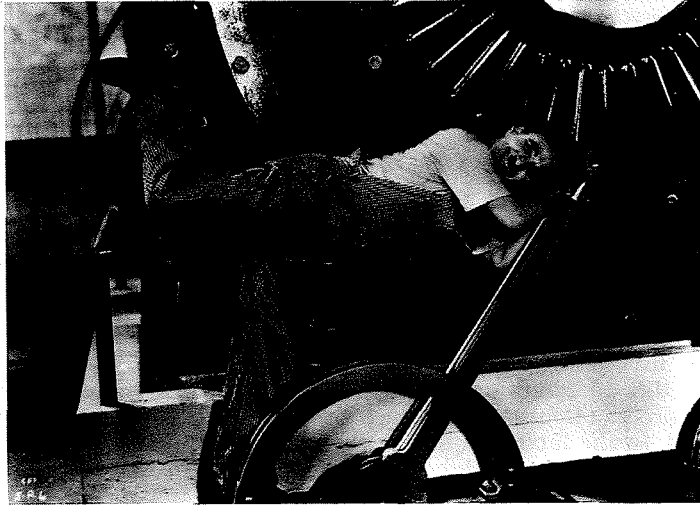


## ECONOMICS, LABOR, &amp; BUSINESS



*Popular ambivalence toward technology is not new: In Modern Times (1936), Charlie Chaplin emphasized the "dehumanizing" effects of factory life.*

Massachusetts, for example, clerks once started at the bottom—filing, sorting documents, keypunching, delivering mail—and worked their way up to supervisory positions. But now, says a company executive, because computers are eliminating the need for mid-level decision-making, "We have a lot more routine jobs at the bottom, and a few more complex jobs at the top."

While economists disagree as to whether the economy will eventually "self-correct" for such imbalances, Kuttner notes that there are two powerful agents for equality: labor unions, whose presence boosts wages by 10–20 percent, and government, which now provides entry level slots for well over half the nation's black and female college graduates. Both, he notes, are now in relative decline—which augurs ill for the "high-tech" society of the future.

### *Explaining Japan's Qualitative Edge*

"Quality on the Line" by David A. Garvin, in *The Harvard Business Review* (Sept.-Oct. 1983), P.O. Box 3000, Woburn, Mass. 01888.

Japanese manufacturers produce many goods, notably autos, that are widely considered superior in quality to comparable U.S. products. Most analysts are vague about the reasons for the Japanese advantage.

Garvin, a Harvard Business School professor, carried out a 1981–1982 study of the room air conditioner industry (nine U.S. companies, seven Japanese) to find the answer. The Japanese manufacturers, he found, do indeed vastly outperform their American competitors in quality. On average, the Japanese companies suffered less than one

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defect per 100 units while the product was still on the assembly line, compared to 64 among the U.S. manufacturers. Once the air conditioners were sold, only .6 percent of the Japanese models but 10.5 percent of the American-made units required service calls.

The overall failure rate for the *worst* performing Japanese firm was only half that for the *best* U.S. company.

Management makes the difference, Garvin believes. Top Japanese executives convinced workers and supervisors that quality was the top priority. Company leaders set general goals for improved quality that were then fixed (e.g., "improve compressor reliability by 10 percent") by workers and foremen in shop floor quality control circles. Detailed reports on defects discovered on the assembly line and by field repairmen allowed the Japanese to pinpoint problems; top management met daily to discuss the reports.

Some U.S. air conditioner makers, by contrast, kept virtually no records on product failures, and none collected data as precise as the Japanese did. In the factory, quality almost invariably came second to meeting production schedules, and only three companies set specific goals for cutting failure rates. These three also recorded the largest U.S. reductions in product failure (25 percent or more). On average, American senior managers reviewed reports on defects only once a week.

Worker training also plays a part in ensuring quality: Most Japanese firms set aside six months to teach each employee every job on the line. American workers typically receive from a few hours to several days of instruction, and then only for one job.

There is a silver lining to all this bad news, according to Garvin: Better work habits or other cultural traits have little to do with the Japanese edge. American companies that adopted some Japanese management methods outperformed their domestic rivals. U.S. managers could close the quality gap if they really wanted to.

### *The Work Ethic Is Not Dead Yet*

"Job Commitment in America: Is It Waxing or Waning?" by Janice Neipert Hedges, in *Monthly Labor Review* (July 1983), Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

Like chastity, respect for authority, and the corner grocery store, the work ethic is widely described as an endangered species in America. But, argues Hedges, a labor economist, there is little solid evidence that shows employee zeal is fading.

Some statistics that seem to show a waning commitment to work turn out, she notes, to reflect not long-term trends, but temporary economic slowdowns. For example, during recessions, many companies simply cannot afford to pay premium wages for overtime. Thus, paid overtime fell several times between 1960 and 1979, hitting a low of 2.1 hours per worker per week; but it also rebounded, reaching a high of 3.9 hours. Overall, overtime showed no long-term trend, up or down.