

## ***Foreword***

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The UCLA Institute of Industrial Relations is pleased to present the fifty-fifth volume in its Monograph and Research Series, *Japan's California Factories: Labor Relations and Economic Globalization*, by Ruth Milkman, Associate Professor, UCLA Department of Sociology.

This timely study explores the growth of Japanese direct investment in the State of California, particularly with regard to locational patterns, work organization, and labor relations within Japanese-owned manufacturing plants. The study's unexpected findings regarding the management practices of Japanese-owned firms in this country have important implications not only for workers and unions, but for the future direction of U.S. public policy vis-à-vis Japanese direct investment as well.

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## *Preface*

This is an exploratory study of Japanese-owned manufacturing plants in California, emphasizing the implications of the recent growth in Japanese direct investment in this country for workers and for organized labor. It examines the causes and consequences of increased Japanese investment, the locational patterns of Japanese-owned manufacturing plants in the state, work organization and labor relations within those factories, and the history of efforts to unionize the workers they employ. The general goal of the study is to contribute to understanding the implications of economic globalization for workers and their unions.

My initial expectations, before starting the research, were based on the impression I had formed of Japanese-owned automobile assembly "transplants" in this country. Mistakenly, as it turned out, I presumed that these auto plants were representative of Japanese-owned factories generally. As many popular and academic commentaries emphasize, the auto transplants have adopted many "Japanese" management practices, such as quality circles, flexible work teams, and just-in-time inventory systems. Although there is only one such plant in California, the GM-Toyota joint venture in Fremont, California (NUMMI), it is easily the best-known Japanese-owned manufacturing facility in the state. I started this project with the expectation that I would be analyzing

many smaller-scale NUMMI-like operations, in a variety of industries. However, instead I found that most of the Japanese-owned plants in the state closely resemble *American-owned* nonunion firms. Few have teams or quality circles; in many cases their managers are not even familiar with "Japanese" work organization or management techniques. Like their American-owned counterparts in California, most of the Japanese-owned plants rely heavily on low-wage immigrant labor, and in their management practices as well they conform to the patterns established by nonunion American manufacturing firms in the past few decades.

The other surprise I encountered in the course of the research was the importance of unionism and the fear of unionism in shaping management behavior. I knew when I began that very few Japanese-owned plants in California were unionized, but I attributed this to the broader anti-union climate in the state and especially in its southern region. I was unprepared for the fervor with which manager after manager spoke to me about their firms' commitment to "union avoidance." It gradually became clear that a powerful anti-union animus motivated management decisions about plant location, and that anti-unionism also shaped many of their human resource practices. Japanese-owned firms hardly have a monopoly on this mode of behavior; on the contrary they are directly following the lead of U.S.-owned nonunion firms. Yet the implications of this for organized labor, in the context of the dramatic surge of Japanese direct investment, are profound. Those who look to JDI as a source of improvement in the U.S. labor relations system or in the nation's competitive position are likely to be deeply disappointed. Instead, increased Japanese investment seems likely to contribute to the continuing deterioration of this nation's economic position and further erosion of our living and working standards.

\* \* \* \* \*

In addition to government documents and the limited secondary literature on the subject, the analysis in the following chapters draws on a survey of Japanese-owned firms in the state with 100 or more employees that I conducted in 1989. The survey was supplemented by factory visits and in-depth interviews with managers at 20 of these firms in 1989 and 1990. A few factory visits and interviews in Japan during the fall of 1990 also inform the study. A final source of data is interviews with Californian

labor organizers and union officials experienced with Japanese-owned firms.

The survey was conducted under the auspices of the UCLA Institute of Industrial Relations in 1989. Questionnaires were sent to the 72 Japanese-owned plants in California listed as having more than 100 employees in the Japan Economic Institute's national listing of U.S. manufacturing affiliates of Japanese companies published in late 1988.<sup>1</sup> Twenty-six plants responded to the survey by mail, and responses were obtained from an additional 24 by telephone. Sixteen plants refused or failed to respond. This produced a response rate of 76 percent, after the six facilities which had been sold or were found not to be engaged in manufacturing activity were eliminated from the original list of 72. (A few of the plants listed as having 100 or more employees turned out to have somewhat fewer than 100 workers; these cases were retained in the study, however.) The participating firms were promised confidentiality, and cooperated in the research with the understanding that they would not be identified in reports of the study findings.

Following the survey, site visits and interviews with managers were arranged with 20 of the responding plants. While the survey included plants all over the state, all 20 of those I visited are in Southern California (where almost three-fourths of the 66 plants are located). I did not attempt to select a random sample from the survey respondents; but I did choose plants in a wide variety of industries. I deliberately included a disproportionate number of unionized plants; three of the 20 I visited were unionized, although there are only five unionized plants among the 66 Japanese-owned plants in the state. The fact that only one firm turned down a request for an interview suggests that the 20 cases are in other respects reasonably representative of the 50 survey respondents.

The firms themselves designated one or more managers as interviewees; in most cases these were human resource managers. Most were U.S.-born middle managers, although in a few instances I interviewed higher-level expatriate Japanese managers. The interviews, conducted in the spring of 1990, lasted between 45 minutes and three hours, with most between 60 and 90 minutes. They were not tape-recorded (in the hope that this would promote frankness on the part of the managers); instead I handwrote responses to questions, and in most cases I was accompanied by a research assistant who also took notes. Immediately after each

interview we wrote a case report based on these notes, recording also our impressions from the factory tours that most visits included. The same assurances of confidentiality were made in the interviews as in the survey.

The third source of primary data was five factory visits and interviews at plants in Japan during October 1990. Two of these visits were arranged through contacts with managers previously interviewed in California; the other three were arranged by the Japan Institute of Labor. Here, due to difficulties of access and time constraints, no serious attempt at representativeness was possible; rather I sought to visit plants in the same range of industries I had seen in California. I interviewed managers at four of the five plants and union officials at two of them. These interviews were tape-recorded and later transcribed.

A final source of information was my interviews with unionists. I contacted all the union organizers and officials that I could identify who had any experience with organizing or representing workers in Japanese-owned plants. With one exception all these individuals agreed to speak with me, and I interviewed all 12 of them—three in Northern California and the rest in the southern part of the state. A few of these interviews were tape-recorded and transcribed; in the other cases I believed I would get more reliable information in the absence of a tape. As with the firms and managers, the identities of the unionists I spoke with are disguised or omitted in the narrative, as are the names of the unions themselves.

\* \* \* \* \*

This project had its inception in a conversation in late 1988, shortly after I came to work at UCLA, with Geraldine Leshin and Gloria Busman of the Center for Labor Research and Education at the UCLA Institute of Industrial Relations. I thank them both for soliciting this research project; I am also grateful to the Institute for its generous financial support. Gloria also put me in touch with a number of individuals in the Southern California labor movement who helped me investigate union organizing efforts at Japanese-owned plants. Thanks are also due to David Sickler and Ruben Diaz at the AFL-CIO office in Los Angeles for providing similar leads.

I also want to thank the many unionists and managers who took the time to speak with me and to those firms who completed

the survey and provided interviews. Since they were promised anonymity in exchange for their cooperation, those individuals and firms must remain nameless here, but their contributions were vital to the success of the project. Thanks also to the Center for International Business Education and Research for funding my trip to Japan, and to the Japan Institute of Labor for arranging interviews and factory visits for me there.

Several UCLA students provided valuable assistance. Jan Lawrence was an exemplary research assistant. She was involved in every phase of this project, from the background research, to the initial firm survey, to the final fact-checking and editing. She tirelessly searched the library for statistical information, telephoned firms that failed to respond to our mail survey to follow up, transcribed taped interviews, and accompanied me on many of the factory visits and management interviews. Yuko Kawanishi helped me locate and translate some Japanese statistical sources and also accompanied me on one interview. Jennifer Chae and Eleanor Townsley also helped me in the early phases of the project, particularly with the telephone phase of the survey. Yuko Goto and John Whelan transcribed tapes from my interviews in Japan and translated the Japanese portions of those tapes.

Thanks are due as well to Edward Lawler of the Center for Effective Organizations (CEO) at the University of Southern California for sharing his unpublished data on employee involvement in U.S.-owned firms, which are used in Chapter 4 for purposes of comparison with my data on Japanese-owned plants. Mary Tabata Froehlig and Lei Chang of CEO were also gracious in their assistance. Thanks also to Professor Steven Matthews of the UCLA Geography Department for producing the maps in Chapter 3, and to his student Christopher Mills for help in that endeavor. Richard Rothstein also supplied me with useful information about Japanese-owned *maquiladoras*, as did Samuel Schmidt and Steve Jenner of San Diego State University.

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