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Workplace Democracy and Management
Styles in Japan and the United States

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In their book *The Cooperative Workplace: Potentials and Dilemmas of Organizational Democracy and Participation*, Joyce Rothschild and J. Allen Whitt propose a new model for worker cooperatives. While the authors did not originally set out to compare management styles in Japan and the United States, the model unintentionally incorporates some of the most progressive features of both Japanese and American organizational styles, while simultaneously critiquing some of the least desirable features of each. The model is based on the merging of two essential principles: *cooperation*, a word often used to describe Japanese organizational ideals, and *democracy*, a word often used to describe American organizational ideals. At present these two principles are often conceived as describing irreconcilable cultural differences between Japan and America, yet in Rothschild and Whitt's model they are fused. Using their model as a base I would like to explicate in some detail how workplace democracy combines elements of both "Japanese-style cooperation" and "American-style democracy." Rothschild and Whitt's model should be of considerable interest not only to people who are involved with the workplace democracy movement, but also to people who are concerned with the problem of how Japanese and American cultural ideals can be more fully integrated. My own interest in the subject is mainly from the viewpoint of philosophical ethics rather than management science, since I am primarily interested in the ethical question of how democratic participation can be maximized in cooperative organizations.¹⁾

1) A fuller discussion of the ethical dimensions of cooperatives is found in Gregory Baum, "Cooperatives: Ethical Foundations" in *Partners in Enterprise: The Worker Ownership Phenomenon*, edited by Jack Quarter and George Melnyk (Montréal: Black Rose Books, 1989), pp. 147-160.

Before describing Rothschild's and Whitt's model, it might be helpful to give a bit of background information on the workplace democracy movement in the United States first. The movement has been growing over the past several decades and has taken three main forms:

(1) *Employee Stock Ownership Plans (ESOPs)*. ESOPs are options for employees to buy stock in the company they work for. In 1989 about 10 million workers in the United States and 2.2 million workers in Japan were enrolled in ESOPs.²⁾ The idea for ESOPs developed out of Louis Kelso and Mortimer Adler's book, *The Capitalist Manifesto*, first published in 1958, which argued that capital ownership could be more widely distributed in America by making "every worker a capitalist."³⁾ ESOPs have been used to convert traditional capitalist enterprises into worker-owned enterprises, particularly in cases where workers have bought plants which were being shut down by major corporations. Recently ESOPs have also been used to fend off corporate raiders (—in Japan, to fend off foreign buyers). Usually, however, ESOPs do not provide for full employee ownership. More than 9,800 American companies have ESOP programs, yet employees own the majority of stock in only 1,500 of them; companies in Japan typically limit employees to less than 1% of the total number of shares. Some critics have contended that ESOPs are simply a way for companies to cheaply increase their capital reserves without addressing the issue of democratic worker participation. Despite the fact that the workers own a part of the company, traditional forms of management usually remain intact. ESOPs thus provide for only a limited amount of worker *ownership*, and not at all for worker *control*.⁴⁾

2) All figures in this paragraph are from Frederick Ungeheuer, "They Own the Place," *Time* (February 13, 1989), pp. 34-35.

3) Cf. Louis Kelso and Mortimer J. Adler, *The Capitalist Manifesto* (New York: Random House, 1958).

4) A good introduction to Employee Stock Ownership Plans can be found in Henry M. Levin's article, "ESOPs and the Financing of Worker-Cooperatives" in *Worker Cooperatives in America*, ed. Robert Jackall and Henry M. Levin (Berkeley: University of California Press, 1984), pp. 245-256.

(2) *Quality of Work Life (QWL)*. QWL programs are designed to increase democratic worker participation. These programs have much in common with quality control circles and other schemes which encourage worker participation in the decision-making process. An increasing number of Fortune 500 companies have adopted some form of QWL program.⁵⁾ The idea behind QWL programs is that if workers are given more control over the basic decisions which affect their worklife, they will be more productive and efficient, and also experience higher levels of job satisfaction. It has been charged by some critics, however, that corporations cynically use QWL programs simply as a means of motivating workers to increase productivity and efficiency. Since the workers have no ownership stakes in the company, they have no share in the higher profits which result. Moreover, final decisions about the company's direction and goals are still made exclusively by higher management, and QWL programs are often dropped when management begins to feel its own prerogatives are being threatened. QWL programs thus provide for only a limited amount of worker *control*, and not at all for worker *ownership*.⁶⁾

(3) *Worker cooperatives*. Cooperatives are businesses which are both worker-owned and worker-controlled—that is, they provide for both full ownership and full control by workers. Cooperatives are not a new phenomenon in the United States. Records show that at least 700 producer cooperatives were formed between 1790 and 1940. The latest wave of cooperative formation began in the 1960s and '70s, and at present there are more than 1,000 producer cooperatives, 1,300 alternative schools, and as many as 10,000 food cooperatives in the United States.⁷⁾ While coopera-

5) Joyce Rothschild and J. Allen Whitt, *The Cooperative Workplace: Potentials and Dilemmas of Organizational Democracy and Participation* (Cambridge: Cambridge University Press, 1986), p. 26.

6) John F. Witte's *Democracy, Authority, and Alienation in Work: Workers' Participation in an American Corporation* (Chicago: The University of Chicago Press, 1980) is an informative case study of an attempt to increase democratic participation at an American company which met with only limited success.

7) All figures are from Rothschild and Whitt, pp. 10-11.

tives still comprise a relatively insignificant sector of the American economy, Rothschild and Whitt suggest that they have several advantages over traditional companies in that they show greater potential for creating new jobs, achieve superior levels of productivity, and often realize higher profits. Since workers in cooperatives have greater responsibilities than workers in traditional firms they often have more stress, but they also experience less alienation.

Rothschild and Whitt ground their model for collectivist-democratic organizations in empirical observations of worker cooperatives in the United States. Cooperatives provide a better grounding for their model than do ESOPs or QWL programs because cooperatives more fully realize the ideals of worker ownership and worker control. Cooperatives differ significantly in both structure and purpose from traditional firms, yet Rothschild and Whitt have proposed that there is a *range* of organizational forms, running from monocratic bureaucracies at one extreme to collectivist democracies on the other (see Fig. 1).⁸⁾ Organizations on the right half of the spectrum are essentially bureaucratic and tend to invest final decision-making authority with individuals, whereas organizations on the left half are essentially collectivist and tend to invest ultimate authority in the membership as a whole.

Bureaucracies themselves can be either vertical or horizontal. Vertical bureaucracies are structured on the basis of layers of authority which culminate in an individual or a group of individuals at the top of the organization. Horizontal bureaucracies tend to involve relatively more collective decision-making but the decision-making is carefully restricted to select

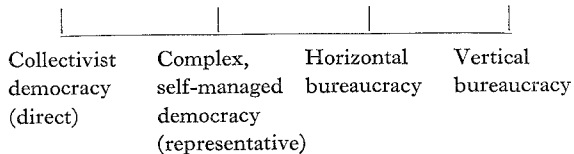


Fig. 1. Rothschild and Whitt's proposed range of organizational forms

8) *Ibid.*, p. 71. The diagram presented here is slightly different from the original, but the changes are mostly cosmetic.

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members of the organization—not all members of the organization may be able to participate equally and certain hierarchical structures may remain intact. Vertical and horizontal bureaucracies are similar in that both forms rely on a strict division between management and labor. They are also primarily organized on the basis of what Max Weber called “formal rationality,” that is, an emphasis on instrumental activity, formal laws, and procedural regularity.

Organizations which are structured along democratic rather than bureaucratic lines are also of two types, depending on whether they are organized on the basis of representative or direct democracy. Representative democracies elect leaders to represent them—for example, workers electing their own bosses. This arrangement has the advantage of increasing efficiency in an organization because decisions are still being made primarily by a limited number of people, i.e., a small group of elected leaders. Direct democracy, however, involves the direct participation of all the members of an organization in the decision-making process. Direct participation does not necessarily mean that certain tasks cannot be delegated to certain individuals within the group—it is not necessary for everyone in the organization to be involved with every single decision which is made. Collectivist democracies operate in accordance with Weber’s principle of substantive rationality, with process being as important as results, and with intrinsic rewards, such as a sense of accomplishment and personal fulfillment, being as important as the fulfillment of instrumental goals. There is no strong division between labor and management in collectivist democracies since the workers are themselves the managers.

Workplace democracy is an issue in the United States precisely because most American corporations are neither democratically owned nor democratically controlled. “Democracy ends at the factory gate” is a popular slogan which accurately conveys the notion that while democracy is taken for granted as a political fact of life in the United States, there are no corresponding democratic structures in most American corporations. The majority of American corporations could be classified in the schema above as vertical bureaucracies, not as democracies in any sense of the term. Pro-

fessional organizations, such as law firms, medical clinics, and some university faculties, would come closer to the model of horizontal bureaucracy, but still fall short of being truly democratic. Japanese corporations also come closer to the model of horizontal bureaucracy since decision-making is engaged in more collectively in Japan and with greater employee involvement. Nonetheless in Japan, as well as in the United States, the overall goals of a typical company are ultimately decided on by management (i.e., a select group of individuals who do not necessarily represent the interests of the entire group), not labor, and the division between the two remains intact even though their relationship is more fluid in Japan than it is in the United States.

Most of the discussion about American and Japanese management styles has emphasized the differences between the relatively vertical management style of American corporations and the more horizontal style of Japanese corporations. Both styles are similar, however, in that they both are essentially bureaucratic and hierarchical rather than genuinely cooperative or democratic. That is, the chief limitation of both traditional Japanese corporate forms and traditional American corporate forms is that neither provides for ultimate worker ownership or worker control. Ultimate ownership and control in both systems remain in the hands of elites—a fact which contradicts both American democratic principles and the Japanese notion that group interests should take precedent over the interests of a few select individuals.

Both systems have been accused of having more in common with the feudal and ecclesiastical hierarchies of their respective pasts than with genuine democracy or cooperation—stockholders have become the new absentee landlords and managers the new feudal lords (albeit with different methods for keeping the troops in line). Charles Leadbeater and John Lloyd have gone so far as to label recent trends in the West “The New Feudalism,” noting that economic power is increasingly concentrated in a smaller number of very large bureaucratic organizations. Leadbeater and Lloyd are careful to point out, however, that there has also been a counter-trend which has resulted in a “growing fringe” of alternative businesses often operating

outside traditional corporate and legal structures.⁹⁾ In other words, the increased concentration of political and economic power—and the resulting alienation—is setting into motion counter-forces which will ultimately work to spread political and economic power among larger segments of the population.

The bureaucratic and hierarchical tendencies which are shared by both American and Japanese companies are fairly well-known, but it is interesting to see how the more progressive aspects of both Japanese-style cooperation and American-style democracy converge in the worker cooperative model proposed by Rothschild and Whitt. The ideals of both democracy and cooperation can be better achieved in corporations which are both worker-owned and worker-controlled. Rothschild and Whitt distinguish collectivist-democratic organizations from bureaucratic organizations on eight points. I would like to show how each point can be adapted to the more progressive aspects of both American and Japanese cultural values:

(1) *Authority*. Authority in cooperatives rests with the entire membership, not with a select group of individuals who are regarded as leaders in the organization by virtue of their position in the corporate hierarchy, as is the case in bureaucracies. Thus cooperatives mitigate against that kind of individualism which might seek to assert itself over and against the wishes of the collective as a whole. In this sense, cooperatives go against the American tendency to emphasize individual leadership qualities and to give greater authority and rewards to “strong leaders,” and are entirely in accordance with the Japanese notion that final decision-making should rest with the group as a whole and not with “brash individualists” who attempt to coopt the group’s prerogatives.

At the same time, however, cooperatives do encourage that kind of individualism which has the goal of empowering each individual within the organization to fully participate in the decision-making process—a stance

9) Cf. Charles Leadbeater and John Lloyd, *In Search of Work* (Middlesex: Penguin Books, 1987).

which goes against the traditional Japanese norm of deference to superiors, but which is entirely in keeping with typical American notions of democratic equality. Thus cooperatives preserve the best features of American individualism (democratic empowerment), while putting strict limits on individualism's worst features (egoistic power grabbing). Simultaneously, cooperatives preserve the best features of Japanese cooperation (group decision-making), while eliminating its worst features (unquestioning obedience to authority).

(2) *Rules.* Rules in cooperatives tend to be minimal and unwritten, and many decisions are made on an ad hoc basis. Bureaucracies, to the contrary, rely on extensive fixed written rules which are intended to cover most of the organization's formal procedures. Moreover, decisions in cooperatives are made democratically on a consensus basis—that is, with the consent of at least a majority of the members. In bureaucracies, however, final decisions are made exclusively by superior administrators who occupy positions of authority.

The absence of fixed rules resonates well with the Japanese management tendency to consider problems on a “case-by-case” basis, and decisions in Japanese corporations are often made, superficially at least, on a consensus basis. However, cooperatives also emphasize the importance of the *consistent application* of rules, even if they are unspoken. In other words, in typical American fashion, higher principles may be invoked to ensure that “case-by-case” decisions are not manipulated by insiders to their own advantage. Moreover, cooperatives also combine consensus decision-making with the American idea of fully debating an issue before a decision is made. Meetings of the membership are not mere rubber stamps for decisions worked out beforehand, usually by elites (Japanese *nemawashi*), but full discussions in which everyone is permitted to freely speak their minds.

(3) *Social Control.* Bureaucracies control workers in one of two ways, either through direct supervision or on the basis of formalized rules which

structure the workers' activities. Cooperatives, on the other hand, operate on the basis of voluntary consent. Cooperatives may include what Frances Moore Lappé calls "structures of accountability" in order to insure worker responsibility,¹⁰ but ultimate responsibility in cooperatives is essentially internal rather than external. That is, workers freely make commitments to take on the responsibilities of the organization and are not forced into these responsibilities by external pressure. Thus, it is important for workers in cooperatives to be highly self-motivated, to be able to work well with others, and to share the overall goals of the organization. The workforce, then, must be fairly *homogeneous*. Workers must have basically the same orientation towards what the organization is trying to achieve and the organization's way of doing things. Consensus decision-making in a cooperative simply doesn't work if everyone has a totally different opinion about what should be done and how it should be done.

George Melnyk has argued that the kibbutzim of Israel and the Mondragon cooperative complex in the Basque region of Spain have been successful as cooperative enterprises precisely because they rely on shared ethnic and cultural assumptions.¹¹ Japan has often attributed its economic success partly to a homogeneous population. Homogeneity, as Rothschild and Whitt acknowledge, is indeed one of the conditions which can facilitate the success of cooperatives, but it should be emphasized that homogeneity need not be racial, ethnic, cultural, sexist, or religious. The traditional American respect for diversity can play an important role in this respect. The homogeneity called for in cooperatives is essentially ideological, not racial or cultural, and the ties binding people together in cooperatives are not ethnic or religious, but moral. The individual commitment to work together with others in a responsible fashion creates an essentially moral bond between people.

10) "Frances Moore Lappé on Workplace Democracy," an interview in *Workplace Democracy* (Fall, 1989), pp. 10-11.

11) George Melnyk, *The Search For Community: From Utopia to a Co-operative Society* (Montréal: Black Rose Books, 1985), chapter four.

(4) *Social Relations*. Relationships in bureaucratic institutions tend to be impersonal, whereas relationships in cooperatives tend to be personal. Bureaucracies define relationships between people mainly in terms of roles, titles, and functions. Cooperatives, on the other hand, strive to achieve a genuine sense of community by creating relationships which are wholistic, affective, and of intrinsic value. Howard J. Ehrlich notes that in capitalist corporations, “The regulation of behavior in the workplace is designed to suppress genuine personal relations” and suggests that for most workers “there is no privacy, only isolation.”¹²⁾

Isolation is probably a greater problem in American corporations while lack of privacy is a greater problem in Japanese corporations. The Japanese tendency to conduct business on the basis of personal rather than contractual relationships (business with a “human face”) mitigates against isolation but leaves the privacy issue unresolved. Customs such as getting together with fellow employees (*tsukiai*) and entertaining clients after-hours (*settai*) create strong and supportive bonds among the participants, but are nonetheless sometimes looked at as an invasion of privacy by those employees who would prefer to go home directly after work and not participate. Moreover, the relationships which usually develop at such gatherings are often purely social and not genuinely affective, a situation which most Americans and an increasing number of Japanese would regard as insincere.

On the other hand, while the contractual nature of corporate relationships in the United States does indeed permit greater privacy and allow relationships which are of purely intrinsic value, a full sense of community is often lacking. American employees often feel more isolated and less “a part of” the company, with all the attendant problems this increased sense of alienation causes for both the individuals and the companies they work for. Cooperatives attempt to solve the shortcomings of both American and Japanese corporate relationships by, first of all, treating workers primarily as human

12) Howard J. Ehrlich, *Anarchism and Formal Organizations* (Baltimore: Vacant Lots Press, 1977), p. 23. Ehrlich suggests that the reason for this suppression is that it “. . . ostensibly increases people’s work time and productivity [and] decreases the likelihood of worker solidarity.”

beings and not simply as cogs in the corporate machine, and secondly, by respecting privacy and allowing relationships with others to be freely chosen.

(5) *Recruitment and Advancement.* Bureaucratic organizations recruit members on the basis of specialized training and formal certification. They have universal standards of competence, against which potential recruits are measured. Rothschild and Whitt write, however, that in cooperative organizations

. . . staff are generally recruited and selected on the basis of friendship and social-political values. Personality attributes seen as congruent in the collectivist mode of organization, such as self-direction and collaborative styles, may also be consciously sought in new staff.¹³⁾

The idea of recruiting staff on the basis of personality factors, such as an ability to get along with others, is far more typical in Japan, while the more bureaucratic tendency to recruit members primarily on the basis of competence is more prevalent in American companies. Note, however, that in Rothschild and Whitt's description above the goal of "self-direction," i.e., the typical American notion of being able to take individual initiative and responsibility, is combined with the goal of "collaborative styles," a typical Japanese notion. "Friendship" corresponds to the personal relations factor in Japan, but this is balanced by the typical American ideological factor of shared "social-political values."

As for advancement, both Japanese and American corporations differ drastically from cooperatives. It is often pointed out that while advancement in Japan is usually on the basis of seniority, advancement in the United States is usually on the basis of demonstrated skill. But both the Japanese and American systems agree with the notions (1) that advancement is necessary, and (2) that it should proceed along hierarchical lines. Cooperatives stress equality and therefore have no hierarchy of positions. The entire idea of "career advancement" is meaningless in the cooperative structure.

13) Rothschild and Whitt, p. 55.

Yet while cooperatives advance (or decline) as a group, there is a considerable horizontal change of position for individual members through job rotation, as will be seen in point 7 below.

(6) *Incentive Structure.* The primary incentives in bureaucratic organizations are monetary, whereas cooperatives also stress non-monetary incentives, such as increased job satisfaction, control over work, and idealistic concerns. It is important to note, however, that cooperatives look at monetary and non-monetary incentives as complementary rather than contradictory, with idealistic considerations being as important as monetary considerations. Because the workers are themselves the sole owners of cooperatives, they retain total control over profits, which are either reinvested in the company or paid out to the workers in the form of higher wages. There are no nonproducing stockholders who benefit from the labor of others, since all monetary rewards remain in the hands of the workers themselves. Cooperatives typically pay workers a regular wage and then distribute the surplus profits at regular intervals.

The surplus distribution system of cooperatives is not unlike the bonus system in Japan, since workers are given a stake in the financial success of their companies and are paid on the basis of the company's performance. Dividend payments in Japan are also smaller than in the United States, meaning that less of the surplus is going to nonproducing stockholders. However, Japanese workers certainly do not have full control over the surplus, and in many ways bonuses in Japan are simply deferred salaries which enable the company to withhold payment and adjust it accordingly in light of the company's financial situation. Recently various profit-sharing schemes have also been introduced into American companies, but they can be criticized along much the same lines.

The notion that wealth should remain the property of those who produce it is not an exclusively Marxist concept, but has roots which go back at least as far as John Locke, who argued that a person should be entitled to the re-

wards of that which “ he hath mixed his labour with.”¹⁴ It was Locke who originally held that the rights to life, liberty, and property were inviolable. The right to property, moreover, was seen as a check on royal claims to ownership and the confiscation of property by the government, not, as it is sometimes presently interpreted, as the right of a very small capitalistic “ aristocracy ” to control a majority of the national wealth. In America’s Declaration of Independence, Thomas Jefferson softened Locke’s position somewhat by substituting the right to the “ pursuit of happiness ” for the right to property, but Jeffersonian democracy envisioned an America in which property was widely distributed among many owners—not concentrated in the hands of an elite oligarchy as it is today. Because worker cooperatives are premised on the absence of state intervention, they are actually more in line with Jefferson’s vision than they are with Marx’s.¹⁵

14) John Locke, *Of Civil Government* (London: Dent, 1924), Section 26.

15) Rothschild and Whitt complain that Marxism is often overcredited for its contribution to cooperative thinking. Cooperatives have, in fact, been started in many socialist countries—see, for example, the now-dated article “ In Hungary: Down on the Communist Farm ” in the October 1, 1987 issue of *Time*, which attributes the success of Hungarian farm cooperatives to the adoption of two main principles: “ worker ownership and independence from centralized state planning.” Most communist collectives, of course, are run entirely by the state, with virtually no worker ownership or worker control, despite the ideological rhetoric.

Melnyk has shown in *The Search for Community* that cooperatives are ideologically compatible with a variety of political perspectives, ranging from liberal democracy to communism, socialism, and utopian communalism. Rothschild and Whitt suggest that contemporary cooperatives have an intellectual debt to the classical views of participatory democracy advanced by Rousseau, Mill, and Cole, which emphasize the direct participation of individuals in the decision-making process, rather than vicarious decision-making through elected representatives.

Rothschild and Whitt also cite the influence of anarchism on cooperative thinking, especially as expressed in the political philosophies of Proudhon, Kropotkin, and Bakunin. In contrast to the Marxist view that the working class must first take control of the state through a violent revolution, establish a dictatorship of the proletariat, and then reform society from the top-down, anarchists have emphasized revolutionizing society from the bottom-up by establishing decentralized and democratically controlled alternative institutions (in-

(7) *Social Stratification*. In bureaucracies, as Rothschild and Whitt write, “. . . social prestige and material privilege are . . . commensurate with one’s positional rank, and the latter is the basis of authority in the organization.” The result is a hierarchical organizational structure which “institutionalizes and justifies inequality.”¹⁶⁾ The egalitarian goals of cooperatives, however, strictly limit large differences in prestige and privilege. Some smaller cooperatives pay entirely equal salaries, while others address the ideal of providing for each on the basis of need by taking such factors as the number of dependents in a worker’s family into consideration. Even in larger cooperatives, such as the Mondragon complex in Spain, pay differentials are extremely low. At Mondragon pay differentials are limited to a ratio of 3: 1, meaning that the salary of the highest paid worker is only three times the salary of the lowest paid worker. In the United States pay differentials can be as high as 100: 1.¹⁷⁾

Despite appearances, one essential similarity between American and Japanese companies is that both are hierarchical in structure. In the United States, hierarchy is often more visibly expressed through such privileges as extravagantly higher salaries, separate lunch rooms, and private offices. Even the style of desk one works at can be an indication of one’s position in the company. In Japan such visible expressions of hierarchy tend to be played down—pay differentials are lower than in the United States, company presidents eat lunch in the same cafeteria as their employees, separate offices for managers are rare, desks are fairly standardized, etc. Nonetheless even though explicit symbols of authority are muted, positions of influence and power in a Japanese company are implicitly recognized, sometimes by

cluding alternative economic institutions), which would ultimately render the state unnecessary. Cooperatives, with their emphasis on local self-reliance, thus have more in common with anarchist ideas than with Marxism. For a view of anarchism’s contribution to cooperative thinking see, in addition to Ehrlich’s *Anarchism and Formal Organizations* cited above, *Anarchist Collectives: Workers’ Self-management in the Spanish Revolution 1936–1939*, edited by Sam Dolgoff (Montréal: Black Rose Books, 1974).

16) Rothschild and Whitt, p. 59.

17) *Ibid.*

nothing more than the length and depth of a bow.

It could be argued, however, that outward symbols of authority are muted in Japan precisely because, on a symbolic level at least, “the nail that sticks up gets hit down.” A Japanese executive who openly flaunts his privileges would quickly lose credibility with his employees and be unapprovingly regarded as pursuing his own “selfish interests” (i.e., individualism as it is misunderstood by most Japanese). To make the Japanese idea of leveling differences truly progressive, however, requires applying the concept specifically to differences in status, privilege, and wealth—*not* to differences in ability, talent, and initiative as is all too often the case in Japan. In the same way, individualism in the United States, if it is to be truly progressive, must emphasize not the “right” of a select group of individuals to amass wealth, status, and privilege, but rather the right of all individuals to fully participate in the workforce and to be fully compensated for their labor. Japanese-style cooperation and American-style democracy are both antithetical to hierarchy.

(8) *Differentiation.* Bureaucratic organizations rely on a maximal division of labor. A strong distinction is made between intellectual and manual work on the one hand, and between administrative and performance tasks on the other. Jobs tend to be highly specialized. The ideal worker in a bureaucracy is the “specialist-expert” whose expertise in a particular field is jealously guarded. Since work is segmented, workers may have only a limited understanding of how the particular functions they perform are related to the functioning of the organization as a whole. In cooperatives, however, there is a minimal division of labor. People who do performance tasks are also expected to take on administrative responsibilities, with no division made between intellectual and manual labor. Roles and functions are generalized rather than specialized, and therefore more wholistic—workers have a “big picture” perspective on how the organization operates. Expertise is intentionally demystified through in-house education, on-the-job training, and job rotation. The ideal worker in a cooperative is the “amateur-factotum”—someone who is simultaneously the jack and master

of all trades.

Differentiation is already practiced much more widely in Japanese companies than in American companies. American companies prefer to hire people who are already experts in their fields. In-house training is minimal. The dividing line between administrative and performance work (i.e., between management and labor) is virtually absolute. Specialists make themselves indispensable to the company by carefully guarding their expertise. Knowledge is further protected through patents and copyrights. Ordinary workers tended to be isolated and uninterested in any aspect of the organization outside their own fields of responsibility. Japanese companies, on the other hand, prefer to hire workers with a general educational background and to then train them for specific tasks after they are employed. In-house educational programs and job rotation help to diffuse knowledge about the company and give employees a more well-rounded and involved perspective on how the corporation functions. Knowledge is more fully shared and less protected. The division between management and labor is less stringent.

On the issue of differentiation Japanese companies are indeed closer to the cooperative model than are American companies. Nonetheless, the Japanese educational system as a whole specifically encourages an inordinate amount of respect for “experts” (in the form of teachers), which later leads not only to a compliant workforce with an unquestioning attitude towards presumed authorities, but also ultimately inhibits creativity. Innovation is only possible when the old, accepted ways which have been sanctioned by “experts” are effectively called into question. Here, the American idea that democracy requires a fully educated citizenry with sufficient knowledge to participate fully in the democratic process is a useful corrective—if it be applied to economic institutions in the same way that it is to political ones. Once knowledge has been democratized, there are increased chances for the creative involvement of workers in their companies and, correspondingly, fewer chances for authoritarian organizational patterns to develop.

Many studies of Japanese and American companies tend to emphasize the overt differences in management styles rather than the underlying simi-

larities. In fact, however, Japanese and American styles are not poles apart and Japanese management practices are certainly not "unique." In many respects Japanese companies come closer to the cooperative model than do American companies, probably because Japanese companies are in fact organized more "horizontally," while American companies do tend to be organized more "vertically." Nonetheless, both Japanese and American corporations, precisely because they are both bureaucracies, also share many features in common: they are both essentially hierarchical; final authority tends to be in the hands of elites, although workers may be given varying degrees of control; they both place excessive faith in presumed "experts"; and the corporate structures of each ultimately justify inequality, i.e., special privileges to the few, even if on a meritocratic basis.

On the other hand, both Japanese and American cultures contain progressive values which can contribute towards a more cooperative and egalitarian restructuring of economic institutions. The emphasis on cooperation in Japanese culture and the emphasis on democracy in American culture blend very well with the notion that economic institutions should take the interests of each and every participant into consideration, giving the participants themselves responsibility for seeing that their own interests are met. A sense of community and meaningful social relationships are also equally part of Japanese and American traditions, making it desirable for businesses to be places where people can freely and humanly interact with each other. The idea that workers should be well-rounded persons who are trained to perform all the various tasks of an organization fulfills not only the Japanese expectation for there to be an empathetic atmosphere among workers, but also the American desire for greater self-fulfillment through the development of individual skills. Both Japanese and American cultural values can be seen as favoring increased levels of participation in all areas of economic life. Maximizing cooperation and maximizing democracy both result in more "people power."

Instead of dividing corporate practices along nationalistic lines—e.g., Japanese management styles vs. American management styles—and thus perpetuating a nationalistic, and sometimes even racist, analysis, Rothschild

and Whitt's model allows us to see certain essential similarities between Japanese and American corporations. It also allows us to see how cultural values in both Japan and the United States can be used to make economic institutions even more cooperative and more democratic. The essential division in Rothschild and Whitt's model is not between Japanese and American management styles and cultural values, but between hierarchical-bureaucratic organizations and democratic-cooperative ones. Looked at in this way, Japanese and American companies both have certain hierarchical and bureaucratic features in common, while the two cultures also have values which support more progressive tendencies.

The primary tension, then, is not between Japanese and American cultural values, but rather between certain regressive and progressive tendencies which are present in each culture. As we have seen, "group consciousness" in Japan is antithetical to the "individualistic" privileges found in Japan's hierarchical institutions, while true "democracy" in the United States is antithetical to the typical American desire for "strong leadership." These are exactly the types of internal contradictions which are resolved in the democratic-cooperative model. Moreover, the more progressive values of Japanese culture can be seen as correctives to the more regressive values of American culture, and vice versa. For example, the Japanese tendency to avoid controversy and maintain harmonious relations, while entirely admirable, is simply inadequate when dealing with the problem of elites who "politely" finagle themselves into positions of advantage and power. Here the American notion that people in positions of power can and should be openly criticized serves as a meaningful corrective. On the other hand, American ideas about equal opportunity and social mobility, while also admirable, are inadequate when they are used to justify gross inequalities between the very rich and the very poor. Here the Japanese notion that a harmonious society is impossible without a certain level of uniformity also serves as a meaningful corrective.

It is a mistake to think, as some Japanese commentators do, that Japanese cultural values are unique and incapable of being duplicated in the West. At the same time it is a mistake to think, as some American commentators

do, that America has a monopoly on progressive ideals which Japan should be encouraged to emulate. Both cultures have something to contribute to the democratic-cooperative process, and each has something to learn from the other. When cooperation and democracy are fused, many cultural differences between Japanese and Americans are transcended. This approach opens up the possibility for critiquing both Japanese and American traditional business structures along class/economic lines, rather than along racial/nationalistic lines. It also opens up the possibility for finding new organizational forms which incorporate the best features of both systems while eliminating the worst of each. Focusing on ways to work together biculturally seems preferable to the current tendency to overemphasize "cultural differences," especially when these perceived differences are used to perpetuate nationalistic competition.

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