not being filled. In the next three to four months (April-August, 1993), it is expected that there will be 200 vacancies at the plant, which Nissan does not plan to fill, and this pattern of not filling vacancies will probably continue for some time.[68] Sales at the parent company are down and the company has been operating at a deficit for some time.[69]

The turnover rate at Nissan is very low, approximately two percent.[70] Most workers who leave do so because a spouse has been relocated, or they have gotten a better job offer

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[64]Ibid.

[65]Economic Strategy Institute, *The Future of the Auto Industry,* (Washington, D.C.: Economic Strategy Institute, 1992), 76.

[66]Honda and Toyota received equally as many applicants for as many job openings.

[67]Nissan workers, group interview by author, tape recording, Wagon Wheel Bar, Smyrna, Tenn., 25 June, 1991.

[68]Mr. Sam Ridley, telephone interview by author, tape recording, 6 April 1993.

[69]Ibid.

[70]Mr. Jerry Benefield, interview by author, tape recording, Smyrna, Tenn., 10 June 1991.

somewhere else.[71] Because the company invests enormous amounts in training, very few people are fired.[72] In discussing some of the issues that face NMMU, upper management stated that perhaps, odd as it sounds, the turnover rate is almost too low. With such a low turnover rate people are not able to move up the ladder. Management has described it as a Catch-22 situation, where a low turnover rate is obviously preferable, but reduced mobility leads to employee frustration and dissatisfaction. However, management does feel that the advantages outweigh the disadvantages.[73]

Part of NMMU's corporate philosophy (also true for other U.S. transplants) is that employees learn a number of jobs to make each employee highly versatile. Jerry Benefield stated several of the reasons for this:

> If somebody is absent you always have a trained employee to do that job. But it also helps more of the production line jobs that are very routine: if somebody has to do the same job day after day, week after week, year after year, it gets very old. It becomes boring and monotonous. But if they know how to do ten jobs, they can rotate and work only a week on each one of those ten. It's much better for them.[74]

Implicit in this philosophy is the belief that workers who are less bored will be more content, perform better and make higher quality products. An additional factor not openly discussed is that by having workers able to perform a series of jobs the likelihood of on-the-job injuries is diminished. For instance, carpal tunnel (or repetitive stress) syndrome, is a condition that is prevalent in the auto industry. It is caused by performing the same or similar motions again and again with no breaks, as when a worker in a plant keeps performing the same task (e.g., turning a wrench, drilling holes, lifting glass and placing them in the

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[71]Mr. Jerry Benefield, interview by author, tape recording, Smyrna, Tenn., 10 June 1991.

[72]*Nissan in Tennessee: People Are Our Most Valued Resource.*

[73]Mr. Jerry Benefield, interview by author, tape recording, Smyrna, Tenn., 10 June 1991.

[74]Ibid.

windshields, etc.). There were 224,000 repetitive stress injuries in the United States in 1991.[75]

The UAW, although it did not win the election at NMMU, held one of its most public and successful organizing drives at any of the transplants there. The UAW had held an organizing drive at Honda but no election,[76] and they had been unable to reach the Toyota workers[77]. Business and labor watched the events at Smyrna with keen interest.[78] NMMU management claims that the UAW was trying to convince workers that although conditions at the time were acceptable, they needed a contract to protect themselves. Safety was the UAW's main issue, but NMMU management contended that the UAW had no real grounds on which to base its claim. NMMU argued that its safety record was better than most manufacturing plants in the United States.[79]

The UAW was active in working for union contracts at NMMU even before the plant was built, and was one of the major forces behind the Japanese automobile ventures coming to the United States. The UAW solicited the Japanese thinking that they would give the resulting jobs to union members.[80] The reverse proved to be true. The Japanese worked very hard not

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[75]Michael deCourcy-Hinds, "Judge Rejects U.S. Penalty For Repetitive Stress Injuries," *New York Times*, 27 March 1993, **PAGE**.

[76]Mr. Red Peoples, UAW organizer, interview by author, tape recording, Smyrna, Tenn., 25 June, 1991.

[77]Ibid.

[78]Ms. Beverly Keel, business reporter for the *Nashville Banner*, interview by author, tape recording, Smyrna, Tenn., 25 June 1991.

[79] Real estate agent, interview by author, tape recording, Smyrna, Tenn., 28 September 1991.

[80]Ibid.

to have anything to do with American unions.[81] Japanese unions are very different from those in the United States, non-adversarial and more management-oriented. When Nissan (unlike Honda) failed to use unionized construction workers to build its massive Smyrna plant the UAW saw the handwriting on the wall.[82]

The ground-breaking ceremony, which took place on February 3, 1981, showed that the union would not be silent. The highly-publicized ceremony was open to the public. Jim Cotham, like many other officials, described it as a horrible event:

> [UAW members] slashed the tires of a number of kinds of trucks that were out on display at the ground breaking site, slashed all the tires of the trucks and slashed the windshields out and broke the headlights and bashed the things to bits. There were about two hundred to three hundred of them, all drunk, and they came in the tent with the Governor and all of the dignitaries. It was a near riot. I was sitting next to the Governor and his security people told me that if they charged where we were that I was to grab the governor. The Japanese were cool as cucumbers, and that night at dinner they almost never mentioned a harsh word about it. I believe that this set back the unions five or more years.[83]

UAW members, including those who were not there but who had heard about it, were disturbed by this turn of events. Some speculated that it might have not been union members, but hired thugs to make the union look bad.[84]

Despite its election loss, the UAW is still seen as a significant threat. Management contends that the presence of a union creates unnecessary divisions.[85] They say that because the unions have a multitude of rules and procedures that must be followed, versatility and

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[81]Ruth Milkman, *Japan's California Factories,* 6.

[82]David Gelsanliter, *Jump Start*, 50.

[83]Mr. Jim Cotham, interview by author, tape recording, Smyrna, Tenn., 30 January 1991.

[84]Nissan worker, interview by author, tape recording, Smyrna, Tenn., 30 March 1991.

[85]Mr. Jerry Benefield, interview by author, tape recording, Smyrna, Tenn., 20 June, 1991.

communication are hindered. When a grievance is filed it becomes difficult to talk to the worker directly. Management must speak with a union steward. There is no flow of direct communication.[86] NMMU management sees the presence of a union as infringing on its communication with workers as well as production work. The flow of the work process is disrupted and the give-and-take management style that has been created at NMMU would be seriously hindered.[87]

Nissan management waged a strong campaign against the UAW's efforts to organize the plant. The campaign was known as the "red, white and blue" campaign.[88] Workers at the plant recall how before the election Jerry Benefield would appear on the plant's closed-circuit TV monitors discussing the disadvantages of a unionized plant; or the same monitors displaying strikes at unionized plants where the workers hadn't received any pay for weeks. The message was, "Beware! This could happen to you." Nothing positive concerning union membership was ever displayed.[89]

National and international media coverage of the organizing drive as well as the election was enormous. Prior to the election newspapers featured sensational headlines,[90] and the election itself received enormous press coverage as well. The event was covered by Tokyo Broadcast, all major American television stations, *Time*, *Newsweek*, the *New York Times*,

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[86]Ibid.

[87]Ibid.

[88]Nissan public relations representative, interview by author, tape recording, Nashville, Tenn., 25 June, 1991.

[89]Davidson 1991.

[90]"Showdown for Nissan: Union Vote By Workers," "Labor Showdown: The UAW's Chances at Japanese Plants Hinge on Nissan Vote ..Both Sides Deploy Big Guns," "Tennessee Auto Workers Could Be Deciding UAW's Future," "Tennessee Autoworkers Could Be Deciding UAW's Future," "Nissan Workers in U.S. Test Union and Industry."

Newsweek, the *Wall Street Journal*, the *Miami Herald*, and the European press (London and Germany).[91]

Management's anti-union stance was very powerful and the issues the press reported were not inaccurate. Jerry Benefield saw the presence of the union as creating a disruptive, hostile situation where the workers became "we" and management became "they".[92] In a plant where the basis of the corporate philosophy is "participative" the union would only serve to hinder its development. Benefield further argued that mistrust is implicit in a situation where there is a third party involved (e.g. shop stewards, union representation). If workers do not speak directly with management neither side knows what the other is thinking. NMMU management did not want the union at the plant. Given the tremendous effort (financially and time-wise) that the Japanese had put into locating the plant in an area that was far from Detroit, and union affiliation, an area of conservative, hard working-people who were unsophisticated in the ways of union/labor activities, it would have been an almost impossible task for the UAW to win an election.

The union election was of enormous importance to both American and Japanese business interests.[93] The site selection process had been carried out by the Japanese with extreme caution. Their goal was not to find a cheaper labor source but a more flexible and cooperative one (i.e., union-free). The research and costs involved in this process were considerable. For the State of Tennessee, to have jobs and income jeopardized through a victory by the UAW, would have brought considerable damage to not only the state but the

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[91]Beverly Keel, "Health Problems May Have Hurt Issue," *Nashville Banner*, 31 July 1989, 18.

[92]Mr. Jerry Benefield, interview by author, tape recording, Smyrna, Tenn., 20 June, 1991.

[93]Ibid.

country.[94] It would have been a sign to the Japanese that their efforts to find a union-free environment had proved fruitless. Thus, NMMU's fight against the UAW was not just for itself but for American business in general.[95]

The UAW lost the election two to one. Some pro-union activists considered this not to be a bad defeat and felt sure that they would win a second election. However, since the election in July, 1989 there has been very little union activity, and workers who were involved in the organizing drive now are feeling for the first time that the company has begun to leave them alone.[96] They have very little motivation to get involved with another drive again and for the most part feel that if there was another drive that the UAW could never win.[97]

Yet many honest, hard-working people fought diligently for something that they believed in, the right to have workers represented by a union. Some contend that they lost their jobs at NMMU because of their involvement with the UAW.[98] Some workers have been very injured hurt at the plant.[99] Automobile factories are health hazards. The work is demanding and grueling, and it is much harder on an older person than on a younger one. Wages are not an issue at NMMU because the wages there are comparable to those at unionized plants.[100] NMMU claims that through participative management its employees have

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[94]Mr. Jim Cotham, interview by author, tape recording, Nashville, Tenn., 26 June 1991.

[95]Ibid.

[96]Nissan worker, interview by author, tape recording, Smyrna, Tenn., 30 March 1991.

[97]Ibid.

[98]Injured Nissan worker, interview by author, tape recording, Smyrna, Tenn., 26 June 1991.

[99]Ibid.

[100]Economic Strategy Institute, *The Future of the Auto Industry*.

a voice in policy decisions.[101] However, not all share that sentiment, and believed only the UAW could be the facilitator of equal and just representation.[102]

There are many complex issues raised by the UAW election and management's response. The union felt that in a vehicle assembly plant the issues of health and safety, worker's compensation and disability could probably never be given adequate attention.[103] However, these issues were not enough to secure a union victory, and what it will take to unionize NMMU remains to be seen. Workers who did not vote for the union need to realize that their current working environment is the result of previous years of union representation. On the other hand, the UAW has some soul-searching to do.

The next section of this chapter discusses my interviews with NMMU workers. Because they are the ones that do the work, it is only they who can give an accurate picture of the conditions at Smyrna.

Nissan Workers

For the purpose of this study I conducted fifteen in-depth interviews with Nissan workers. The questionnaire that I administered was divided into four topics: previous work experience, current job position, current job "groups" (the team approach), and worker sentiment towards working for a Japanese-owned company. Interview settings varied depending upon the respondents' schedules. Four of the respondents were interviewed twice and sometimes three times.[104] I had gotten acquainted with them and they were very forthcoming and willing to help.

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[101]Mr. Jerry Benefield, interview by author, tape recording, Smyrna, Tenn., 20 June, 1991.

[102]Nissan workers, group interview by author, tape recording, Smyrna, Tenn., 26 June 1991.

[103]Mr. Blair Darby, UAW organizer, interview by author, tape recording, Smyrna, Tenn., 26 June 1991.

[104]Author's personal notes. Some workers wanted to be interviewed, and had a lot to say.

Initial interviews were obtained by reading accounts of the organizing drive and election in Smyrna in the *New York Times* and *Wall Street Journal.* Any workers named in the articles were contacted. I told them about my project, and began to schedule interviews. After I had enough interviews scheduled, I called respondents a week before my arrival to confirm the time of the interviews, and I called them again when I arrived in Smyrna.

About half of the interviews were conducted in the hotel where I stayed (the only hotel in Smyrna). One worker was interviewed in the back of his wife's gift shop; another interview was held in a small truck on the way to Nashville to meet with Ryder Truck employees who were going before the NLRB. I conducted a group interview at the UAW meeting hall in Smyrna with three respondents whom I had already interviewed, together with three UAW organizers and their lawyer.

Four interviews were conducted at the Wagon Wheel Bikers Bar at 6:30 in the morning, after the respondents had gotten off the night shift at NMMU. Every Friday morning they would go to the bar for a beer and some pizza (provided freeby the bar's management to decrease the chances of people leaving drunk). The only female worker that I interviewed for the study was the bartender at the Wagon Wheel. She worked full-time on the night shift at NMMU and on Friday mornings she worked at the Wagon Wheel tending bar to earn extra money. The people who live in this part of Tennessee are working-class and lead stressful lives. This woman's face was lined with the pain of hard living. She was a single mother with two teen-aged children and told me that her wrists were hurting her, but that she had no intention of going to a doctor. She feared that she had carpal tunnel syndrome and that she would have to have an operation and then be unable to work. She was in pain, but she was also the financial provider for her family and couldn't take time off from work or

jeopardize her job in any way, since her husband was an alcoholic and unable to work (not untypical in this poor, rural area).[105]

Most of the interviews were scheduled before I went to Smyrna. There were several cancellations. In that event, I asked workers for additional names, which they were usually happy to supply me with. Except in a few cases, workers seemed very willing to talk. In my five trips to the area, there was only one where I did not interview any workers.[106] That early morning at the Wagon Wheel Bikers Bar was the only time that I had no planned interviews. I walked into the bar by myself (a former Nissan worker had given me a ride to the bar; after we arrived he went his own way). Motorcycles and pickup trucks filled the parking lot. Inside, everyone was wearing their blue Nissan work shirts, with their names embroidered in white on the pocket on the left hand side of the shirt, which made identifying Nissan workers quite easy. I walked up to the bar and asked three guys who were having a conversation if I could talk to them. They were very willing. Next I approached a man who was playing pool by himself, who someone had told me was as supervisor at the plant. He refused to talk to me. Mildly embarrassed, I walked to the bar where I met the female bartender.

Of the fifteen NMMU workers that I interviewed in Smyrna, two were out on disability and one, according to the company, had been fired for lying on his application.[107] However, the worker said he was fired because of his union affiliation.[108] One of the men out on disability, twenty-six years old, had been badly injured on the job at NMMU will probably

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[105]About nine months after I had spoken with her at the bar I learned that she had in fact gone to a doctor and was diagnosed with carpal tunnel syndrome. She was operated on and was back at work, still in some pain.

[106]That trip was solely for the purpose of interviewing Jerry Benefield.

[107]Nissan worker, interview by author, tape recording, Smyrna, Tenn., 30 March 1991.

[108]Ibid.

never be able to perform physical work again.[109] The other worker out on disability said that he was not hurt on the job, and that planned to return to NMMU.[110] At the time I scheduled these interviews, I did not realize that neither of the disabled workers were currently employed by Nissan. I was aware of the worker who had been fired and the issues surrounding his dismissal: Nissan had accused him of lying on his application and the UAW accused Nissan of firing him for his union-related work. It was to become a campaign issue used by the UAW in its fight against NMMU.

The topics discussed with each of the respondents were designed to elicit (1) the differences between their previous jobs (hiring, training, management and union affiliations) and their job(s) at Nissan; (2) their impressions of the team approach (or participative management); and (3) their perceptions of the Japanese style at NMMU.

The Management Techniques

Workers were asked questions regarding the participative management style at NMMU, which some had heard of and others had not. Respondents were asked if they had heard about or participated in focus groups, quality circles or teams. All had said that they had heard of them and most had participated to some degree. About one third of the respondents thought that this management style was a very productive way to conduct business, one third thought that it was a good concept and the rest thought it was a waste of time as well as a tactic to control the workers.

One worker who was pro-participative management stated that although he was not presently in any formalized group, the ones that he had been involved with were very important. Issues were prioritized by the group, and safety was always the number one

FORMER NISSAN WORKER

[109]~~Mr. Rick Davidson~~, interview by author, tape recording, Smyrna, Tenn., 25 June 1991.

[110]Ibid.

priority. The number two issue, he stated, was anything that was related to production, anything that was a labor saving device.[111]

Another worker stated that he felt that management wanted to know how you felt. Particularly in the focus groups they wanted to know how the workers felt about their managers. He also stated that he had participated in mandatory weekly quality circle meetings over a period of six months with the same group of people. The purpose of the meetings was to discuss any problems that existed in the plant. The company arranged to give them breakfast, and paid them for their time.[112]

One worker stated that he had never even heard the word "team," but that there were work groups and that his only experience with this was if somebody was out, they had to make up for that person's work. He considered it more of annoyance than anything productive. This worker added that he had heard of the team approach but had never attended any meetings and considered himself his own team. His biggest complaint was that NMMU doesn't have enough people there to help on the line.[113]

Several of the workers that I spoke with about participative management thought that this was a way for management to control the work force and make it seem as though the workers actually had more of a responsibility than they did. One man stated that this was particularly apparent during the period before the union election.

> The ones that [Nissan] wanted to go to these meetings were the ones that they thought that they could persuade, the borderline. They did not invite any outspoken union people, who would stand up and dispute their claims. They told people in these meetings that if they went out on strike that there would be permanent replacement workers immediately available. It's my understanding that they would even show films

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[111]Nissan worker, interview by author, tape recording, Smyrna, Tenn., 26 June 1991.

[112]Nissan worker, interview by author, tape recording, Smyrna, Tenn., 26 June 1991.

[113]Nissan worker, interview by author, tape recording, Smyrna, Tenn., 26 June 1991.

> of laid off Detroit workers and then ask the question would you like them to come and get your job?[114]

Another worker voiced similar sentiments concerning focus groups. He added that it is true that management does try to focus certain assignments in each area and try to find the problems, but that it is not a place for workers to voice their opinions. He stated that the focus groups were started during the election as a means to intimidate workers, and the people invited to attend them were those who were referred to as "fence-walkers," because no one really knew exactly where they stood, making them targets for management's anti-union efforts.[115]

Even though workers did not agree about the team concept, all that I spoke with had heard of it. In addition, they all were aware that they were supposed to be a part of a team effort. Some worked in unionized plants, but none had worked in an environment that included work groups or teams *per se*.

Focus groups, quality circles and teams, although valued and endorsed by management, received ambivalent reviews from the workers that I spoke with. Interestingly, however, all the workers that I spoke with were very concerned about the quality of the product that they were making. It might be argued that perhaps this is indicative of their own personal pride in their skills, as opposed to teamwork or a group effort.

The Japanese Influence

Japanese management practices incorporated at NMMU are transparent to the workers. Only slightly more than half of the workers that I interviewed were aware that they worked for the Japanese, and many of them said that if they had not been told this fact specifically, they

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[114]Nissan worker, interview by author, tape recording, Smyrna, Tenn., 25 June 1991.

[115]Ibid.

might not have known. Since there are no Japanese at the plant and no visual signs of their presence this is easy to understand.

Almost everyone I spoke with recognized not only the high level of the Japanese work ethic, but most important of all the lean production system and the Japanese concern for quality. One worker told me:

> There are two things about [the Japanese practices] that are striking: labor is done with fewer people and material control is unbelievable. They have the U.S. industry beat hands down. They have absolutely nothing tied up in inventory. They say they have Just In Time [inventory system], and they do. They're outstanding. I have never run out of a part. They have the smoothest industrial set up I have ever seen. American industry should only learn from that.[116]

Despite this worker's dislike of the management at NMMU, he respected Japanese methods. This was true for several of the workers that I spoke with.

Japanese management practices encourage and expect employee participation. In one Japanese company located in New Jersey, suggestion boxes were hung all over the facility. A program encouraging employees to make suggestions was implemented and people were told that they would be rewarded by cash prizes or prizes from the company store if their suggestions won. This practice is not unusual. Some Japanese companies record how frequently employees make suggestions, and bonuses are sometimes based on this.[117]

I asked the NMMU workers I interviewed if they felt if they were encouraged to make suggestions. Most responded affirmatively, but some felt that while suggestions were encouraged, their ideas went no place and no one really listened. One worker stated, bitterly, that he had made a suggestion that had saved the company thousands of dollars but had never

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[116]Nissan worker, interview by author, tape recording, Smyrna, Tenn., 8 November 1991.

[117]The author worked for a Japanese corporation for two years. This observation is based on personal experience.

received any compensation for it.[118] Another man considered the "suggestion idea" a game that had to be played management's way--if you had the guts to make a suggestion and "put your two cents in" you shouldn't expect that the company will listen or do anything about it.[119] Another worker thought that they were encouraged to make suggestions, but since he had never been thanked for his suggestions he felt that "the company just expects you to give and give."[120] However, other workers felt that if a valuable suggestion were made, the company did listen to the ideas, particularly those ideas related to safety.

NMMU management also uses what it calls the "open door policy" conjunction with its participative management style and suggestion boxes. Workers are encouraged to go and speak with Jerry Benefield any time to discuss any problems they feel need to be addressed. Although the woman line worker that I spoke with disliked NMMU management in general (claiming that they had hired "Yankee managers who didn't know their elbows from their brains"), she was a firm believer in the open door policy. She said that she had been to see Mr. Benefield several times and that she found it very helpful.[121] Another worker told me that he felt that he had complete access to Mr. Benefield as well. He said that the day that I interviewed him he had been to see the CEO about a quality problem in his area. He said he felt as though he was being listened to and respected for his concerns. He felt that he could go back any time.[122]

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[118]INissan worker, interview by author, tape recording, Smyrna, Tenn., 25 June 1991.

[119]Nissan worker, telephone interview by author, tape recording, Smyrna, Tenn., 10 May 1993.

[120]Ibid.

[121]Female Nissan worker who was also a bartender, interview by author, tape recording, Smyrna, Tennessee, 3 March 1991.

[122]Nissan worker, interview by author, tape recording, Smyrna, Tenn., 25 June 1991

The UAW argued that Nissan's open door policy was a way to entice workers into management's offices, find out what their grievances were, then show them out the same "open door." They believed that this was a way for Nissan to identify potential trouble-makers and get rid of them.[123] Several of the workers that I spoke with agreed with this view. They cited co-workers' experiences of going to talk to Benefield and then when they were up for a promotion they were not offered it for no apparent reason.[124]

Another aspect of the open door policy includes workers having occasional lunches with the CEO and the Vice President, a practice employed by other Japanese companies in the United States as well. Often an employee is invited celebrate his birthday by having lunch with the president. One worker described such an event:

> I had lunch with the president and the vice president. They didn't put any pressure on you. But I have talked to people who've had lunch with them and they asked management if any pressure was being put on them for people being injured on the job. The lunch would come to a pretty quick end.[125]

The consensus among the workers that I spoke with was that employees are encouraged to make suggestions regarding safety, equipment and the production process, and that in general the company is open to new ideas. It was not generally thought of as a Japanese management practice, but something that was done by NMMU to improve the company.

Before NMMU started to operate in full force it sent over four hundred of its management staff to Japan for training. As a rule, line workers were not sent, but occasionally they did go. In the sample of fifteen workers that I spoke with, one person had been sent to Japan for six weeks. He stated that he wasn't sure why he had been selected to go

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[123]Nissan worker, telephone interview by author, tape recording, Smyrna, Tenn., 11 May 1993.

[124]Ibid.

[125]Nissan worker, interview by author, tape recording, Smyrna, Tenn., 25 June 1991.

go but that he had gone with a whole group from the company. He observed that the Japanese perform their design work with much more precision than Americans. However, he felt that problems in communication made the trip very difficult and at times wasteful. Nevertheless, he was very glad that he had been given the opportunity to go.[126]

The Japanese are known for their high quality products and Nissan is no exception. The workers that I spoke with were all concerned about the quality of the vehicles that they produced. Even if they disagreed with a particular aspect of management they were very concerned about their own workmanship and felt that the company was as well. Regardless of what the management practices were, workers wanted to do a good job. One worker, a quality inspector, reported that it made him feel good to find a problem in a vehicle because then he knew that he was doing his job.[127] On the other hand, the same worker reported that there is a difference between quality practices at Nissan and what the Japanese profess: line workers don't have the time to inspect the vehicles that they work on because the line is going too fast. He felt that the company was more concerned with volume than quality. However, he felt that was why he and his immediate co-workers in the quality area were there to inspect the vehicles as they come off the line.[128]

In Japan, it is reported that workers are encouraged to stop the assembly line.[129] Workers in the study were asked if they had ever stopped the line. Almost all had. However, one worker stated that it costs the company $4,200 a minute to stop the line so workers are

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[126]Nissan worker, interview by author, tape recording, Smyrna, Tenn., 16 November 1991.

[127]Nissan worker, telephone interview by author, tape recording, Smyrna, Tenn., 29 April 1993.

[128]Ibid.

[129]Michael Cusumano, *Japanese Automobile Industry*, 15.

reluctant to do so.[130] Another told me, "They will let you stop it once, then maybe even twice, but not a third time, They'll fire you for that."[131] However, in practice this is difficult to assess. Though NMMU workers do stop the line, it is a procedure many do not feel comfortable performing. One line worker told me that he would rather call out for his supervisor's help than the stop the line.[132] This seems often to be the case.

Many of the Japanese practices (kaizen, quality concerns, lean production, teams, participatory management) have been transported to this plant in varying degrees and as much as the work force can adapt to them. NMMU has a crew whose sole job is to attend to all the breakdowns during the day. The workers in it are referred to as maintenance technicians, and circulate throughout the plant attending to any problems.[133] This team also has a back up crew which supports them when there are additional problems. On days when there are no breakdowns and no extraordinary problems, team members research how to do certain tasks better, keeping in line with the Japanese concept of kaizen (constant improvement). Among the sample of workers that I spoke with, quality was a very important concern. Workers want to perform a high quality job irrespective of the type of management style at the plant. For many of them, it is a matter of personal pride in a job well done.

Very little has been written about Japanese hiring and training practices so it is difficult to estimate what practices have been incorporated at NMMU. However, in conjunction with the Japanese philosophy of harmony, and the pressure to fit in and conform, Nissan has adopted hiring practices where the necessity to be a good team player comes first.

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[130]Nissan worker, interview by author, tape recording, Smyrna, Tenn., 25 June 1991.

[131]Ibid.

[132]Michael Cusumano, *Japanese Automobile Industry*, 15.

[133]Nissan worker, interview by author, tape recording, Smyrna, Tenn., 25 April 1990.

NMMU received 130,000 applicants for its original two thousand job openings. The State of Tennessee did the initial screening of applications and then forwarded candidates to Nissan.[134] All of the respondents in my study described the process as a very difficult one, involving multiple interviews conducted with anywhere from three to six Nissan people. One worker said that he had been working at Nissan from the start up and that as time has passed they were looking for people with fewer and fewer skills.[135] At first, he added, applicants had to be engineers; now the less skilled the better.[136]

Another worker described his hiring experience:

> In 1982 Nissan put an ad in the paper. I had two years experience with a manufacturing background. I took a general battery of aptitude tests--GAB test--dexterity testing as well as state tests. Everything went to Nissan. I had three interviews the first time: plant manager, operations manager and then supervisor. After all of these there was a training program which didn't mean that you got the job. This was six weeks for eight hours per week. They didn't pay you for it either. If you didn't go to the class then that showed you didn't have any interest in the job. The training didn't guarantee the job. They would observe you in the class; they'd have observers there they wouldn't tell you about. They would then classify you as the certain psychological person that you were. All together, I had thirteen different interviews! I was hired one week before the training program was finished.[137]

This experience is common among Nissan workers.

Some older workers felt that the new hires were being given preferential treatment. They resented the fact that the new recruits were being given the easier days jobs instead of the

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[134]Mr. Jim Cotham, interview by author, tape recording, Nashville, Tenn., 30 March 1991.

[135]Nissan worker, interview by author, tape recording, Smyrna, Tenn., November 1991.

[136]Ibid.

[137]Nissan worker, interview by author, tape recording, Smyrna, Tenn., 24 June 1990.

night shift.[138] An experienced Nissan worker described the recently-hired employees: "They want these young guys so they can mold them. You have to keep your head and ass wired together when you go in that plant. You have to know what to expect." [139] Another experienced worker said of the new hires that they are "just kids, who were hurting themselves" but that they were just "wimps" but that "they would catch on."[140] However, as one worker explained, the company needs to have skilled assembly workers on the assembly line; since new hires don't have assembly line skills, they get to do the easier jobs.[141]

Initial training classes, prior to hiring, are used by NMMU to screen potential recruits. Once hired, employees are sent to training classes for two to three weeks. After the initial classroom training, workers are then sent to the plant where they begin work. Much of the training is on-the-job training. Most workers thought of the pre-employment classes as regular training classes. When I asked them about training, most them referred to this pre-employment experience and a few added comments such as they thought it was an "excellent experience" or that it was "intensive" and that the trainers would show you over and over again how to perform certain tasks.[142] Structured training is given only at the very beginning of employment.

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[138]Bartender at the Wagon Wheel Bar, interview by author, tape recording, Smyrna, Tenn., June 1991.

[139]Nissan worker, interview by author, tape recording, Smyrna, Tenn., 8 November 1991.

[140]Bartender at the Wagon Wheel Bar, interview by author, tape recording, Smyrna, Tenn., June 1991.

[141]Nissan worker, interview by author, tape recording, Smyrna, Tenn., 28 September 1991.

[142]Nissan worker, interview by author, tape recording, Smyrna, Tenn., 25 June 1991.

Respondents said that their prior work experiences differed significantly from their experience at NMMU.[143] I interpret this as indicative of how much of the Japanese culture has been transported to NMMU. Most respondents had worked in industrial settings before and could make comparisons between those companies and NMMU. The long and often strenuous hiring process were cited by most of workers as being the most foreign aspect of NMMU.

Only two of the respondents had been members of a union before joining NMMU, and only one of the respondents had worked in an automobile company prior to coming to Smyrna.[144] In addition to prior automotive experience, this respondent had admitted being a very active union member for many years. He had also been very active in the UAW's organizing efforts at NMMU. At the age of forty-two, a father of two and a grandfather, he was almost unable to move his hands and arms. He had been crippled, operated on and almost paralyzed by carpal tunnel syndrome. Currently he works as a quality inspector which does not require any difficult physical movement. When asked how his work experience at Nissan compared to other plants he had worked in, he said that there were many similarities, and as far as he was concerned, participative management and so-called Japanese management style are a muth.[145]

About half of the respondents had worked in environments where there had been dailay or weekly team meetings, nothing that seemed overtly different to them. However, they felt that NMMU's teams reflect a different managerial style, with an emphasis on group

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[143]When I worked at a Japanese-owned company located in New Jersey, I noticed a significant difference from other places where I had worked. Though I was not always able to articulate it, there was always just something very different. This experience was the impetus for my studying Japanese companies in the United States.

[144]NMMU's policy is to not hire applicants with prior automotive history; it is believed that these applicants have preconceived ideas of how to build an automobile.

[145]Nissan worker, telephone interview by author, tape recording, Smyrna, Tenn., June 1991.

productivity and responsibility, less on the individual. When compared with their previous jobs, NMMU's management structure was not perceived as that much different, except by those respondents who had been in unions.[146]

Community Response To Nissan

Before NMMU came to Smyrna, the town had beengroomed its the role. During the previous fifty years, Smyrna was guided by people who knew business and who knew how to make the town grow. Its infrastructure was continually being improved, from better roads, to better sewers, better gas lines and better schools. And during this growth period, the local government managed these improvements without raising taxes. Smyrna began as a small farming community formed around the Smyrna Presbyterian Church in 1810. Since then, it has grown from a quiet farming town to an active town of approximately 14,000. As the economic composition of the town has changed from an agrarian community to a small industrialized city the residents have changed as well, and now most people now work at Nissan or related industries

Smyrna is the only town where community response to a transplant has been positive. Because local government officials had been leading the town in the direction of industrialization, it was no surprise to the local population. Other towns where transplants had been built may not have been so prepared and therefore may have had more of an adjustment to make. Everyone Smyrna resident that I spoke felt that Nissan was a economic boon to the community. Workers at Nissan had positive feelings about the plant's effect on the community. They saw Smyrna reflecting their own new-found prosperity.

I interviewed a small, random sampling of Smyrna residents about their views on the impact of Nissan on the community. I spoke with people in the town's hotel, and at Smyrna's

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[146]Nissan workers, group interview by author, tape recording, Smyrna, Tennessee, 25 June 1991.

only shopping mall. The mall, the main shopping area in Smyrna, contains a K-Mart, a gift shop owned by the wife of a Nissan worker, a large supermarket, a Blimpie, a shoe store and a hairdressing salon. I had decided to get my hair cut, not only because I needed to, but because I thought it would be a good way to get a feeling for the town. Interestingly, the respondents at the hairdressing salon seemed to know very little about the growth of Smyrna or Nissan. One person didn't know that there was a local paper, nor did she know much about the town. She had just moved to Smyrna and had been attracted to the town for its growing economy.[147] Most of the people that I spoke with referred to NMMU as "the plant out there."

Workers and residents alike all seemed to appreciate Nissan for the growth that it had brought Smyrna. One worker told me:

> Nissan definitely has had an impact on Smyrna. Smyrna was a small town and a lot of people came in, sort of like a melting pot. A lot of people from other states came to work here.[148]

He then went on to describe the local government as "a bit slow, not real progressive," and he expressed disappointment that the local government was not doing more. On the other hand he considered Smyrna to be a "booming" town.[149]

Smyrna is mostly a blue collar town. After NMMU's arrival Smyrna residents were able to raise their economic status. For the first time many of them were earning more money than they had ever dreamed. The infrastructure of the town was continuing to grow and so were residents' pocketbooks. One man told me:

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[147]Smyrna resident, interview by author, tape recording, Smyrna, Tennessee, 26 June 1991.

[148]Nissan worker, interview by author, tape recording, Smyrna, Tenn., 27 June 1991.

[149]Real estate agent, interview by author, tape recording, Smyrna, Tenn., June 1991.

> Smyrna is actually blue collar, but I feel like a lot of people think it's middle class. People who work at Nissan, they tend to have a little upper attitude. I think it's because they make a little more money.[150]

Jerry Benefield saw workers as being proud of a good job and earning a good salary. He said that workers are proud to wear their work shirts and cash their Nissan pay checks "because people in the community know they are solid citizens."[151]

In a 1991 questionnaire distributed to Smyrna town government officials and NMMU management by a Texas management consulting firm, officials were asked to state NMMU's impact on them. Five areas were addressed: schools (Smyrna officials said not much of an impact), housing (good effect), transportation (NMMU caused more traffic, but new roads were built), taxation (good for city and county) and labor (NMMU had an excellent impact on labor because it brought in so many jobs). In addition, town officials were also asked about NMMU's impact on the city's existing infrastructure, water and sewer facilities. The officials replied that NMMU had paid the difference between what the state and the city paid.[152]

In the same survey, town officials were asked, "What are the five most important pieces of advice that you could give a city of 95,000 people in tackling a project of this magnitude?" Former mayor Ridley replied, "Be ready for anything!"[153] Even though Smyrna had economically been preparing itself and hoping that a new industry would come its way, a project of this size, undertaken by a foreign company and requiring secrecy during the entire process was difficult. Negotiations with the Japanese had some tense moments, but it was

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[150]Ibid.

[151]Mr. Jerry Benefield, interview by author, tape recording, Smyrna, Tenn., 20 June 1991.

[152]Mike Woods, "A Look At Smyrna: The Nissan Impact," *Public Management*, June 1984, 4.

[153]Mr. Sam Ridley, interview by author, tape recording, Smyrna, Tenn., 30 March 1991.

more a matter of the project leaders for the state of Tennessee finding the land to fit the Japanese specifications and then obtaining it.[154]

Another question asked by the Texas group was "Now that Nissan has been in place for some time how would you describe the attitude of the people of Smyrna towards Nissan's coming?" The former mayor answered "Excellent."[155] My study found similar reactions. From the beginning, people were happy to have NMMU in the area. They were thankful for the jobs and the income. They felt that Smyrna would only become bigger and better as a result of NMMU's presence. The only hint of hostility I detected was from some residents who had been upset by the UAW's actions, which they feared would have a negative impact on jobs and the local economy. This was related to me by an older woman who was the night clerk at the Smyrna hotel, who opined that unions had outlasted their usefulness.[156]

Former Mayor Sam Ridley believes that after all is said and done, money is the end result of Nissan coming to Smyrna. "Nissan represents money. Money represents growth in the economy."

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[154]Mr. Jim Cotham, interview by author, tape recording, Nashville, Tenn., June 1991.

[155]Mr. Sam Ridley, interview by author, tape recording, Smyrna, Tenn., 30 March 1991.

[156]Hotel clerk, interview by author, tape recording, Smyrna, Tenn., June 1991.

CHAPTER V

IMPLICATIONS

There are many aspects and complexities to the transporting of Japanese management techniques to an assembly plant in the United States. Nissan Motor Manufacturing, Inc. U.S.A. (NMMU) in Smyrna, Tennessee provides an excellent model for the introduction of a foreign-owned industry and its business practices in a rural, financially secure, working class town.

The Japanese spent a number of years and huge sums of money, and expended enormous research efforts to successfully locate themselves in the United States while avoiding American unions and unionization. Because of the absence of unions, NMMU is able to exert more control over its workers. From NMMU management's point of view, they have a shop where communication is made easier, the general work flow is better, quality is improved and production is higher and more efficient. However, Nissan workers who supported the UAW organizing drive and election do not share that view. They argue that they live in fear, that at any moment they could be fired and have no recourse. The only communication that concerns those workers what they perceive to be the lack of it, except for the closed-circuit TV monitors located throughout the plant that broadcast anti-union sentiments.

NMMU is a relatively new plant, and it has been very successful. Will it be the model for future assembly plants? Top management at Nissan in Japan decided to have Americans manage the NMMU plant in Smyrna, and they selected as their president a man with many years experience as a manager at the Ford plant in Dearborn, Michigan, Marvin Runyon. Runyon selected as his assistant a colleague who had worked with him at Ford for eighteen years (Jerry Benefield, the current President and CEO at NMMU). Together, these men had extensive experience dealing with the unions and the automobile industry. They, in turn,

brought other management personnel from Ford. These are the people who, as they have stated, were responsible for originating the blueprint of the management style at NMMU.

As described in the study, they developed a management style that is referred to as participatory management--where workers are told that part of their job is to participate in the decision making of their company. The UAW argues that this is a strategy to make workers think that they have more of a voice in the operations than they actually do. In fact, how much of workers' input is actually utilized by management is difficult to measure, but general plant operations would indicate that Nissan runs a pretty tight ship. Moreover, Nissan pays higher wages than any manufacturing plant in the area--almost twice as much! To people in this poor, rural area of Tennessee, to make that much money seemed beyond the scope of a lifetime's dream. High wages were yet another enticement to the labor force. To really understand the management style these two elements must be examined: management has promised them a voice in their jobs, saying if they do not like what is going on they can have a voice in changing it since that is part of their job, and a salary that is higher than they have ever been paid before.

As part of its strategy in developing NMMU and keeping out the unions, Nissan seemed to operate on the principle that the farther from Detroit and the UAW, the better. In fact, Smyrna, Tennessee is approximately five hundred fifty miles south of Detroit, located in the rural southeastern U.S., a poor, traditionally non-union, anti-union region. And although the town is not far from a major airport, it is still in a relatively isolated location, in a state that favors a non-union environment. The expense as well as the magnitude of the project of locating this site was significant. Ultimately, what Nissan had in place was a plant that was relatively isolated from unions and a work force that was promised as many enticements as the Japanese had been promised from the state of Tennessee--and it worked.

With promises to workers of high wages and meaningful input into the work process, Nissan designed a company whose work force they could rely on. In addition, Japanese lean

production was incorporated at NMMU. Jobs have been timed so that management knows what to expect, and workers have little time or opportunity to talk to one another because of this, as well as responsibilities in the operations of the company, having to learn more than one job, and individual responsibility for the quality of the product. Every Nissan worker that I spoke with (regardless of how they felt about the union) said that they worked harder at NMMU than anywhere they had ever worked before. That they earned their wages. There is little slack time.

Nissan constructed an assembly plant distant from Detroit, promised workers high wages and a voice in the plant management, and introduced a production system that would enable it to exercise additional control over workers. There is no time for anyone to organize within the plant at NMMU. Still, in talking to many of the workers at the plant they seem glad to be working there (however, this may be more of an indication of the difficult times of the American economy than a barometer of how much they like their jobs). To have such a high level of control over its work force is worth the huge amounts of money and time and effort that Nissan management has spent to keep the union out; up to this point they have been very successful in doing so.

In general, union membership in the United States has declined significantly in the past few years. When I recently asked an NMMU union supporter and former UAW organizer about the future of organized labor in the United States, he replied that it had no future and that "the whole thing needs to be revamped." NMMU does represent one model of the direction of labor/management relations in the United States. Whether or not this will succeed is over the long run is an open question. With workers saying that they are pretty content with their jobs, and therefore either not interested in any union activity or scared of it, the labor/ management relations at Nissan are apt to continue as is--unchallenged. The highly experienced American senior management personnel from Ford Motor Company that the Japanese hired to design, implement and run this plant have been very skilled at their job. A

unique situation exists at NMMU: although it is owned by the Japanese it is run by Americans, with American-style management practices--except that, unlike any other assembly plant in the United States, there is no union. This plant may be held up to all as a model of a union-free American assembly plant.

How much are the workers really involved with management decisions at Nissan? Toyota in Kentucky claims that its workers in 1992 made over forty thousand suggestions to management on how to improve the company, and that Toyota actually used 98% of these. Senior management at NMMU claims that everyone at the plant is part of one big team, and that with fewer tiers of management, communication is made easier and promotes this concept of oneness. To my knowledge, no assembly line worker sits on the board of Nissan. Nissan has instituted focus groups and quality circles as a forum for worker complaints. One might also argue that these groups serve as a means for management to sort out any adversarial voices.

Senior management at NMMU endorses an open door policy, welcoming worker concern and input, like many American companies. However, in a plant where labor problems are minimal (if not almost non-existent), it would be difficult not to argue that these participatory plans are used by management to gauge worker sentiment in both positive and negative ways. However, if one of Nissan's main goals is to maintain a union-free environment at all costs, this practice would help to assure that.

Participatory management practices are meant to elicit feelings of concern from the worker. In Japan, these techniques are referred to as reciprocity--you take care of me and I will take care of you--which is a common management strategy both in Japan and in the United States. The worker can relax a little and be more attentive to his work, if he thinks that the company is acting in his best interests. The team structure at NMMU offers workers that assurance. Workers are told that if they have a complaint they can freely voice it, and if they have problems in their work they can rely on their team and co-workers to help them out.

It is difficult to measure the extent to which this occurs at NMMU. Among the limited number of NMMU workers that I interviewed, the general feeling concerning these groups was that they were not that productive.

In observing the general management techniques at NMMU the strategy that dominates the plant is strong discipline and control over the labor force. When asked about the rate of absenteeism among the workers, senior Nissan management replied that compared to a Detroit shop absenteeism was relatively low. Workers do not take off Mondays or Fridays, management stated, as they do in Detroit, knowing that they can get away with it because they are protected by the union. Indeed, in a union environment there is a higher rate of absenteeism. Yet there are three contributing factors for this: overwork, high pay, and union security.

In the automobile industry, the opportunity for injury is extremely high. The work itself is physically demanding, and working long hours is the norm. It is understandable how a person who has worked ten hours a day, seven days a week for some time may either get injured or simply need a rest. In a union environment a worker could take a day off, with the backing and support of his union representative. Although this indeed would support a higher rate of absenteeism, one might speculate that the rate of injuries would be decreased significantly. A work force could be maintained that knew the jobs, was willing to put in long hours (while making a significant amount of money), and that had the flexibility to take time off when needed. The situation just described would require a certain degree of loosening of control by management. This situation does not exist at NMMU, where management maintains strict control and a high level of discipline over its workers.

Nissan, up to this time, has successfully achieved what it set out to accomplish--to maintain a union free shop. However, the question must be asked, why of all the transplants was Nissan, and being the only one with American management, was the UAW able to hold an organizing drive and election? What were the factors that allowed the union,

with Nissan being so adamantly against them, to get a foothold there and not even close to getting in to the other transplants? Was it the very fact that the people running the plant were Americans and not, like at Toyota and Honda, Japanese? Or were there other issues that were of more urgency at this plant than at the others?

Nissan fought back very hard and won - yet the issues and questions surrounding the highly publicized events have not disappeared. It is difficult to know whether or not the existence of American managers as opposed to Japanese management enabled the union access to this plant, more than the other transplants. However, one of the most critical issues raised by the UAW, and I maintain that it is an issue that underlying all of these renowned participatory management practices may in fact be the cause of their potential downfall, are the health and safety problems within the plant.

According to NMMU's 1992 OSHA 200 Logs, there were 29,700 work days lost due to illness or injury. Moreover, in 1992 Nissan hired two thousand new recruits--two thousand new, young, never-before-injured, able-bodied workers--and still the days lost to illness or injury is incredibly high. The UAW and its supporters fought a long, hard battle to obtain the OSHA 200 Logs. Starting in 1989, they asked Nissan to turn over these records. NMMU refused, was sued by the union, fined by the government, but still refused to provide the information to the UAW, on the grounds that it was an invasion of privacy of the injured workers. Finally, in the spring of 1993, NMMU supplied the documents, some four years later, making it difficult for anyone to research older injuries. Nevertheless, the 1992 figure of 29,700 lost work days speaks for itself.

Nissan has not only been successful in creating a work place that is union-free; it has also been very successful in hiring a willing work force that is desperate to work, and as a result is easily controlled. At present, opposition to the way that the company operates and its disregard for health issues may not be addressed. International officials at the UAW have not addressed these figures either; their strategy remains to be seen.

I contend that the rate of injury at NMMU will continue to increase and that ultimately health and safety issues will explode and be the cause of serious worker dissent. Global competition is becoming more intense in the automobile industry. Whereas the Japanese once held the highest quality ratings and were able to obtain almost 30% of the market share in a foreign country, their practices have now become incorporated into American manufacturing techniques, and Japanese auto manufacturers are in fact losing U.S. market share. For the first time in years, Japanese cars have not been number one in U.S. sales, and in August 1993 they introduced their new models with an advertising campaign of enormous magnitude. In addition to intense competition from U.S. companies, two German automobile manufacturers have decided to build assembly plants in the southeastern United States, another threat to the Japanese foothold on the American vehicle market.

In a more competitive environment, work place demands will become harsher. Nissan has succeeded in showing the business community that a foreign company can move its production facilities to the United States, operate unencumbered by unions, and continue to increase its bite of the U.S. automobile market share. However, competing forces in the automobile industry are getting stronger. Toyota and Honda are hiring younger and younger workers. Nissan, which originally did not, is now doing the same thing. However, the 1992 NMMU OSHA 200 logs indicate that workers have been injured regardless of age. In an assembly plant where workers are under enormous pressure to get things done fast, where the only no job security is to keep up with the pace, and where workers are desperate for a job, opportunity for injury abounds. Workers who will not discuss the fact that the line is too fast and is causing their backs and hands and feet to ache will have jobs right now, for as long as they are physically able to keep up. Further guarantee of employment is that you behave. However, how long can this last? Injuries have steadily increased. What will the number of lost work days be in 1995 at NMMU? 40,000? The number is difficult to predict; but the upward direction is not.

NMMU has currently addressed some of its health and safety problems in much the way that it has handled layoff policies. Both occur in a non-union environment in which workers have no real job security or protection. To insure employees that it is attentive to health issues, NMMU has announced that as of November 14, 1993 there will be no smoking on NMMU property. This is not to minimize the harmful effects of smoking, but it is a far cry from some of the very serious effects that working at the plant itself has on employees. Although no statistics can be obtained, either from the Nissan or OSHA, carpal tunnel syndrome, which can cripple a worker and make him unable to work, is rampant at NMMU.

Similar to its attitude to worker safety, is NMMU's policy about layoffs. Nissan contends that they have no layoff policy. This does not mean that workers will not be laid of; it simply means that--unlike in a union shop where seniority dictates who leaves first--Nissan can lay anybody off, however it pleases. In addition, vacancies are not being filled. The worker who told me this also said he believed that NMMU did in fact have a very concrete lay off policy: as people were got injured and could no longer work, they left the plant. He saw Nissan's deliberate act of not addressing safety factors, as its way of downsizing the work force.

Kochan, Katz and McKersie conclude that with the unanticipated direction that unions have taken since the 1960s, it is difficult to predict their future. They concur that the current economic slowdown that has been occurring in the United States for the past decade will continue. With declining union memberships, they foresee see that unions will be forced to " . . . move away from many of the job-control traditions associated with the New Deal collective bargaining," but that "the biggest challenge for unions will be to find ways to integrate collective bargaining activities with the expanding range of activities emerging at the workplace and strategic levels."[1] Ultimately, they conclude that even if the unions lose

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[1]T. Kochan, H. Katz and R. McKerzie, *The Transformation of American Industrial Relations* (New York: Basic Books, 1986), 240.

membership and worker representation, someone will have to address issues of the work place, probably the human resource departments of companies. As global competition becomes more severe, health and safety issues will escalate in importance to such a degree that they can no longer be ignored. How has Nissan avoided these issues so far? Now that the International of the UAW has the 1992 statistics of the NMMU OSHA Logs, what is it planning to do?

Along with the decline in union membership, other dramatic changes are occurring in the American labor force. Almost forty percent of all jobs in the United States are temporary or part-time positions.[2] Companies no longer have to invest huge sums of money in health insurance and other benefits for their employees. They simply hire temporary or part-time workers, pay them a wage, and then when they don't need them any more, they can dispose of them. Unions must learn to adapt to this strategy as well. Temporary workers are not full company employees and are less likely to need representation on the job. They collect their wage and leave. They cause no labor problems because they are at the company for a very limited amount of time.

The increase in the number of part-time and temporary workers, as well as new companies refusing union affiliations, indicate that companies are now going in a very different direction. Collective bargaining may soon become be a thing of the past. Layoffs are occurring every day in companies where at one time the word would never have been mentioned, and manufacturers are striving for leaner production methods. The American work force is becoming desperate, frightened and easily controlled. Even companies that are doing well are looking for a way to cut personnel. NMMU's management practices are not abnormal. In fact, NMMU has created a blueprint for the future.

The present labor situation is similar to that of the 1920s. Industrialists have

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[2]Peter Kilborn, "A Labor Day Message No One Asked To Hear," *New York Times*, 5 September 1993, 1.

incorporated the team approach and participatory management, and workers are invited to become involved with company decisions. The extent to which this actually happens is difficult to measure. However, obviously harmful activities on the shop floor belie management's concern about workers. During the 1920s, as management appeared to be concerned about workers, union membership declined, wages decreased, and in the period leading up to the Great Depression there were tremendous layoffs.

Is history repeating itself? Certainly the political and economic climate of the two periods are similar. Management philosophy is the same, wage decreases and layoffs are on the rise, and unemployment is increasing. Parallel strategies employed by management exist in both eras. In 1919 there were many strikes demanding worker rights and wage increases. In the late 1950s, thirty four point seven percent of the labor force was unionized.[3] In other words, union membership was high at both times, and at both times management deployed similar methods to break the unions, all in the name of global competition.

Nissan has helped open the door not just for foreign companies interested in coming to the United States, but for American companies as well. NMMU has shown that the UAW can be defeated at an assembly plant. In some ways, the UAW defeat at Nissan was a bigger setback to the UAW than its inability to organize at either Honda or Toyota. NMMU demonstrates that an American assembly plant with American management has the ability and the power to defeat the union, and to operate with no overt labor problems.

For the moment, it seems that Nissan has solved the problem of international competition in the manufacture and assembling of vehicles. By locating in the rural southern United States, a poor, isolated, traditionally non-union area, Nissan has been able to produce quality cars and trucks, while ridding itself of the UAW. It has a work force that it can easily control and discipline. NMMU has become a model for the industry.

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[3]T. Kochan, H. Katz and R. McKerzie, *Transformation,* 41.

It is a sobering situation for American labor that the UAW, one of America's strongest unions, failed in its attempt to organize the NMMU plant. Perhaps a worsening of the economy, or mounting health and safety problems will provoke workers to organize; perhaps as time goes on they will just get fed up and be galvanized into action. But until that time, Nissan has hit upon the formula for success.

Presently both BMW and Mercedes Benz are planning to locate automobile assembly plants in the southeastern United States. BMW has already begun construction in South Carolina, while Mercedes Benz is due to announce its site selection in October, 1993. NMMU offers these foreign investors a model for dealing with American workers and bypassing unions. I predict that BMW and Mercedes Benz will follow the blueprint that has worked so well for Nissan in Smyrna, Tennessee.

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