

**Review: [Untitled]**

Reviewed Work(s):

*American Enterprise in Japan.* by Tomoko Hamada

*Japan's California Factories: Labor Relations and Economic Globalization.* by Ruth Milkman

Richard Florida

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analytic chapter is followed by three chapters of illustrative, edited case studies. Examples are drawn from thirty-one companies operating in seven different countries, in industries ranging from steelmaking to knitting sweaters. Informants include people at all levels, from CEOs to laid-off workers.

Since many things in the book come in threes, it's fitting that the book makes three contributions—to organizational theory, teaching, and management practice. Underlying the authors' trilogy of forces, changes, and change roles is a theory of innovation as an inherently political process, not necessarily rational, and requiring constant negotiation. Embedded in their complex model of organizational change, this theory's application and explication illuminate the political pitfalls and practicalities of organizational change simultaneously on macro and micro levels.

The book should become an important source of both theory and case material for courses in organizational sociology, management strategy, and organizational change. At the same time, managers who seek to make organizations more flexible and who are willing to read a book this long should come away with both practical insights and a deeper sense of the complexity of organizational change than available in other popular "how-to" texts.

*American Enterprise in Japan*, by **Tomoko Hamada**. Albany: State University of New York Press, 1991. 294 pp. \$44.50 cloth. ISBN: 0-7914-0638-5. \$14.95 paper. ISBN: 0-7914-0639-3.

*Japan's California Factories: Labor Relations and Economic Globalization*, by **Ruth Milkman**. Los Angeles: Institute of Industrial Relations, University of California at Los Angeles, 1991. 130 pp. \$11.00 paper. ISBN: 0-89215-171-4.

**RICHARD FLORIDA**  
School of Public Policy and Management  
*Carnegie Mellon University*

Here are two studies of American and Japanese management—one by an anthropologist conducting ethnographic research on an American firm in Japan, the other by an industrial sociologist examining Japanese

manufacturing firms in California. To their credit, both books grapple with the timely issues of U.S. and Japanese management, the ability to "transfer" management and organizational systems between countries, and the role of foreign direct investment and cross-border alliances in an era of increasing integration and globalization of the world economy. And both provide important empirical information on these issues, particularly the transferability and adaptation of these management systems when transplanted into the other's cultural and institutional context. Interestingly, both come to strikingly different conclusions about the nature of U.S. and Japanese management and organization.

*Japan's California Factories* contains interesting empirical material drawn from surveys of, site visits to, and oral interviews conducted with managers and workers at Japanese-owned manufacturing plants in California. The book's basic message is that Japanese firms in California are essentially similar to their U.S. counterparts. In fact, Milkman suggests, they imitate many of the worst aspects of American industrial relations and labor practices, seeking to minimize labor costs, avoiding unions, and practicing for the most part conventional American management methods.

But the evidence does not always support such conclusions. For example, the data suggest that Japanese manufacturing firms in California pay roughly 82% of the wage average of all manufacturing firms in California, but, in two industrial sectors, metals and motor vehicles, wages at Japanese plants exceed the state average. Data for a sample of twenty Japanese-owned manufacturing plants indicate that the number of job classifications varies widely and that Japanese-owned manufacturing plants differ in the use of teams, job rotation, just-in-time inventory control, or quality circles. From this, the author concludes that "like those in Mexico or Southeast Asia, these Japanese-owned plants in California are branch plants that perform relatively routinized, low-skill, assembly or fabrication, while the more complex phases of the production process remain in Japan itself" (p. 72). To substantiate such a conclusion would require a fairly detailed analysis of the production process itself, procurement practices, the organization and location of R&D and product development, international flows

of technology and product, and so on. However, no such analysis is provided.

Moreover, the analysis obscures a number of the most interesting issues at hand, such as industry or geographic differences. Generally speaking, there is insufficient information on the design of the research, the sample of plants, or potential sources of bias. How representative is the sample of Japanese plants in California? in the United States? What sources of industry, geographic, or other bias might it reflect? A careful analysis would require controlling for industry differences, and a more detailed comparison of differences between U.S.- and Japanese-owned manufacturing firms by industry. In the absence of such information, it is extremely difficult to ascertain the generality of the findings.

The book is filled with ad-hominem statements and sweeping indictments of Japanese-manufacturing firms in California. On the basis of limited data, it asserts that Japanese manufacturing plants avoid unions and prefer low-wage labor. An alternative explanation of union avoidance on the part of Japanese firms (which are highly unionized in Japan) might be that they are avoiding not unions per se but a particular form of American union which carries with it a legacy of organizational characteristics such as rigid work rules, functional specialization, job-based employment security, and strict seniority, which are obstacles to Japanese production methodology. Moreover, union recognition is, at best, a limited indicator of working conditions. Indeed, the book's own data suggest that Japanese manufacturing plants in California are committed to employment security and that many have "no layoff" policies. Two-thirds of the forty-nine plants surveyed reported that they had not laid off workers in the past five years, and, of twenty plants visited, eleven had never laid off hourly workers. More telling are the remarks of a union organizer who is quoted as saying it is difficult to organize Japanese electronics plants because "the work is clean, working conditions are relatively good and management isn't as brutal towards people as in heavy manufacturing" (p. 110).

Ironically, the author's own data suggest that the real issue is not Japanese-ownership itself but the level of management control afforded to Japanese versus American manag-

ers. In what is perhaps the most interesting section of the entire book (pp. 91-96), the author presents data which show that the implementation of Japanese management practices, including the use of teams, quality circles, and a commitment to employment security, is positively related to the percentage of Japanese nationals in top management. The percentage of plants which use teams increases from 40% overall to 60% in plants with 30% or more Japanese managers, the use of quality circles increases from 35% to 50% in such plants, and commitment to no layoffs rises from 64% to 83%.

The book's conclusions are virtually unconnected to the data and analysis. In the last chapter, the author writes: "The hopes many Americans have placed in JDI [Japanese direct investment] are ill-founded. Its job creation effects are minimal or nonexistent, and the expectation that Japanese-owned firms might modernize the U.S.'s industrial relations system has not been fulfilled either. Instead of rescuing the U.S. economy, JDI may be contributing to its continued decline." There are precious few data or analyses in this book to support such sweeping claims. Rather, an objective reading of the data presented suggests that Japanese manufacturing plants in California have created or preserved roughly 31,562 jobs (p. 40), invested rather heavily in manufacturing sectors such as electronics, metals products, and automobiles (p. 48) (where U.S. firms have been disinvesting), pay wages which are roughly comparable to those of similar U.S. manufacturing firms, and provide an important demonstration of employment security that U.S. firms might learn from. Ultimately, *Japan's California Factories* lacks the careful, reasoned analysis required to draw reliable and general conclusions about Japanese manufacturing investment in California or the United States more broadly.

Tomoko Hamada's *American Enterprise in Japan* provides a quite different view of American and Japanese management. Hamada, an anthropologist, presents an ethnographic analysis of an American firm involved in a joint venture with a Japanese company in Japan. On the basis of extensive fieldwork and observation of American and Japanese managers involved with the joint venture, Hamada concludes that American and Japanese management systems remain

worlds apart—the American one emphasizing short-term profit at the expense of quality, disregard for employees, and management control, while the Japanese system emphasizes long-term performance and market share, quality over profit, employee welfare, and employee involvement in decision making. At bottom, the author suggests, these differences reflect underlying differences in the employment relation and the relationship of employees to the corporation. The Japanese firm emphasized long-term growth and market share, and focused on incremental improvement of both the product and production technology for the Japanese market. These differences in organization, management, and “corporate culture” ultimately produced significant, ongoing tensions in the joint venture.

*American Enterprise in Japan* is a welcome addition to the literature on American and Japanese management providing useful ethnographic data on the managerial behavior, organizational adaptation, and economic struggles of an (ideal-typical) American company in Japan. In doing so, it provides a different lens from which to view the ideal-typical management systems and organizational practices of U.S. and Japanese corporations. The main weakness of the book is its theoretical development, which tries to argue that management and organization are strongly culture bound. Thus, the author returns to a traditional view of the Japanese corporation as a product of Japan’s group-oriented and organic culture, while American management and organization are viewed as a function of American individualism. An alternative view, which could just as easily be developed from the book’s data, might argue that such differences developed in response to the particular economic, social, and organizational influences on the development of the two systems.

Generally speaking, both books reflect the surge of academic interest in economic sociology, comparative management, and the organizational analysis of firms and industry which has been and continues to be motivated by the rise of new systems of work and production, alternative organizational forms, and attendant reorganization of the domestic and international economies. While both books suffer from significant conceptual flaws, at the very least the authors should be

commended for attempting to tackle their subjects. Indeed, the challenge for the social sciences more broadly is to develop the basic theoretical understanding of this sweeping economic, technological, and organizational transformation which can better orient and guide applied, empirical studies such as these.

*Organizations, Uncertainties, and Risk*, edited by **James F. Short, Jr.**, and **Lee Clarke**. Boulder: Westview Press, 1992. 381 pp. \$49.95 cloth. ISBN: 0-8133-8562-8.

**JAMES R. ZETKA, JR.**  
*State University of New York, Albany*

Understanding how individual and organizational actors define, assess, and reach decisions about risk is an important undertaking, especially in a world where new technology strengthens the catastrophic implications of these decision processes. In *Organizations, Uncertainties, and Risk*, James F. Short, Jr., and Lee Clarke have collected seventeen papers that illustrate the importance of distinctively sociological perspectives in illuminating these microlevel decision processes. In extending sociological analysis to an area of study usually left to economists and psychologists, *Organizations, Uncertainties, and Risk* is an important book.

The chapters range widely in their subjects, theories, and evidence. However, they do have common features and concerns, which are discussed and summarized in Short and Clarke’s concluding essay. All the papers address the widely varying effects of organizations and institutions on decision making in high-risk settings. All stress the importance of information, and many address how organizations structure its flow and ultimately its use in making decisions about risks. And all deal with the effects of power on decision making, but, as Tilly points out in the foreword, often in ways peculiar to more mainstream sociologies.

Several chapters use a social constructivist approach in analyzing decision making involving high risks. As Short points out in chapter 1, this approach makes a conceptual distinction between objective hazards, which threaten to harm individuals and organizations in an environment, and risk, the conscious defini-