The Transferred Workplace – Towards a Theory of Work in the Transnational Firm

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Introduction

This paper begins with a review of a recent debate on diffusion of work and employment relations that appeared with the sudden growth of Japanese FDI from the 1980s. Within the development of this debate, discussion of ‘transfer’ became more sophisticated, but still remained bounded by stereotypes of ‘national business systems’ or national organizational and employment institutions, and the transplantation and transformation of work and employment relations within different ‘national’ workplaces (Elger and Smith, 1994). By way of critique of convergence/divergence dichotomies within this comparative organizational analysis, we introduce the idea that international workplaces reflect the three way interaction or triple determination given by political economy or mode of production (‘system effects’), unique national institutions, cultures and histories (‘societal effects’) and the diffusion of best practices or modernisation strategies by the ‘society-in-dominance’ at any particular period of global competition, such as the USA or Japan (‘dominance effects’) (Smith and Meiksins, 1995; Smith and Elger, 2000). This is what we are calling the SSD model, and the international firm will be penetrated by these three forces, and not simply a universal set of economically ‘efficient’ organizational practices versus a local set of institutional rules, customs, laws and relations. The nature of work within the modern international organisation is more complex than global-local, universal-national, convergence-divergences dichotomies. Moreover, one of the locational preferences for international firms, especially mass manufacturing companies, appears to be for clustered concentrations in ‘special zones’, ‘new towns’ or growth regions which frequently lie ‘outside’ national ‘rules of the game’ or permit ‘experimentation’ within ‘national rules’, often influenced by alliances between local state and international capital. In these contexts general societal values and rules may not apply in the same way to international firms (Smith and Elger, 2000).

This SSD structural model helps situate or contextualise the forces operating within and through the international firm. But social action is not structurally determined, merely constrained and shaped. For an understanding of production and employment relations,
we need to theoretically conceptualise the actions, strategies and tactics developed by workers and managers as they interact within the modern international workplace. Here we seek to develop labour process theorization of social action by examining what we are calling the ‘double indeterminacy of labour power’ in the international firm (Smith, 2001). Workers have two powers within economic systems, there ‘mobility power’, deciding to whom to sell their labour services, and their ‘effort power’, influencing as individuals, groups and collective actors, the rate at which labour services are used up. Workers’ mobility projects reflect their constitution as waged labour, with rights to move to their advantage, but the constitution of these ‘freedoms’ varies between employment systems (‘societies’) and the way mobility power of the TNC interacts with labour power. Through global competition employers are seeking to control both powers – increasing effort and managing mobility – while workers are attempting to maximize both powers to their advantage, which may mean exchanges or trade offs between effort and mobility – employment security and reduced freedom of movement outside the firm in exchange for greater management control over labour effort and tractability as in the large, core Japanese firm. Within the ‘transferred workplace’, different solutions to this bargain will be developed, as the SSD structuring of the workplace changes from one location to another. In different settings the SSD forces will be arranged differently, but the firm will be seeking to maximize control over both effort and mobility powers of labour, and this is especially evident in cost-competitive areas of mass consumer goods, where TNCs have more choices of location and ways of using their mobility power as a critical asset of the international firm. For labour, mobility power also appears to be an important means of managing uncertainty, expressing dissatisfaction and correcting injustices, as witnessed by the high rates of separation or labour turnover in overseas concentrations of TNC investment, especially where organised representation and worker ‘voice’ are absent.

The first part of the paper outlines the lessons from the Japanese ‘transplant’ debate and then details the system, society, dominance model as a way of moving beyond the crude idea of transfer within that debate. The second part outlines the ways in which the effort and mobility power of labour, and effort and mobility controls by capital appear within different labour processes of the transnational firm. By using the example of the mobility of the Japanese firm, we can trace different configurations of the management of mobility-effort powers in different country cases in order to illustrate employers and workers’ bargaining over effort and mobility labour powers in the transnational firm. This highlights different ways in which employment relations (through combinations of system, society and dominance in the different settings) are used to manage labour and workers responses. We do not wish to reduce decisions on FDI to labour issues - market
access, political stability and policy, path dependency from repeat transactions, regional integration, are all important motivations for the internationalization of capital (Dickin, 1998; Dunning, 1993; 2000). But we are suggesting that at workplace level, the theme of mobility affects capital and labour action, and the regimes that international firms develop come out of managing mobility of labour within different SSD configurations.

Thinking comparatively: Japanese FDI, Transplants and Transfer

Throughout the 1980s and 1990s there was an active debate on the transfer of Japanese management techniques from Japan into the West through the agency of the Japanese Transnational Company. To theorise this process, authors drew extensively on biological analogies, with concepts of ‘transplantation’ ‘adaptation’ and ‘hybridisation’, signifying different ways in which new entrants interacted with the new host environments. At different moments and in different societal contexts, ‘applying’ Japanese practices to new locations was considered straightforward, due to inherent and irresistible efficiency superiorities, thus normatively essential for the competitive survival of the Western firm (Womack et al 1990; Florida and Kenney, 1991). At other times it was regarded as a more interactive and problematical process of application and adaptation, involving considerable compromise for the Japanese firm (Abo 1994; 1998; Itagaki, 1997). Or as very creative and dynamic, where relocation produced new work forms, different from those in Japan and within the host society, and therefore unanticipated and unimagined prior to the process of Japanese subsidiary formation (Jurgens et al 1993; Beecher and Bird, 1994; Kenney and Florida, 1993; Smith, 1996; Boyer, et al 1998; Liker et al 1999; Freyssenet, et al 1999).

Essential to these debates were assumptions that there existed robust and recognisable/measurable national (home/ownership) qualities, something distinctly Japanese, that could be isolated, defined and tracked through the process of exportation and localization. A Japanese ‘system’ or ‘model’. Equally, there had to be definable local, national (host) qualities, institutional rules and practices that could be identified and measured as being modified, challenged or transformed through interaction with new Japanese entrants. We needed ‘Japaneseness’ to measure Japanization. Britishness or Americanness to measure deviation, adjustment and transformation. Given the difficulty in isolating these ‘national’ qualities, and recording change, boundaries around units of analysis had to be tightly defined. Locating Japanese economic success in the Japanese firm (and not society, state, economy or history) facilitated such system closure (Turnball, 1986; Ackroyd, et al 1988). This meant isolating overseas action at
workplace or company level (and not locality or sector, for example), and this was accomplished by directing attention to variables that could supposedly be isolated and taken to ‘represent’ Japaneseness: techniques, practices and ways of organising defined in national (and later neutral engineering) terms whose presence, adoption or appearance could then be used as an analogue for local change. Thus, JIT, TQM, continuous improvement, cellular manufacturing, long-term employment relations, relational contracting etc were isolated as distinctly Japanese practices, and therefore evidence of their utilization by non-Japanese firms read as signs of diffusion and emulation; and evidence of their application within the Japanese overseas firm, proof of successful ‘transplantation’.

One major problem with this entire approach is that social relations, actor consciousness, action and reaction was either not considered, or if so, treated as marginal to the theme of ‘transfer’ and ‘transplantation’, which was a largely mechanical or technical process, and not one mediated through human agency and therefore, requiring interpretation. Modern management practices, like bits of technology, were thought capable of isolation and transfer (Ferner, 1997). Reactions from actors took the simple (idealized) forms of favourable or non-favourable attitudes towards working with the Japanese (Trevor, 1983; White and Trevor, 1983). But mostly, it was assumed that workers would be positive towards the alleged greater ‘involvement’ in decision making typically regarded as part of Japanese work practices (Womack, et al 1990; MacDuffie, 1995; Kenney and Florida, 1993). Later ethnographic accounts of ‘life on the line’ in Japanese subsidiaries or emulator plants highlighted a much more mundane, routine and pressured picture of work and authority relations (Garrahan and Stewart, 1992; Graham, 1995; Delbridge, 1998; Palmer, 1996; 2000; Sharpe 1997; 1998). Delbridge (1998: 203-4), for example noted that certain ‘technical’ aspects of the Japanese production system were present in his 2 case companies – quality regime, inventory control and grouping of activities – but none of the ‘social’ sides of the Japanese model were present - security of employment, team working, seniority pay – echoing earlier work by Milkman (1991; 1992) in the United States and Dedousis (1994; 1995) in Australia (see Elger and Smith, 1994 for a review). What such studies suggest is that certain practices identified as Japanese had become ‘system’ requirements (neutral, rationalisation standards for production in the current period), whereas others, the ‘social’ side, were either tied to Japanese socio-state institutional relations, and hence were ‘non-transferable’ as ‘societal effects’ (see below). Or else a particular form of the ‘social’ involving organisational mechanisms that generated tight management control, often underpinned (both outside Japan and within ‘peripheral’ Japan) by union weakness and labour market insecurities.
What this research on transplants and emulators highlighted, was firstly that Japanese subsidiaries managed very well with only the ‘technical’ (system) side in place, and did not need the (Japanese/societal) ‘social’ side in order to function efficiently or effectively – indeed the technical side was also unevenly applied by sector (Abo, 1994; 1998). This was because aspects of the Japanese ‘social’ system could be reproduced through ‘functional equivalents’ to the core Japanese employment system, which created the social subordination of labour through mechanisms within and beyond the workplace, such as subsidiary location in vulnerable labour markets, single union deals and tight supervisory monitoring (Oliver and Wilkinson, 1993; Delbridge, 1998). We have elsewhere referred to this as producing ‘good enough production’ in subsidiaries (Elger and Smith, 1999a). But our work in Japanese subsidiaries in a clustered, new town context, also found that the social side was partly ‘neutral’, and therefore disconnected or independent of the ‘technical’ side, but also that there were ‘common’ or ‘standard’ forms to work and employment relations, and common reactions by workers in these factories. So, in our new town research site, Japanese firms experienced high labour turnover, which meant that securing the labour force (through recruiting older workers and preventing voluntary exits) became a priority. Insecurity of labour created problems for management and reduced training, compressed or shortened induction and selection procedures, and inhibited or prevented continuous improvements and full TQM activities, either because management had no intention of implementing these practices. Or because workers were not stable, and any training investments would be lost due to quitting, or workers would quit if additional demands were placed upon them. In other words, in this labour market situation, where employers were constrained by workers mobility power, core (‘technical’) elements of Japanese production practices (‘core’ in the literature, at least) could not be implemented, even amongst those large Japanese firms that had some intention of applying them. Moreover, workers were balancing effort and mobility powers, and employers were making trade offs between these two powers in managing them. And the two types of power interacted – the increase in effort demands from management increasing labour mobility, and the high level of mobility inhibiting effort intensification practices such as TQM or JIT.

Therefore the ‘social’ side - human relations, employment practices and work organisation - within the critical, ethnographic ‘transplant’ research had certain features which were independent of the local or host societal institutions within which they lodged. Such features as routine jobs, high patterns of labour turnover, low wages, contractual segmentation of labour, cut across the subsidiaries in different countries,
suggesting, what Dedousis (1994) calls a ‘high cost’ (Japan as core) versus a ‘low cost’ (rest-of-the-world as peripheral) Japanese business strategy that mirrors the split in Japan between a core of large firms and subordinate chain of peripheral contractor firms. We have criticized this model as too simplistic for all Japanese subsidiaries and all national locations (Elger and Smith, 1994). But one element within this core-periphery theory of the Japanese TNC that is important is that subsidiaries are not simply defined by their host or local environment (‘societal effects’) - an assumption common to comparative analysis (Child, 2000) - but retain ‘dominant’ features of subordination (for labour) independently of national location. This suggests that we need to treat the TNC as an independent player in diffusing cross-national practices, and not simply as constructed through universal or societal social action (Smith and Elger, 2000; Child, 2000). It also suggests that state-TNC interactions create particular geographical spaces that are common across divergent national economies (in new towns, special economic zones, growth corridors) and within these spaces similar work organisation and employment relations are practiced and provoke similar reactions from workers. This important finding alters the simplicity of diffusion models from mother to sister plants, or home to host society. It also alters a purely ‘national’ (adaptation/application) model. This is because the TNCs interact with a number of country contexts that have the effects of reproducing their own spaces – special areas – which operate with rules (for capital and labour) that are partially autonomous of country (host and home) contexts.

On the one hand, efforts at ‘transfer’ by the international firm signal the weakness of host national institutional or cultural rules, and the limitation of a ‘societal effect’ model which, predicts national conformance of the firm to national institutional rules (see below). On the other hand, the difficulties of transfer suggest the robustness of local institutions. But what both ‘Japanization’ and ‘localisation’ perspectives miss out is that the effect of regional or geographical clustering by the Japanese firm qua TNC, (concentrating investments in particular regions, such as those with high unemployment for example) is to create autonomy from ‘national’ societal rules that such concentrations can create. As we discuss below, the striving for distinctive clustering and concentrations (in new towns, special economic zones an growth corridors) by the international firm signals its autonomous action, developing employment and work organisation strategies that are independent of national rules, but also different from practices in their home setting. Hence clustering is a special space for experimentation (Smith and Elger, 2000) that produces its own reactions – such as the high turnover of labour discussed below.
The ‘transferred firm’ was also not simply constrained by the new host environment, and its cultural-institutional diversities, but also by differences in the demand conditions of the subsidiary and the strategic operations and policy of the parent company. There is a tendency to homogenise the pattern of transfer within this second approach – with all Japanese subsidiaries portrayed as routine, Neo-Fordist assembly operations carrying scaled down, minimum or low-cost ‘Japanese’ practices and either absorbent of local practices (Milkman, 1991; 1992) or applying those from the Japanese small firm, periphery (Dedousis, 1994; 1995). But, on the whole the drift in debate has been from categorical certainties and holistic typologies, towards an emphasis on contingency, difference and diversity through research encounters with Japanese subsidiaries in varied local settings. In simple terms those writers highlighting divergences have been in the ascendancy in the 1990s, when in the 1980s, those emphasizing convergence, borrowing and standardization to a new one best way of positively integrating workers into the firm (Womack et al 1990) or enhancing their exploitation and submission (Parker and Slaughter, 1988; Garrahan and Stewart 1992) held centre stage. The story moved towards recognition of growing complexity and contingency, as research and business practice revealed the Japanese firm to be heterogeneous, without an archetypal representativeness of a whole nation, and not unproblematically economically dominant, but with inherent production and employee performance inefficiencies, being differentiated, diverse and frequently failing in its specific integration into global capitalism (Haslam et al 1996).

But even these later critical accounts, valuable as they are, were working within the terms of the debate in which capital possesses nationally distinct features, which can be moved around, transplanted and imposed within settings other that the home territory. The accounts were strongly ownership focused (Encarnation and Mason, 1994). They therefore missed aspects of the way in which labour was attached to the firm, and ways in which workers managed the sale of their labour power within these settings. Concomitantly, they ignored key features of Japanese capital, qua internationalised capital, namely that it moves between countries, is subject to global cost pressures, is, as transnational capital, largely indifferent to locality except as mediated through business strategy (for cost or market access), and this in turn provokes in labour, more mobility based forms of resistance and reaction.

Recent work by Morgan et al (2000) indicates that Japanese firms in Britain have been withdrawing at the low-cost end, putting production to lower-cost regions such as S E Asia, and higher-end production to skill-intensive countries within the EU, such as Germany. In other words, developing a regional division of labour in and beyond
Europe, similar to regional patterns of design, development, high and low end manufacture in Asia (Cheung and Wong, 2000). Research on the mobility of Japanese firms in the US (Kenney and Florida, 1994; Kenney et al 1998; 1999) suggests a drift out of the US and into Mexico, or back to S.E Asia for low-end, cost sensitive production, and the closure or rationalization of many Japanese American subsidiaries in the process. Research in SE Asia indicates a shifting pattern of mobility within the region, but with a strong drift towards China for cost and market access reasons (Cheung and Wong, 2000). In other words, the ‘mobility’, the high exits, and global re-positioning of manufacturing operations within a global division of labour, needs to be factored into any assessment of the ‘subsidiary-in-context’. On the one hand the context, (UK, US, S E Asia, Japan, Europe) is vital for understanding the types of work relations and employment relations that get ‘transferred’ or applied. On the other hand, however, these contexts are interlinked through the actions of the firm, through ‘regime shopping’ (Streeck, 1992), and, ‘locational bargaining’ (Mueller, 1994; 1996), which provide leverage on local states and the internal regime of the factory. These are features of the ‘mobility bargain’ (Smith, 2001) of capital in its dealings with labour. And the clustering by TNCs (in collusion with local states, or for inter-firm supply chain linkages) means they can act with some independence from host society institutions – but, subject to special conditions operating in clustered-investment sites.

**Cases and Contexts**

Telford had 21 Japanese companies at its peak, but it’s now down to 15. One of our 4 Telford companies moved operations or exited the UK during our fieldwork period – a figure not unrepresentative of current exits of Japanese firms from the UK to low-cost labour regimes in China and SE Asia. Consequently, not stability, but instability, not long-term employment, but short-term, and not training, continuous improvement, and innovative working practices, but routine, assembly tasks and factories are created through these temporal contingencies (Kenney et al 1999; Lowe et al 2000; Smith, Elger and Ladino, 2001).

Our work in Telford found high levels of labour turnover which was surprising to us, and to the initial panel of Japanese firms, who nevertheless through a process of interacting with workers, British personnel managers and each other, evolved counter strategies to manage rather that substantially reduce labour turnover (Smith and Elger, 1998ab; Smith, Daskalaki, Elger and Brown, 2002). (See Table 1) Finding contra-evidence, high mobility instead of low, made us look carefully at the nature of Telford as a new town, dominated by manufacturing employment that is predominantly
transnational in character. The assumption was initially that our panel of Japanese firms (the most highly concentrated cluster of Japanese firms in Britain) was aberrant in having such high rates of labour turnover. That the mobile character of labour in the ‘new town’ setting facilitated deviation from other concentrations in Wales, Scotland and elsewhere. In other words, our findings were atypical due to location contingencies. However in subsequent examination of other clustered sites of transnational investment in Mexico, and more recently China (Smith 2002) we have found similar strategies, similar low skilled jobs, gender segmentation, and collusive relations between employers, and remarkably high rates of labour turnover, which are managed, rather that being reduced to low levels by the action of managers in the firms. Employers also use similar strategies to control labour mobility, but within different society-state contexts, controls can be more or less coercive. For example, in China TNCs take a ‘bond’ from workers, which is returned to them after their contract, to prevent them from exiting within contract. Withholding of wages is a cruder practice. All TNCs operate with dormitories to attach daily labour supply to the firm. Nevertheless, labour turnover is very high – ranging from 10-90% in a case study of seven electronic TNCs. In a recent study of a German TNC, average labour turnover of 55% was recorded over a 3-year period, despite workers paying a high ‘bond’ to the firm (Smith, 2002).

Therefore, looked at globally, in Mexico, South East Asia and in parts of the United States, the management strategies used to retain workers long enough to earn a return from their labour services, are not particular to the Japanese or location, but possibly characteristic of certain types of high volume, cost-sensitive mass production engaged in by international capital. And worker’s use of ‘mobility power’ to express discontent and improve wages and conditions, is similarly not ownership, labour market or locality specific, but appears as a common response to working within internationalized firms inside development zones, growth corridors, new towns and sites in which TNCs geographically concentrate. What this suggests is that mobility of capital and mobility of labour interact; that retention strategies and workers leaving strategies interact. But more importantly, that nationality of capital might not appear to matter in significantly altering the way in which labour and capital interact within these internationalised, clustered settings.

**Shallow and deep roots in the local for the transferred assembly factory**

Transferred assembly factories typically produce products that have been designed, manufactured and are to be marketed elsewhere and these factories have a semi- and unskilled workforce. In as much as unskilled labour is more widely available, and
in-house skills have been minimised through systematic task ‘fool-proofing’, the transferred assembly factory may have ‘shallow’ roots in the local environment. That is to say, it draws on skills which are globally widely distributed, and does not require many internalised, firm-specific skills or scarcer, craft or technical skills that may be concentrated in fewer places globally, and hence restrict location choice for the firm. Without a high skill base or firm-specific skills, the autonomy of the factory from HQ will be limited. The subsidiary has few power resources in the form of expensive human and material assets, and the requirements for production may be available from many geographical sites around the world. Hence cost competition will be intense to attract FDI in the form of transferred assembly factories.

Management within such factories may, over time, seek to develop ‘deeper’ roots. This is the likely strategy of local management, and may even be supported or promoted by ex-pat management from the parent company as they seek to imitate practices from the home country. This is likely to take the form of beginning to manufacture parts for products in-house, increasing the skill inputs and so strengthening local ties and increasing the autonomy of the firm from HQ by means of ‘localisation’. This may reduce the threat of cost-based competition from other subsidiary sites where pools of cheap labour are available. But to build material and human assets within a subsidiary of a TNC may require political capital that local (indigenous) management will lack, and they are likely to be dependent on the network power of ex-pat managers. Inevitably some managers will have more power, personal networks and resources to mobilise in favour of such ‘deepening’ strategies that others. In our case studies in Telford, at Copy-co and Parts-co there was evidence of deepening strategies, but at PCB-co skill levels remained the same, the vulnerability of the Telford factory to Chinese competition meant it was easy to close the factory, and the life cycle of the factory in Telford was short, less than a decade. This suggests that developing roots in the local environment is necessary for the survival of the factory to the extent that cost (rather than market access, which remain important) becomes the major survival strategy for the company. But such a deepening strategy is not inevitable. Take the case of Japanese electrical assembly production in the United States.

The history of Japanese electrical assembly production in the United States suggests the following patterns: the initial ‘transferred’ factories were brownfield, unionised US plants. Due to contradictions (especially labour conflicts) within this form, the next Japanese firms sought sole investment or takeovers of non-unionised US factories. These firms, according to Milkman (1991, 1992) followed more an American non-union HRM agenda, than a Japanese one. Finally many of these plants were closed.
and production moved to greenfield, non-unionised Mexican maquiladoras shipping products into the US market (Kenney and Florida, 1994). These moves were facilitated by political regulation such as the NAFTA, but also the weakness of US unions in being unable to prevent the movement of Japanese assembly factories from brownfield, unionised to non-unionised plants within the United States.

We can categorise the 3 stages in the evolution of Japanese capital formation in the electrical assembly industry in the United States:

Phase 1 Japanese plants within American institutions: ‘Americanisation’
Phase 2 Japanese plants breaking with American institutions: ‘hard’ HRM
Phase 3 Japanese plants outside American institutions: ‘Maquilairization’

Within two decades the electrical assembly industry of Japanese (but also US and European firms) had made 3 moves, all of which follow a cost-reduction logic, but also a logic of creating a sort of localisation in which management prerogatives were increased.

However, such enhanced management control does not mean labour is passive. Workers in the three contexts struggled in different ways, and had difference resources at hand. Kenney and Florida (1993) use the example of Sharp to illustrate these struggles: strikes and collective bargaining disputes in American brownfield unionised plants of Phase 1. Higher labour turnover in greenfield US and Mexican plants in Phases 2 and 3. Thus strategies for workers within this logic shifted from typical collective, organised labour forms of struggle using collective bargaining, trade union employment and job controls, to more individual strategies, such as high labour mobility between plants to improve wages, conditions and social justice.

The changing location and structure of the industry highlights three points for plant or firm-level research. Firstly the importance of sector or industry strategy/logic, and for seeing firm action against a backdrop of sector trends, norms and structural forces, all of which impose limits on the action of the individual firm. Secondly, the movement away from ‘societal conditions’ to special locational ones, maquiladoras having special features distinctive from earlier Mexican business ‘rules of the game’. Thirdly, it highlights the importance of temporality, and restrictions on writing plant accounts or explanation of action, which will, of necessity, reflect particular temporal choices within particular ‘phases’ of development within the sector. In other words, during the early formation of Japanese firms in this sector, there will have been a greater
commitment to transfer, train and educate American workers and managers into Japanese methods, but at the same time as preserving American institutions. By the time the sector shifts to Mexico, plans for transfer (other than an imperative to stringency) were subordinate to establishing what Kenney et al (1999) call ‘reproduction’ as opposed to ‘innovation’ factories. Without having an awareness of which stage of development one is describing as a field researcher, it is easy to make mistaken generalisations on the issue of ‘transfer’.

If we look at factory formation in another country – Australia for example – then AAA was the first overseas plant of Denso and the first factory was very ‘Australian’ in character. It was established in an old industrial manufacturing site in Melbourne, with a highly unionised and organised workforce. But over time, the company established a new greenfield factory under new union rules that favoured management in a non-militant, Anglo-Saxon suburb of Melbourne (and closed the older site). The new factory applied the most modern management practices, using psychology consultants to profile individuals and teams on a regular basis, using contemporary HRM practices extensively. But the new factory remained vulnerable to competition from non-Australian factories in non-unionised areas of SE Asia. But politically, it would be difficult to close the plant and so move to low cost countries, as the high import tariffs would make such a move costly. Nevertheless, with greater regional integration, this move could happen.

The pattern of factory formation in Japanese electrical assembly in the US and Japanese auto-parts assembly in Australia is one of seeking weaker institutional localisation. Management at the plant level progressively increasing autonomy over workers (through moving into non-union or less militant worker environments) by physical movement (to greenfield or new spaces with shallow institutional bonds such as the switch into Mexico). This pattern of de-localisation may be cost-driven – searching out lowing cost production sites – but it is also control-driven, searching out locations in which management prerogatives are unchallenged, and workers more isolated in responding to management. Typically the moves represent a shift to non-union settings, where workers power is expressed through mobility, rather than internal organisation. What we witness in these examples is mobility as a management power, with the location and re-location of factories a relatively easy process, and one which has major implications for capital labour relations.

The Idea of Transfer
Can we, from this specialized literature on the Japanese overseas firm, learn something about the nature of work and work relations within the international firm in general? Can we learn something about ‘transfer’ as a process? Can we learn something about work relations for managers and workers within internationalized capital as a whole? From the experience of the Japanese debate, caution is required in abstraction and generalization, without evidence or with too much prescription and normative judgment. The term ‘transferred workplace’ is used to denote stability and mobility, transfer having the double meaning of the sending or movement of an object from point A to point B, but also some transformation and change to the object through the process of movement. The ‘object’ in this context is subjective and objective, structural and processual, being work and employee social relations, the way work is organized, and the way workers are brought in, attached, stabilized and moved through and out of the firm. It embraces the strategies employed by managers in attracting, retaining and controlling workers, and the strategies developed by workers in moving themselves into, up and out of the firm, and reacting to and interacting with management control intentions. As individual volition is involved in all these human processes, mediation, reflexivity and consciousness of action are present in constituting the object under review, and it is part of our argument that the research process of examining work relations inside the ‘transferred workplace’ should be sensitive to these constructionist elements, and to avoid functionalism, structuralism and other deterministic approaches to the firm, dominant in much writing on TNCs.

Mobility is central to capital in the internationalized workplace; it being the defining feature of transnational as opposed to locally constrained capital. This mobility is important for workers and for managers, as the potential temporariness of the firm in any one site, produces high labour mobility and contracted tenure for workers, who are recruited and integrated quickly to ensure a return on their labour services. Mobility through exits is the main means of expressing worker preference in production sites where transnational capital clusters – new towns, development zones, growth corridors, special economic regions, such as Mexico (Kenney and Florida, 1994; Kenney et al 1998; 1999; Smith, Elger and Ladino 2001), Southern China (Ngai, 1999; Lee, 1998; Smith 2002), or new towns in the UK (Elger and Smith, 1998; Smith 2001). As we explore, the fracturing of the workforce by capital to deal with such turnover, especially between long-tenure and short-tenure groups, local and migrants, dispatched managers and local managers, occurs along national, geographical and gender lines, but segmentation, core and peripheralisation are features of transferred workplaces, reflected again both mobility and immobility features of internationalized capital.
We attempt to avoid the dual pitfalls of theorising with too little context and too much (Child 2000) by locating the TNC and work relations within it inside analytical structures which present a triple determination, what we call system, society and dominance effects (Smith and Meiksins, 1995; Smith and Elger, 2000). This model recognizes that capitalist production rationalization has ‘national’ traits, such as the link between Taylor, Taylorism and the United States; or Ford, Fordism and the US. But also, that diffusion of new production and employment ideas through international firms, consultancy channels, academic discourse and universal management educational processes (such as the global commodity of an MBA), aims to de-link the sources of ideas (Taylorism and Fordism in the US, Toyotism in Japan) from national contexts through the process of diffusion (Tolliday and Zeitlin, 1986; Kogut and Parkinson, 1993; Smith and Meiksins, 1995). De-linking stresses the universal efficiency gains that all organisations will receive from the adoption of new ‘best practices’.

Nevertheless, application and adaptation of novel practices within the workplace, especially the TNC subsidiary, will raise themes of ‘ownership’, until techniques become ‘global best practices’ (Skilair, 2001) denationalized, and diluted or altered through the diffusion process. The system, society and dominance model aims to capture the complexity of ‘transfer’ within the modern, internationalised workplace, recognizing the sources of differences which come into the firm through home or local practices (societal contexts), standard or system forces, such as the ascribed roles of worker and managers in capitalist relations of production - the authority and control relations suggested by the ‘rules of the game’ these actors play in different political economic formations (capitalism or state socialism for example). And finally, the importance of ‘society-in-dominance’ or the standard setter for modern employment and work relations, which continually fuels competition between companies and nations by holding up the latest business, production or employment practice originated in the alleged more efficient/dominant society or company within a market, sector or region, and diffused through various agencies that gain from packaging and trading ‘best practice’ knowledge and information.

**System effects**

In detail, system effects are what come through common social relations or purposes – for example the desire to work for private gain, rather than enhanced community status or common bonds of group or collective interest. System is ‘political economy’ - such as capitalism or state socialism - which produces common interests and similar problems, regardless of the country context within which, say capitalist social relations are located. State Socialism has generic features, typically an accentuated role for the
state in economic affairs, the planning and management of the firm, control of labour allocation and constraints on managers’ freedom to hire and fire workers. System is therefore ‘political’ and ‘economic’. In addition, system can refer to global technology or techniques and ways of working that are diffused as common standards through such channels as management textbooks. Capitalist competition, technological dynamism and capital-labour conflict underpin and exert common pressures on all specific manifestations of capitalist social relations, within enterprises, sectors or national economies. It is these underlying dynamics, with their associated conflicts and uncertainties that we refer to under the heading of system imperatives.

Systemic features of capitalism begin with the capitalist employment relationship. Paid work in a capitalist society is structured by the drive for capital accumulation and profitable production. This motivates firms, which are activated by actors, managers and workers drawn into definite social relations for this purpose. Workers are motivated to sell their labour power to the highest bidder, managers have to take this ‘raw material’ and combine it with social forces of production (tools, equipment and technology and material objects for work) and a purpose, profitable production, which are animated the rules of capitalist economic action. Within relations between waged workers and employers (or their ‘representatives’) there is an exchange, an employment relationship in which wages are exchanged for labour services. However, the precise amount of work or labour effort to be expended for economic return is left open-ended, as is the precise nature of the tasks to be performed, their sequencing, the particular standard of work, the performance criteria, the quality of the authority and human relations between those who employ and those who are employed.

Universal or what we’re calling ‘systemic’ theorising assumes a standardised or standardising workplace in which technology, science and managerial discourse aims at creating common methodologies regardless of the sector or country in which the firm is operating. System thinking is common to all deductive reasoning, which builds on abstract concepts, in which context-dependent rationality is suspended for the purposes of building ideal or pure typologies.

Societal Effects

Against this approach, there is writing that seeks to make conditional or context-dependent statements about the world and work organisations. In practice the systemic features of capitalist development are not simply expressed in a uniform fashion across the global economy. Most notably, they are in key respects both
mediated and crystallized in a distinctive fashion within specific nation states. Furthermore, national institutional patterns are not confined to the environments of corporate enterprises, but penetrate powerfully into their internal operations. It is such features which have been high-lighted, but in turn overstated, by the contemporary family of theories of societal effects, institutional settlements and national business systems, for each of these approaches tends to reify societal influences as a configuration of dominant and self-contained determinants of organisational arrangements within the ambit of each specific nation state (Maurice and Sorge, 2000; Hollingsworth, et al 1994; Sorge, 1991; Lane, 1995; Whitley 1992).

A leading school here discusses the ‘societal effects’ of theorizing work, and suggests an irreducible diversity to work organisation, regardless of common factor inputs or modes of systemic rationalising (Maurice and Sorge, 2000). This is because the ‘rules of the game’ under which managers and workers interact are formed by unique cultural and institutional codes. As these codes or rules emerge through the historical process within each country, they are unique. Any systemic thinking on work organisation according to this logic will be filtered through distinctive inimitable agencies, and therefore be set to perpetually reproduce diversity. A country’s history cannot be wiped clean, or only in exceptional circumstances of wars or colonization, and even then cultural differences persist at sub-national levels. Therefore from this literature, diversity in work organization is normal and persistent. In extreme form, this school discounts the idea of the capitalist labour process; all that exists are national variants of ‘ways of working’, a menu of social relations prepared by national histories and not economic or functional structures of a supra-national capitalist system.

Societal theorists divide into functionalists, who suggest efficiency advantages determine national success, and psychological theorists, who suggests the subjective attachments to existing national regimes act as ‘sunk costs’ that are hard to change (Lane, 1995). Both use over-socialised modes of thinking in which change is difficult, and individuals as subordinate to externally imposed ‘social facts’, which come through existing ‘rules of the game’ operating in any national context:

‘National-sectoral regimes of economic governance evolve over time and constitute historically grown social facts for each generation of traders. At any give point, economic actors are confronted with a legacy of local social institutions that are not of their making; not subject to their choosing; not in principle amenable to contractual reordering; and whose functional and evolutionary logic is different from that of a market or a formal-organisational hierarchy. At the centre of this logic is the ability of governance regimes to impose socially constructed
collective obligations on individuals, if necessary against their resistance...In the real world, the “givenness” of an industrial order is visible in its ability to socialize its subjects into distinctive identities. While individuals “belonging to” a particular order may undertake to remake it - for example, in line with the perceived imperatives of efficiency and “economizing” - in doing so they are forced to observe its present modus operandi and the constraints it imposes upon them (in other words, to accept its “path dependency”).’ (Hollingsworth et al (1994: 278-9) (emphasis in the original)

‘Country’ boundaries around work (through social institutions, laws, values and attitudes) remain one of the key ways in which organisations are distinguished in this model. The approach has a number of problems. Firstly, organisations that move between societies – TNCs – may not be ‘nationall-bounded’ as implied above, but draw from an internationally diverse range of practices. Secondly, super-national forces - technology, science, management best practices, international firms – operate to make a nation’s economic base diverse, and are not simply reflective of internal national institutional ‘rules of the game’ (Sorge, 1991).

Thirdly, as the Japanese ‘transplant’ research reveals, while there is not a simple diffusion of something called a ‘Japanese model’ or a generic ‘Japanization’, there are certainly real traces of borrowing, learning, transfer and transformation through the interaction of internationally dominant TNCs in national economies (Smith and Elger, 2000).

Fourthly, TNCs effect global, regional and trans-state forms of interdependence and integration, often based on cost-driven and market driven business strategies, or the construction of different ‘global commodity chains’ (Gereffi and Korzeniewicz, 1994; Gereffi, 1994, 1996). These, while not suppressing institutional and value differences between societies, tend to create common policy response/instruments within states desperate to attract FDI – such as low/no tax incentives, special labour codes, as found in new towns, ‘special’ development regions and zones. It is the adoption of these common policy instruments designed to pull investment, and the consequent clustering of manufacturing capital, that create distinctive management and labour responses – the high turnover and management retention strategies outlined below.

Finally, capitalist firms in different societies are not all equivalent in terms of efficiencies and productivity, and where economic goods are tradable through TNCs, such differences inform location choices, but also national policy makers, who place comparative economic advantage on the agenda, and press towards the adoption of
modern technologies, techniques and practices to ‘compete with the best’. Such emulation - again present in the Japanization debate – creates homogenization or globalisation pressures, which tend to test and erode local or national institutional rules and practices. The comparative evaluation of the economic performance between countries, raises borrowing as a possibility, even though in practical terms, taking practices and policies from one country and ‘transferring’ them to another is far from straightforward – as discussed above. The fact that it occurs repeatedly needs explaining and is not self-evident from a pure ‘societal effects’ perspective in which countries compete with each other through divergent, but ‘functionally equivalent’ organizational means and methods. This leads to a discussion of differences between societies, and the ‘dominance effects’ these create through the competitive pressure of the global marketplace.

But perhaps the biggest problem with the ‘societal effects’ school is in explaining, theoretically, why there are continued convergence pressures within supposedly nationally bounded economies? Two reasons suggest themselves. Firstly, the appeals to ‘efficiency’ and ‘economising’ i.e. abstract economic or market principles, exist in all capitalist societies as system imperatives. The fact that societies are institutionally different does not mean systemic value statements are not made by commentators, academics and public opinion formers, such as the media and international business interests. And secondly, dominant countries provide models of ‘best practice’ that involve the packaging of national operations into neutral organisation inputs or the selective borrowing of ‘best practices’ from national agendas. This is because of the economic inequality between societies and the nature of capitalist competition. These forces require integration into ‘national’ perspectives on the firm.

Thus, whilst the theorists of societal effects have begun to develop valuable accounts of the sources of diversity in national trajectories of capitalist development and class relations, these accounts have concentrated upon the internal logics of institutional development which are held to explain persistent distinctiveness, while giving little attention to the ways in which evolving relations among states alter the terrain upon which national ‘systems’ operate.

**Dominance Effects**

The third element in the argument concerns the uneven nature of economic power, and the tendency for one society to take the lead in evolving work organisation or business practices considered more efficient than others. Hence, these lead societies create
‘dominance effects’, which circulate as ‘best practices or global standards that are emulated by other societies. In this way, societies do not face each other as equals, but with uneven capabilities, which encourages the process of learning and borrowing or diffusion and dominance. Added to which, the globalisation of capital, means international companies operate in several regions and societies, and home practices might be retained if they are judged to yield competitive advantage to the firm.

Within the debate on the Japanese model, we have seen a clear relationship between the economic success of Japan, and the intense interest by firms and governments in wishing to ‘learn’ from and ‘borrow’ Japanese ideas. But in order to make these more acceptable or to neutralize their societal origins, systemic and non-societal technical terms are invented, such as ‘lean production’ or TQM or ‘continuous improvement’. While originating in Japan, circulation creates a different discourse, and association with the Japanese context may be broken – this was especially important as the ‘dominance’ of the Japanese economy faded in the 1990s. Dominance effects signal the idea that one society originates ideas, and may seek to diffuse these, as new standards, but through the process of diffusion, there occurs a distillation of the ideas into ‘societal’ and ‘systemic’ elements. This is what we have described for the Japan debate, and what we have elsewhere described for the debate on Taylorism:

‘Taylorism…was initially bounded by the constraints of American capitalism; but its diffusion transformed it into a ‘best practice’ which was seen as a system requirement in some economies…The identification of Taylorism with American economic success made it difficult to resist. Disentangling the three influences of society, system and dominance has always been part of the critique of Taylorism as it became a dominant ideology and began to diffuse to Europe and Japan; but we could say that it was only with the emergence of other dominant capitalist states, in Europe and Japan, that such a critique has been able to separate these levels, and identify what in Taylorism is specific to America, what is part of capitalism, and what held sway only through American economic hegemony and not intrinsic qualities of Taylorism itself.’ (Smith and Meiksins, 1995: 263-4).

**International firms and SSD**

Therefore, whether through copying, imposition or diffusion, work organisation practices and techniques coalesce by combining systemic, societal and dominant ways of working, especially for internationalised segments of capital. This means, analysis needs to be sensitive to the way these elements interact within any particular workplace. Management theorising is typically systemic or dominant in orientation. Prescriptions
for the ‘latest’ practice are typically drawn from so called ‘leading’ nations, with the United States the most cited society due to its superior economic position in world capitalism. Societal effects theorising emerges from strong regions, such as Europe and Asia, where the integration of the firms, labour and management into society is different from the US.

The transferred or internationalised workplace condenses the effects of globalising capitalist forces, national institutional rules and ‘world best practice’ work and employment standards within local and unique work situations. It is only through social interaction that groups and individuals negotiate which of these different (and perhaps competing) ways of working, standards of quality, authority relations and methods of employment will actually shape particular work situations. Whether sector norms on wages and working practices prevail, or company or local norms apply, is partly the outcome of these processes of social negotiation and interaction. Global international competition within mass markets puts cost pressures on all producers, and makes global wage rates important for location choice of TNC operations. But, as institutional economists and economic sociologists have established, wage rates are not homogeneous within markets, but rather segment and differentiate. And the same is true for work organisation and HR policies. It is therefore important to retain a research focus on the workplace, as it is here that the working out of workplace rules and practices emerges.

Within the transferred workplace nationality is contested, not given. It remains an important boundary and differentiates the local from the transnational enterprise. But we need empirical research to uncover how interest groups use nationality as a boundary device for engaging in social action. For example, knowing that Japanese firms typically espouse the benefits of employment security may put Japanese managers in confrontation with local managers where host practices are based on hire and fire. Milkman (1991), in her case studies of Japanese firms in the US, quotes instances of firms using work share, reduced hours, flexible allocation of labour and other practices to retain labour through down turns in trade, when the first reaction of the American managers would be to layoff the workers. Milkman also quotes cases of American managers highlighting the inefficiencies of labour security, when hire and fire is deemed to weed out the unproductive worker. In this contest, Japanese managers may apply company-wide practices, which may be in conflict with local management practice, but American workers could ally with Japanese managers in seeking to maintain employment security through a downturn. In our Telford research we explore instances of British team leaders being in alliance with Japanese managers against
British managers’ preference for selection of team leaders on human relations consideration, not simply seniority and technical proficiency (Elger and Smith, forthcoming). In these instances, nationality is contested, and normal class divisions between workers and managers complicated by the addition of competing management practices and worker preference.

For the workforce, being employed by a TNC may present different opportunities and constraints. The transferred workplace could be weakly embedded within local industrial relations institutions; it might be distinct from local custom and practice – seeking non-unionism or single unionism within predominately multi-union local environments. For example, in Smith and Elger (2000) we register the preferences of Japanese managers in constructing the ‘workplace policies of Japanese transplants in terms of the following agenda:

- employment security guarantees;
- desire for task flexibility;
- quality consciousness higher than British standards;
- single status (in respect to canteens, uniforms etc.)
- hostility towards multiple and confrontational trade unionism;
- respect for shop floor production workers;
- hostility towards clerical or unproductive functions;
- distinctively co-operative contractual relations with suppliers.

This agenda challenged rather than accepted existing British IR and HRM practices, but the agenda, as we made clear in our Telford research, was also shaped by local conditions, and clustered TNC practices, such as anti-unionism and tolerance of high labour turnover.

On the other hand, the TNC could be unionised and linked to other international units within the firm, and therefore exposed to working conditions, wages, trade union standards and practices different from those negotiated by local unions. For example, Unilever, Ford, Philips and other TNCs in Europe have shop stewards bodies that bring together workers representatives from across several countries for purposes of information exchange on the particular TNC. Within some regions, such as the European Union, legislation requires firms to set up works councils that can operate as a communication channel for workers in TNCs.

For our cases of Japanese firms, it was widely predicted through structural or
deterministic analysis, that locating production of pre-designed products on new, greenfield sites, in areas of high unemployment, and recruiting young workers without previous working experience, would provide managers with the ideal ‘raw material’ in which to install Japanese work organisation practices (Oliver and Wilkinson, 1992). In other words, from choice of location, product, technology and labour, we could predict or determine the labour process outcomes of this menu. As our work has shown (Elger and Smith, 1998ab), unintended and dramatic outcomes of this particular cocktail occurred, especially high levels of labour turnover, worker absenteeism and withdrawal of effort, which had major implications from the quality of work organisation and employment relations within the factories. The unpredictability of workplace relations, comes from the ‘system contradictions’ within employment relations, but also the impossibility of seeing, from the outside, how the contingent combinations of particular workers and managers, in particular locations, sectors, and contexts, will actually interact to produce definite work and employment relation. It is both the systemic and contingent contradictions that necessitates empirical enquiry, as social agents are reflexive, and have choices over how they interact within the constraints they find themselves within.

Conclusion

The TNC is semi-autonomous of both home and host societal contexts, and therefore has an independence, which requires consideration in any evaluation of the diffusion of organisation or management practices from one country to another. Moreover, the clustering together of TNCs, especially for exports of mass produced commodities with a strong cost containment element, creates specific conditions, produced through TNC-local state interactions, which create common or systemic features to work and employment relations in these new town or special economic zone settings. As such, the home and host (societal) features of the TNC may be subordinate (or at least have to interact with) these ‘regional’ conditions. Further, these zones also provoke in workers, particular strategies to manage their labour power, in particular, mobility bargaining, rather than effort bargaining, as the mobility of capital defines the opportunities for conflict and opposition for labour. In turn, workers mobility bargaining produces common retention strategies, as outlined in Table 1. What this means for the study of work within the internationalised firm is that sector, region, locality and cluster (in addition to society) are required levels of causality of action and behaviors. This in turn makes simple diffusion models based on ‘national’ or ‘systemic’ theorising questionable and naïve to the complexities of interaction of the internationalised firm within global settings.
Table 1 Adaptation Strategies for High Labour Turnover Contexts

<table>
<thead>
<tr>
<th>STRATEGY</th>
<th>CONTRACT SEGMENTATION</th>
<th>PROCESS DESKILLING</th>
<th>INTER-FIRM COLLUSION</th>
<th>NEO-PATERNALISM</th>
</tr>
</thead>
<tbody>
<tr>
<td>FEATURES</td>
<td>Putting LT risk onto low skill, temporary workers. Permanent/Temp division.</td>
<td>Routine and systematic deskilling and fool-proofing of tasks to minimise disruption of labour mobility.</td>
<td>No poaching agreements; blacklisting potential activists; standardisation of wages and benefits.</td>
<td>Non Pecuniary social and welfare benefits to integrate workers – loans, social events, community relations building.</td>
</tr>
<tr>
<td>ADVANTAGES</td>
<td>Close alignment between product market and labour supply. LT as an adjustment strategy.</td>
<td>Cheapens labour and allows rapid substitution of workers who move.</td>
<td>Can prevent routine job hopping and reduces unionisation threat.</td>
<td>Initially cheap, can build long-term supply.</td>
</tr>
<tr>
<td>DISADVANTAGES</td>
<td>Low commitment, higher LT for temps, difficulty in modern production of separating ‘core’ and ‘temporary’ workers. Stress for permanent workers.</td>
<td>Reduces motivation for job flexibility, interchangeability and rotation, which is necessary in high LT context.</td>
<td>Illegal. Subject to sanctions and inhibits firm-level initiatives.</td>
<td>Workers may be cynical in low trust, high LT contexts. Rising expectations can increase costs of benefits provision.</td>
</tr>
<tr>
<td>SUSTAINABILITY</td>
<td>May be difficult to sustain.</td>
<td>Sustainable for low-grade, assembly work. Harder to introduce in manufacturing and design work.</td>
<td>Breaks down due to pressures of market competition.</td>
<td>Sustainable.</td>
</tr>
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