The Much-Touted Japanese Have Learned to Work Together to Achieve ‘Conflict in Harmony’

By Frank J. Versagi

Our employer’s competitors are our competitors.”

“It is our task to improve understanding between consumers and our company.”

“We are looking for ways to get our products to market more efficiently.”

Union officials made those statements. Japanese union officials. They were participating in a workshop with some Detroit-area appliance dealers. The dialogue had been arranged at the request of the Matsushita Electric Industrial Workers Union and the Federation of National Sales Workers Unions, both of Japan. (Among other products, Matsushita produces Panasonic-brand appliances.)

Contrast those union attitudes with comments by the typical American union executive. Especially contrast them with the harsh rhetoric from some spokesmen for the United Auto Workers during attempts to negotiate contract concessions with GM and Ford earlier this year.

Learn Japanese!

I suggest that American management is largely responsible for the slowdown in this country’s productivi-

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Computerized robotic systems automatically weld the bodies as cars move down the assembly line.
“A Japanese businessman said: ‘Americans overestimate the importance of lifetime employment, which usually applies only to workers in large firms. Some Western theories of motivation suggest that assured employment does not guarantee good performance.’ ”

...ty rate. However, the insistence of most unions on maintaining an automatically adversarial posture, long after the appropriateness for that attitude has passed, is currently the major obstacle to “turning this country around.”

Twenty years of working with the Japanese, including lecturing in Japan, have convinced me that, although not everything they do will work here, labor-management relations is one area where “learning Japanese” is the way to go.

Take the Japanese unions’ notion that “Our employer’s competitors are our competitors.” Hideaki Henmi, president of the Tokyo Branch of the Federation of National Sales Workers Unions, told the American appliance dealers, “We at Matsushita spend much time thinking about ways we can produce and sell better than Hitachi or Sony or Sanyo.”

Compare that to the UAW’s strategy of treating GM, VW, Chrysler, Ford, AMC as a common foe, to be considered as separate companies only when time comes to pick a target against which to strike. Think of those trade union locals which punish contractors who offend them, by withholding competent workers or by sending those contractors incompetent people from the union hall.

Consumers also benefit from the close cooperation between labor and management in Japan. Mikio Yamabe, Central Executive Committee Member of the Matsushita Electric Industrial Workers Union, and team leader of the seven-man contingent which came to Detroit, noted, “In 1970, consumers came to distrust Matsushita because retail prices for...
“Trade and craft unions alike seem caught in a time-warp, unable to stop fighting past battles. If there is a nonprogressive, reactionary power block in America today, it is labor, not business.”

color television were 20 percent higher than Matsushita’s recommended selling price.

“Our union conducted a study, got the consumers’ organizations and Matsushita together to talk about that and other matters, and helped convince the company to establish and monitor a single retail price (not an illegal action in Japan),” Yamabe explained.

The American dealers—as would be many entrepreneurs—were uneasy with the thought that a union could become involved in pricing policy. (This was before the UAW and GM first raised the possibility of tying wage concessions to a price reduction of the cars.) Those same dealers, however, agreed that it would be more beneficial all-around if American labor leaders were as knowledgeable about business and about management problems as are the Japanese union officials who visited Detroit.

Henmi, Yamabe, and their colleagues were able to offer knowledge and authoritative opinion about prices, manufacturing costs, profit margins, markups, sales commissions. They are conversant with distribution policies of their companies. Indeed, when the conversation with the Detroit-area appliance dealers turned to the role of dealers, distributors, warehouses, and the like, the Japanese were eager to learn such things as:

• While Sony has always had a high reputation for quality, “the perception of Panasonic for many years in the Detroit-area was that of a discount-house product. Over 10 or 12 years, Panasonic’s quality improved, and now the brand benefits from the general perception that all Japanese goods are of high quality.”

• Panasonic (Matsushita) generates greater loyalty among its Detroit-area outlets than Sony, because Panasonic’s distribution policy is more selective. “Sony sells to any dealer who will take the product. One result is that the Sony line is heavily discounted. Ultimately, that policy will hurt Sony, because dealers will bring customers in by advertising Sony, then sell them some other product.”

• It might be a good idea if the American operations of the Japanese companies “showed a more Oriental appearance,” suggested one of the American dealers, who feels the time is past when the presence of an obviously foreign manager would be detrimental.

Japan’s piano manufacturers produce some 100,000 instruments annually. There are about 30 piano manufacturers in Japan and they are concentrated in and around Hamamatsu, a large city in Shizuoka Prefecture on the Pacific Coast.
Questioning nenko

It would be a mistake to assume that the Japanese are of a single mind in these matters. For one thing, not every Japanese worker or executive thinks the nonadversarial approach to labor-management relations is a good thing. One American authority on Japanese workers goes so far as to suggest that current Japanese labor policies are derived from “a mixture of repression and benevolence, based on an authoritarian political model.”

Robert E. Cole, professor of sociology and former director of the Center for Japanese Studies at the University of Michigan, has interviewed many Japanese workers who are less than happy with what they see as the negative aspects of so-called “lifetime employment,” for example.

Lifetime employment, “nenko” in Japanese, is the expression applied to the concept that a worker expects to and is expected to work for the same company all his working life. Employees are rewarded and promoted almost exclusively on the basis of age and length of service. One price for such security, Professor Cole writes, is that “Some devices must exist which penalize movement out of the system, or training and other related costs will prove unmanageable.”

Americans tend to overestimate the importance of lifetime employment, I was told in Osaka by the managing director of an internationally operating air conditioner manufacturer. “For one thing, nenko generally applies only to workers in large companies. For another, some of your Western theories of motivation suggest that assured employment, as by seniority in union contracts, does not automatically assure employee loyalty or good performance.

“Besides,” the director observed, “you have lifetime employment in America... You call it ‘civil service!’”

Touche!

Speaking of Western motivation theories, one Japanese nonunion refrigeration contractor in Yamato City told me he broke precedent by promoting a younger man around an older one to the position of service manager. The older man acknowledged he was relieved, for he felt he wasn’t temperamentally suited for the promotion; the younger man was proud and happy. Surprisingly, the greatest resentment came from other younger workers, the contractor said.

“You have upset our expectations,” their representative told the contractor. “Under nenko, we know what to expect. Your idea of promoting out of sequence will cause us to be wary of each other and no longer to feel secure about our positions.”

“It is possible to do both,” Yamabe answered. “We seek for many of the same things your unions seek for: wages, better working conditions, benefits. However, we do not think of our employer as ‘the enemy.’ If there is a phrase which characterizes our philosophy when negotiating with the company, it would be ‘conflict in harmony.’” He proudly opened a glossy Matsushita promotional catalog, pointed to the picture of the current president, Toshihiko Yamashita, and commented, “Yamashita-san used to be president of the union!”

It is probably significant that American conversations about labor negotiations use terms like “fight for,” while the Japanese say “seek.”

Professor Cole suggests there may be an historical reason for the obvious lack of overt antagonism between Japanese labor and management. For a cluster of reasons, he says, in his comparative Japanese-American study called “Work, Mobility & Participation,” the search for solutions to poverty and security is “sought on the national level rather than among individual employers.”

Americans simplify, too, when we...
assume that everything Japanese, from labor-management relations to the low crime rate, results from the fact that “Japan has a homogeneous population” with none of the strains of our multi-ethnic society.

True, compared with the United States, Japan’s population is homogeneous. However, that country has its significant minorities: Koreans, Chinese, Southeastern Asians, and the Ainu (an apparently aboriginal, white-skinned people who are generally relegated to menial and undesirable work).

Even that relatively homogeneous population, though, is not free from the strains of modern life. Japan’s National Institute for Research Advancement commissioned a study which resulted in a report called “Japan: Toward the 21st Century.” In his preface to the report, Institute President Masao Sakisaka summarizes the great progress made possible by science and technology, then goes on to state, “It is now, however, realized that there exist constraints on energy and resources, and advancement in technology has brought deterioration of the environment and aloofness between people.”

A very small sampling of some of the observations and comments in the report makes it clear that there is as much in common as different between Japan and the United States.

• “It is no longer possible to make future personal plans on the assumption of a high rate of increase in wages and income.”
• “(In a democracy) how can the interests of a few and the interests of the public be kept in proper balance?”
• “... the tremendous cost necessary to support the welfare system is burdening the economic activities and individual lives... the costs will have to be shared more by the younger generation.”

Speaking specifically of labor-management matters, the Japanese report says such things as the following:

• “Changes in... values from ‘efficiency’ to ‘amenity’ are among the major factors (which have forced change),” (a movement called “quality of work” in the West).

Martin Roche, Hydraulic Engineer for the Water Quality Section of Project Development, shows Hiroyuki Magata, of Tokyo, Japan, the Honeywell Mobile Monitor used in water quality surveillance in the Central Valley, California.
- Due to a sharp increase in Japan’s wage cost, it is cheaper to produce certain parts in developing countries" (an undesirable development termed “outsourcing” by American unions).
- “Social roles for business are called for.”
- (If the nenko system is kept), “manpower costs will rise and organizational flexibility will be lost.”

### Adversarial attitudes

With all those similarities in mind, it is simplistic to assume that the more cordial and productive labor-management relations of Japan are the automatic result of fundamental differences between the two countries, with perhaps one exception: It would be helpful if Americans could come to understand what makes us so adversarial, and not just in labor-management matters.

Consider our jammed court dockets, jammed because of the tendency of Americans to sue each other over everything and anything. (New York State has more lawyers than all of Japan!) Think of the automatically adversarial posture of news reporters and newscasters. Recall how so many governmental workers assume an anti-business stance in their dealings with companies.

If there is to be an improvement in labor-management relations in the United States, it will come first behaviorally and later attitudinally. Management, although it still has a way to go, has begun the rethinking and the behavioral changes necessary to work more cooperatively with labor and with government.

Government has come to realize that its relationship with business need not be adversarial.

It is labor that is dragging its feet. Trade unions and craft unions alike seem caught in a time-warp, unable to stop fighting past battles. If there is a nonprogressive, reactionary power block in America today, it is not business, it is labor.

So it was, that after speaking with Japanese union officials, two appliance dealers mused, “‘Conflict in harmony’... They’re more civilized than we are.”

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