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After Lean Production: Evolving Employment Practices in the World Auto Industry

In their book, After Lean Production, Kochan, Lansbury and MacDuffie justify their attention on the world auto industry because it remains of strategic importance to the economies where autos are produced and a bellwether of innovation. The innovations that they and the other authors in this edited collection focus on are the employment practices associated with the “lean” manufacturing practices pioneered mainly by Toyota. As the title suggests, the authors are interested in the future trajectory of lean production: whether there will be a single trajectory or a number of different approaches emerging, and whether or not these approaches are stable and predictable. The significance of this objective lies in the debates sparked by Womack, Jones and Roos (1990) in their book, The Machine That Changed The World. They contend that, since lean production is the best way to organize production to improve productivity and quality while reducing costs, all firms must adopt the lean model or lose out competitively. This argument indicates a market and technological imperative and, therefore, a single trajectory for lean production. By contrast, Kochan et al. expect other factors to play a role as well, resulting in a broad array of adaptations and innovations. These other factors are institutional — government policies and union-management structures — and strategic, that is, the strategies of unions and governments as well as employers.

The authors fulfill their objective, presenting an impressive body of survey data and country case studies in a generally well written, thematically well edited package. In Chapter 2 MacDuffie and Pil summarize the survey data collected from almost 90 assembly plants representing 21 companies in 20 countries, of which 44 plants participated in two rounds of sampling in 1989 and 1993-94, providing a precise look at changes in employment practices. To facilitate comparison they develop two indices to measure “bundles” of employment practices. The work practices index includes on-line work teams, off-line problem-solving groups, the use of job rotation, suggestion programs, and decentralization of quality-related activities. The second index, the human resources practices index, includes employee selection, pay for performance, on- and off-the-job training, work rules promoting the flexible use of labour, e.g., few job classifications, and pay differentials. While the survey data do show a tendency to the adoption of core lean practices, there is considerable variation at company and even plant level, demonstrating that a range of models between the mass production and lean production is workable. Overall the data indicate four
distinct groupings: Japanese-owned plants in both Japan and abroad already following lean practices and (mostly) maintaining or deepening them; plants in Europe and some new entrants such as Korea which report “rapid and comprehensive” adoption of lean in the past few years; U.S. plants in North America which maintained or reverted to traditional practices after some early experimentation; and plants in all regions manifest some hybrid combination of mass and lean production. MacDuffie and Pil admit that the indices can mask important differences, hence the country case studies provide insight into the actual variations in practices and the factors propelling adoption and innovation.

The case studies of either particular firms or the assembly sector as a whole in more than 12 countries further emphasize that there is no simple determinism at work. Institutional and strategic factors do have a significant impact on the precise nature of the practices implemented and their likely trajectory. A few noteworthy examples will have to suffice here. North American plants exhibit the most variation in practices, ranging from the Toyota-General Motors joint venture, NUMMI, which seems to be the standard for lean practices, to the plants of the Big Three in Canada with mostly traditional mass production employment practices. What is particularly interesting is that the Canadian plants have the third best performance ratings in the entire survey after Japanese plants in Japan and North America. Kumar and Holmes attribute this to management’s ability to “work around the labels” of lean and to the union’s willingness to work with management on specific issues within the context of a clear union agenda. GM’s Saturn subsidiary is an anomaly with its combination of lean practices and close labour-management partnership even down to the shop floor.

In Europe there is a marked difference in practices between Germany and Sweden on the one hand and what Camuffo calls “Mediterranean lean production” in Italy, France and Spain on the other. The latter is strongly management-driven at both strategic and workplace levels and blue collar workers have limited involvement. In the former, there is an on-going struggle over the nature of group work which is reflected in the fact that there are two chapters on Germany. Jurgens claims that the unions and works councils are fully involved in implementing teams while Roth claims that they are fighting to defend the self-organized brand of group work based on socio-technical systems (STS) principles against management efforts to establish “Taylorized group work”. Volvo’s re-opened Uddevalla plant is excluded from the Swedish research, but even in the more traditional plants, STS group work practices are somewhat more entrenched than elsewhere, according to Brulin and Nilsson. Interestingly, the union at Volvo is more accepting of management efforts to introduce lean practices within the line system than the union at Saab. Scarborough and Terry present evidence that practices at the Rover Group in Britain reflect the general shift toward lean production along with a high level of inter- and even intra-plant variability. They argue that the macro level pattern at this stage of development must be explained, not by some inherent momentum of lean production, but by the institutional context, regional and cultural differences, and that micro patterns of change reflect the “adhocracy” of plant level negotiation of order.

This view seems to be supported by evidence from the new entrants, Brazil, South Africa and South Korea. For example, in Brazil pressure for adoption of lean practices is coming from economic liberalization, while trade unions have been somewhat strength-
ened in recent years by democratization. At the micro level, the GM subsidiary reflects learning from NUMMI with priority given to production practices, while the Mercedes Benz subsidiary reflects learning from the German experience with priority given to labour relations. Training is a key issue for all new entrants, but especially for the strong, newly merged metalworkers' union in South Africa.

In the introduction, the editors refer to the critics who view lean production as essentially old-fashioned speed-up and a new way of maximizing managerial control, and to the sceptics who doubt that lean production is anything more than a fad. Beyond Lean Production, in fulfilling its central objective, should largely silence the sceptics. I do, however, have some concerns about the elasticity of their use of lean production. For example, the editors seem to dismiss Volvo's STS-based experiments, but also claim similarly based practices in Germany and the new Japanese plants on Kyushu as part of the evolution of lean production. (A recent special issue of Economic and Industrial Democracy on "Good Work and Productivity" continues the debate between proponents of STS models and proponents of lean.) But the main weakness of the book, from my perspective as a critic of lean production, is the editors' failure to deal with the evidence in virtually every case study that: (1) workers generally find work very stressful under lean production; (2) lean practices are usually most fully implemented where unions are weakest or non-existent; and (3) outside Japan, the introduction of lean practices has been associated with substantial downsizing. This evidence undermines proponents' claims that lean production requires or delivers a committed workforce and that employment security is an essential contributor to commitment. If lean is not currently meeting the needs of workers for sustainable work, it is difficult to envisage how it will evolve in that direction, as the editors suggest, especially given the current market weakness in Asia. Nevertheless, Beyond Lean Production is essential reading for proponents, sceptics, and critics alike.

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