FORMS OF FACTORY ORGANIZATION
IN CHINA, JAPAN AND INDIA

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Factories are not closed social groups like prisons or mental asylums.
Persons are free to resign when they wish, to enter and leave the factory
at their own discretion outside working hours and whether factories
continue to exist or not depends on their input from outside and their
output to the outside. It is thus natural that one should consider a
factory system as a sub-system of a larger outside culture. Can one then
talk about a form of factory organization as determined by the wider
national culture? As far as Japan is concerned, Nakane Chie has argued
that in contemporary Japanese society the relationship between differ-
ent departments in a factory has been heavily influenced by the Japanese
ie system which itself is a reflection of a "vertical" society. Her ideas
have however not received the support from Japanese sociologists that
they have received from foreigners. Japanese sociologists have two main
objections to her work: (a) that many of the features of her "vertical
society" can be explained as a carry-over from the wartime economy
when the emphasis was on production. It has remained since because it is
profitable for Japanese employers to use this system: and (b) that his-
torically the way in which factories have been organized in Japan have
varied in different periods. From the early and mid-Meiji period when
large factory projects were initiated by state bureaucrats and workers
were contracted through labour bosses for short periods, to the develop-
ment of consumer industries such as cotton manufacturing where workers
were clearly demarcated into temporary (women) and skilled permanent

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employees; to the situation during the 1930s when workers in the coal mines in central Japan were only regarded as expandable labour in the best capitalist exploitative tradition. These various and other differences in organization were all "Japanese" and were all frequently justified by contemporaries on that ground. Thus one can say that we have a *number* of "Japanese" forms of behaviour and the interesting part is not whether a particular form of organization is Japanese or not but rather which particular form is selected for a particular organization at a particular time.

When one looks across the water to China, one sees a very similar state of affairs as Japan. Looking just at the period since the Peoples' Republic was started I was surprised when I visited North China (Shenyang, Moukden and Harbin) last year to notice that in medium to large factories the control of the productive side of the factory lay almost entirely in the hands of four to five persons who met together at least once a week possibly informally. These persons were nearly all managerial or technical cadres and while there were, of course, factory committees of various sorts consisting of representatives of different sections of the factory, such power as they had, consisted of welfare, certain types of work allocation within the factory, etc. (Allocation of capital for factory expansion rests entirely in the hands of the government department higher than the factory unit.)

Those factories which are not run by communes are graded in the minds of the employees in terms of collective rewards. While the difference in wages is perhaps not very great between and within different factories, the practical advantages of working for factories which have a greater profitability result in better housing, schools, subsidised canteens and an hierarchy of factories. In fact, I was struck by the extreme similarity between the Japanese and Chinese factory system in the way in which the workers looked at them. I need hardly say that there is no *ie* system in China. Moreover in the past mainland Chinese factories were not run like this. In Russia in 1905, in Japan in the 1880s and in China just prior to the Communist Liberation, the majority of larger and medium firms were State owned prior to intensive modernization. In the

case of China, as far as cotton was concerned, something like 90% of the spindles and looms were owned by the State. The biggest enemy of the Communist government were not so much the capitalists (who often remained in charge of their firms after Liberation) but the so-called compradore capitalists like T.V. Sung who used the State owned firms for their own private benefit. These were the people who were attacked and it was these State owned but privately run firms which were taken over and run by a sort of trade union committee under Communist control. But due to the lack of skill of the party members plus the fact that the trade unions were run by gang bosses who were still members of the new trade unions, the whole productive system of the larger factories was in disorder. Two more stages (at least) were gone through before we reached the present system. It was interesting to me that on the productive charts put up in every factory the base year was *not* Liberation Day but the Cultural Revolution. When I asked about this I was always told that that was when production was lowest so that it was a good base year from which to develop a chart.

Just as there does not seem to be any particularly efficacious way of organizing a factory just because the culture is Japanese, so there also does not seem to be any particularly efficacious way of organizing a Chinese factory just because it is Chinese Marxist. Of course *outside* the factory, socialist economics is different from say Japanese capitalist economics, but inside, the attempt to be culturally oriented does not seem to be successful. A good example of useless theorising seems to be the sort of work on Chinese factories produced by the French Marxist scholar, Bettelheim who gives no hint in his various works of the direction Chinese factories are now taking with the overthrow of the "gang of four".

So much for China and Japan. Now let us look at India where I have been working for the last few months and which is now being looked at by a number of Japanese scholars notably Ito Shoji and Tabe Noboru. Whereas one often uses terms like American management and Japanese factory system, India rather peculiarly has never had terms used for her like "Indian management". One reason for this may well be the high

number of rural population. One forgets that more people live in urban India than in the whole of Europe. Another reason may well be that whereas Japan and China put heavy emphasis on the cultural unity of their society, India always emphasises the cultural diversity of its society, alternative means of gaining different ends. The industries that I have been studying in Kanpur in North India were created as sorts of geological layers on top of each other Textiles, leather, fertilizers, railway wagon, ordnance, medium engineering. Kanpur now has a population of over a million and to all practical purposes had no history prior to the Mutiny in 1857 when it consisted only of a few small villages. Its early industrial expansion was based on a military market for the cantonment. The earliest large and medium industries were cotton and wool, and tanning and shoes. The capital for these up to about the 1900s came from overseas and the early entrepreneurs were all white. The interesting point about these early factories with a labour force of up to 5,000 was that each new factory was founded by an industrialist from a previously established factory from the same area. Even when Indian capital started to be used about the 1920s with money from the J.K. group and other Marwari and Hindu groups the first technical managers were white. At the present time if one asks workers to grade the various cotton factories which have continued into the present in terms of working conditions, good management, etc., the hierarchical order is approximately the same as the order of founding. If one wishes to define the most important features of management of these modern cotton and woollen spinning firms it is (a) at the top there is an organization which holds the controlling interest in a number of firms and appoints the executive manager. This top group is now very often a government agency such as the Industrial Textile Corporation of India. There is some criticism in India of the way that the members of these controlling organizations are appointed. (b) Below this are various sections or departments of the mill with one or more persons holding degrees or other qualifications and being paid salaries. They are divided into two main groups, those who belong to special centrally organized cadres and who can be transferred from one factory to another and those appointed specifically to the mill

where there is a vacancy. (c) Foremen, etc. who have to have knowledge of the specific processes where they supervise. (d) Workers who are appointed to specific departments to specific tasks. In the Cawnpore Woollen Mills there were over 300 specific categories. Each task was categoried by complexity and responsibility. Within each category a person could be a permanent or temporary employee. Promotion within each worker category could only be to a *mistri*. These three groups temporary worker, permanent worker and worker *mistri* all did the same job. However the number of *mistri* in each category was limited and the temporary workers were relief workers for the ordinary workers if they became ill, had leave, etc. and were appointed by the section to which they applied. Thus each worker could control to some extent who was to take on his job. If a regular worker died or resigned or left, his temporary had a right to take his job. Any temporary became a permanent if he worked for more than a certain number of days continuously (about 230). Thus the appearance of each category of work was in some respects similar to the organization of castes without the religious element, as recruitment to tasks was by recommendation. In this particular woollen mill it was comparatively easy to determine status by the clothing one wore and by linguistic differences. The wider the gap in status between two persons the more emphasis on language intonation as a means of getting the subordinate to obey (plus certain other linguistic features). Up to the beginning of the post-war period there was only one union in the factory but in 1948 after an extremely important town-wide strike which resulted in substantial gains for the workers and which became extremely famous in Indian trade union history, unions started to proliferate and in this firm there are about 9 unions. I have not got the time to explain the union situation in this lecture but fundamentally proliferation in unions within a plant is a result of status competition. If one were an executive in a union one received respect whatever one's job and also exercised a certain amount of power through having the right to approach the industrial relations section of the government directly. One union has only 7 officials; 9 unions have 63. Status could be obtained or confirmed by one's task, one's clothing, one's pay, one's

rank, one's seniority, one's rank in a trade union, etc. and it was quite possible if one's attempt to move up in one scale was unsuccessful to join an alternative upward status system; whereas for the most part in the Indian rural caste status system, one's position was fairly fixed as a member of a particular *jati* or occupation, in the factory one goes up as an individual.

I mentioned earlier that the various larger industries in Kanpur developed one after another historically like geological strata. After the cotton and leather industries, subsequent developments were fertilizers, flour and sugar mills, heavy industry (such as making railway wagons and government ordnance factories), transport industries and now medium sized skilled engineering factories. Each of these has a somewhat different pattern with a lower and lower proportion of unskilled workers. Whereas in the case of unskilled workers there were strong rural ties and the intention to move up in the rural status system, skilled workers had the deliberate intention of becoming industrial labour living permanently in Kanpur and the key to movement from one type of labour to the other was skills and/or education.

I also looked at a modern progressive engineering factory making tracks for caterpillar tractors. It employed 200 persons, 75% of whom were skilled and with another 10% managers or skilled technical personnel. Twenty years ago it was in an old garage but now covers two factory areas. The directors of the company were all brothers or sons of the founder and also occupied skilled positions in the factory on account of their appropriate degrees in engineering, accountancy, etc. Below them were skilled salaried graduates or equivalent. Below them were the skilled workers who were paid on five scales. Each scale had workers on different machines and workers were freely transferred from one machine to the other moving up from a less complicated to a more complicated machine. An example of a less complicated machine was a drill which was lowered on to a fixed position on a job. An example of the most complicated machine was the heat treatment process which required skilled co-ordination of various operations depending on the information coming out of the machine. The workers had absolutely

no objection to being promoted from a less skilled to a more skilled machine or to move up from a lower to a higher pay scale at the discretion of the management and foreman. Many of the employees had already moved from other firms two or three times and had no trouble obtaining a job here without recommendation by an employee. For three days they were tested by the foreman as to reading blueprints, operating the machine, etc. and afterwards they were to all practical purposes permanently employed, after a probation system. There was no knowledge of their caste or religion on the employment form and they objected to my asking them their caste on the grounds that it was irrelevant and discriminatory. In contrast to the woollen mill where certain groups such as those of weaver were either Muslims or came from Hindu weaver or allied castes and boiler attendants who were nearly all scheduled or lower castes, status in the engineering factory came primarily from their position in the productive process and salary. One could not easily determine ones status at work from clothing. There had been a union in the firm some years previously which had struck for higher wages but at the time I was there, no union existed and all the workers to whom I spoke stated there was no need for a union as it was possible to go directly to the factory manager and argue for oneself if there were some grounds for dissatisfaction. Once a month a meeting was held between elected representatives of the workers and the management and there were various welfare facilities. The management supported welfare facilities on the grounds that it was difficult to obtain capable skilled workers; that it took about six months to trains a worker so that he was worth his salary and that to lose such workers was bad business. Welfare helped to retain skilled workers. The skilled workers on the other hand stated that they could easily get jobs elsewhere if they wished and would certainly do so if higher pay were available; that the management was only nice to them because it paid them to do so and that they did not feel to the slightest extent any loyalty to the firm along the alleged Japanese pattern. A Cambridge anthropologist, Hölmstrom working in South India called the community of skilled workers the "citadel" to which others constantly tried to gain ingress and that the

major discontinuity in the labour market was between workers inside
and outside the citadel, not between rurally and urban oriented workers
or between one firm and another. However status was also a matter of
some importance to the workers in this firm. It was derived from pay
which was directly negotiable for increased education and/or skill; from
the nature of the machinery they operated (workers graded every single
machine in the shop on an hierarchical scale): and seniority within the
same pay category. It is clear that the factory structure of these two
firms were quite different (apart from the younger work force).

During my period in Kanpur there were series of strikes almost
continuously over a wide variety of different issues. I do not have the
time here to discuss the complicated relationships between the State and
politics, the Department of Labour, the management and the different
types of labour at different industrial levels. However most of the strikes
took place in those firms in which the labour received noticeably *higher*
wages than the average. While I was interviewing the personnel officer
of the woollen mill, a group of supervisors approached the personnel
officer on the grounds that the whole mill had recently been granted
Rs. 10 a month housing allowance and they objected because supervisors
having a higher status had better houses and therefore should receive a
higher housing allowance than ordinary workers. Clearly non-supervisors
would not be interested in a strike on an issue of this sort. Strikes ex-
tremely often had status questions at the back of them. Whereas in the
Japanese and Chinese system strikes when they occur nearly always are
concerned either with loss of employment or general increases in wages
to cover loss of money value, in the Indian factory there is substantial
disagreement as to the appropriate reward for different statuses cal-
culated in different ways for different factories. In the traditional small-
scale industry the relative position of different jobs is traditionally graded
along certain lines confirmed by caste. But the workers in Trackparts
enter the firm as individuals and leave as individuals and while they are
within the firm there is no clear ideological reason within each group as
to why they should receive that wage. So small groups of persons who
feel affected organize themselves together as a pressure group within the

factory to assert their own status rights. But should these rights be asserted on the grounds of complex machinery, education, long service, bureaucratic rank, etc.? There is no absolute answer in the Indian factory system. So groups will freely move from one basis of argument to another depending on the situation and the absence of a general consensus.

Thus my argument is that in both the Japanese and Chinese factory system there is at present a broad pattern of factory organization which is sufficiently flexible to change with the changes in the nature of the production process. Once established the workers argue for the new system within a broad consensus. But in Kanpur it is not possible to argue that the system in different industries such as textiles and medium engineering is the same. Moreover the Indian caste system traditionally connected status and caste together. In the absence of caste consensus within the factory the determination of status is arbitrary depending on numbers of different criteria some often conflicting. In the absence of agreement, different groups of workers (and also management) take advantage of different criteria of status to push forward their own point of view which changes from situation to situation.