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SYSTEM, SOCIETY AND DOMINANCE EFFECTS IN CROSS-NATIONAL ORGANISATIONAL ANALYSIS

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Abstract: Current cross-national organisational theory remains tied to stark polarisation between convergence and divergence, universal and relative, frames of analysis. Attempts at synthesis between these forces allow for, but do not always explain, why the organisation of work should be constantly pressured to conform to one particular 'best practice'. Our approach examines three sources of external influence on work organisation practices: (i) the economic mode of production; (ii) national legacies and institutional patterns; and (iii) 'best practice' or universal modernisation strategies generated and diffused by the 'society-in-dominance' within the global economy at a particular period of time. In other words, the influences upon work within a particular country are the result of a three-way interaction of what we call *system effects*, *societal effects* and *dominance effects*. All societies are marked by these three influences, although the order of influence varies historically and between societies.

SYSTEM, SOCIETY AND DOMINANCE EFFECTS IN CROSS-NATIONAL ORGANISATIONAL ANALYSIS

Chris Smith and Peter Meiksins

Introduction

Recent comparative studies of labour and management across European societies, debates on the diffusion of Japanese working practices, and those around 'new production concepts' have highlighted the competing pressures of convergence and divergence in industrial societies. Are organisational methods and theories culture-bound or culture free? Can supposedly 'Japanese' practices transfer to other societies? Are we entering a new era of 'post-fordism' or a pluralistic phase of national and regional organisational diversity? These questions, with their different objects, levels and units of analysis highlight the need for theoretical clarity in cross-national organisational research. They also suggest that tensions between divergence and convergence, noted in earlier comparative research discussed below, are being re-invented and repeated in the new discourse of cross-national learning and diffusion largely inspired by the decline of American economic hegemony and the spectacular growth of Japan. Our objective in this paper is to develop a model for comparative organisational analysis which will clarify the new and old debates and propose a method for explaining and

exploring cross-national differences through a synthesis of the forces of convergence and divergence.

Cross-national Divergence and Convergence in Organisations

The dominant schools within classical management thought and organisational sociology assumed efficiency imperatives created 'one best way' of managing irrespective of cultural or national context. Taylor, Barnard and Mayo sought to develop universal management principles which, although influenced in terms of their implementation by national differences, would be generally used as single 'best practices'. Whatever differences in organising existed between societies would, over time, be subsumed by superior general efficiency methods and practices. At a macro-level, the convergence theory of Kerr, Dunlop, Harbison and Myers (1960) suggested that, despite differing routes into 'industrial society', work within it would look increasingly similar. This was because science and technology were universal ingredients of all 'industrial societies', and the long term solvents of national and cultural differences.

Contingency theory argued that firm structure and social relations were largely free from cultural influence. Authors subscribing to a contingency perspective assumed that the task environment, product market, size of firm, its form and structure or its production technology were the key influences on management, occupational structure and work organisation; and that these 'contingents' were 'culture-free' (Chandler 1962; Blauner 1964; Woodward 1965; Hickson *et al.* 1979).

Classical management theory, convergence and contingency perspectives could not, however, explain the persistence of significant national organisational and social differences across 'industrial' societies, except perhaps in terms of lags and dubious notions of 'backwardness'. Cross-national research which held constant economy, technology, product, firm size and other task 'contingents' found underlying differences in labour processes, occupational structures and management styles that could only be attributed to the persistence of national differences and the unique attitudes these generated (Gallie 1978; Child and Keiser 1979; Maurice, Sellier and Silvestre 1979; Maurice, Sorge and Warner 1980). Such cross-national organisational research provoked a re-evaluation of the role played by political economic systems, history, tradition and culture in sustaining diversity within organisations across different societies.

However, such approaches were not without problems. Difficulties in operationalising such pervasive and slippery concepts as culture and tradition – what to include and exclude – resulted in critical analysis shifting to the agencies of social reproduction responsible for imparting national messages to each generation of workers and managers: namely, social institutions. State and civil institutions, such as education, vocational

training patterns, occupational formations, employment relations and trade unions were identified as transmitting distinct identities, qualifications, skills and training to German, French and British managers and workers who, in turn, carried these competencies and attitudes into the workplace to sustain national variance. At the level of the organisation, these 'institutionalist' accounts of national distinctiveness rested on supply-side assumptions that organisations are largely determined by their inputs: different ingredients producing different national cakes. At the macro-level, they suggest that the constitution of the firm and its relationship to banks, the state and other political and economic actors are *socially constructed* within different national environments. The rise of institutionalist explanations for cross-national organisational variance represents a bringing into focus of the state and an associated playing down of the power of the economy, technology and the market. Nation states and national history sustain differences, while the economy promotes the cosmopolitan. However, as all economies exist within nation states, diversity is normal. Economic exigencies are mediated by national institutions, yielding different ways in which managers and workers relate to each other, their firms and their integration into the wider society.

Institutional analysis tended to focus on and reinforce *national* differences. The immediate problem with this perspective was to explain the dynamic nature of change within economies which are increasingly global, not nationally bounded systems. If British management reflects British social and economic institutions, how does the nationality of the firm influence this equation? Are British managers in Japanese or American Transnational Companies (TNCs) in Britain different in style, authority and attitude because of firm ownership? Is the management style Japanese or British?

Highlighting the institutions of a specific nation state reinforces a tendency to make them appear permanent, stable forces of social reproduction. This is untenable in an era of internationalisation of capital, when open economies, like the British, become home to powerful TNCs from more dominant economies, like that of Japan or the U.S. Conversely, there is also the opposite problem in treating some national systems as 'models', and hence removing them from historical evolution and elevating them to *standards* against which to judge other societies. This is especially the case with comparative analysis between economically dominant and weaker states. Hence, the U.S., Germany and Japan are most frequently used as 'models'. They are treated as 'modern' and 'given'; their historical evolution has all but ceased, as they provide 'best practice' ideals from which other societies can borrow and learn. For some writers, especially North American enthusiasts for 'Japanese' production, discussed below, other societies create competitive imperatives which fuel pressures for borrowing and diffusion, if not 'convergence'. By transposing national patterns of

organisation into 'models', institutional analysis reverts back to 'one best way' and convergence theory – which was, after all, premised on the rest of the world copying the U.S. Hence, we can say there is an ambiguous attitude toward divergence and convergence pressures within institutional analysis.

Institutionalists identified a critical weakness in convergence/one best way approaches: their inability to explain the persistence of significant national differences in economic organisations over long periods of time. They shifted organisational research towards comparative, cross-national studies which focused on the sources of national differences. However, these exercises in comparison analysis tended to let a kind of universalism in through the back door – certain national practices were held up as 'models' of 'best practice'. The debate about convergence/divergence was not resolved. The persistent ambivalence of organisational theorists regarding these opposing dynamics is revealed by a review of recent comparative, cross-national approaches.

New Debates and Old Problems

Comparative cross-national approaches currently have two dominant schools. First, there are a variety of writers pursuing research on universalism and organisational contingency theory, supported by the diffusion of new methods of production and organisation inspired partially by Japan and the spread of Japanese investment abroad. Second, there are writers inspired by what we have called the 'institutionalist' or societal effects approach, examining the nature of national business systems and societal differences in work organisation. In the following section, we examine these two schools, focusing on their combined inability to resolve the convergence/divergence problem in a coherent way.

From Japan to 'new production concepts'

The debate around what some German industrial sociologists have called 'new production concepts' (Kern and Schumann 1984) has highlighted the tensions between universally applicable models of new methods and standards of production, and persisting divergences between countries. This debate has powerful European (especially German) and North American enthusiasts, and is cast as a reaction to the work of Braverman (1974) on de-skilling and Taylorism as an intrinsically capitalist or *systemic* feature of all industrial societies. Within the post-Braverman debate, both *national* variations in the organisation of the labour process and *systemic* alternatives to Taylorism were central. However, there has been a tension between these two positions, with American authors, in the main, choosing to promote universal post-fordist and post-Taylorist prescriptions and panaceas,

whereas European writers have either insisted that there has been no 'end to mass production' (typical of British writing) or suggested distinctly national forms of diversity, as in the 'Swedish' model of car production (for example Berggren 1992).

American Writing

In the U.S. there has been discussion of 'new production concepts' – whether as 'high tech cottage industry', 'flexible specialisation', 'lean production' or 'innovation-mediated production'. Italy and Japan have featured strongly as societal templates for new innovations towards 'post-fordism'. Sabel (1982) initially identified 'the end of mass production' as occurring in central Italy and tied to quite specific national and local political conditions. However, in his book with Piore in 1984, the term 'flexible specialisation' (borrowed from an Italian economist) was projected as a universal, not local, framework through which to interpret global changes in the organisation of work. In other words, while Italian production diversity assisted thinking about differences in labour process organisation, very quickly a universal 'one best way' typology was constructed as a recipe for the design of production under other economic, social and political conditions (Smith 1989).

In the American debate on Japan we can identify a similar process. American writers interpreting Japanese patterns of organisation identified standards, practices and methods which were transferable to the West as neutral organisational innovations (Vogel 1979; Ouchi 1981; Pascale and Athos 1981). In the recent wave of writing on Japanese foreign direct investment in the U.S., the manufacture of universal concepts, such as 'lean production' (Womack, Jones and Roos 1990) or 'innovation-mediated production' (Kenney and Florida 1993) follows a similar pattern of constructing neutral organisational paradigms.

Womack *et al.* (1990: 242) are explicitly concerned with the diffusion of what they consider to be a new production paradigm, which they claim is not equal to Japanese production. It just so happens that everything about 'lean production' is taken from the Japanese experience. They say it developed at Toyota and then spread to other Japanese companies at home and in the United States; they consider themselves pilgrims spreading the gospel of 'lean production' and, as such, their analysis follows the well-trodden paths of Taylor and others in the American tradition of promulgating universal rational prescriptions for regulating work. This disconnecting of 'lean production' from the institutional supports and context of Japanese society has been criticised by Abo (1994: 286) and others. Within their model there is no room for national adaptation, local variation or alternatives to 'lean production'. As Berggren (1992: 17) has noted, their 'prescription' is that 'the West must adopt the Japanese

production system lock, stock and barrel and [they] explicitly warn against any attempts at modification'. As with their account of the diffusion of 'fordism' to Europe, the idea of local adaptation or innovation, or national variation, is considered a dilution or weakening of the integrity of the universal practice. For example, they explicitly dismiss the 'British system of mass production' (Womack *et al.* 1990: 235) as a feeble alternative to 'fordism', a result of the poorly-educated managers, unstable domestic demand, adversarial labour relations and the persistence of piece-work.

Kenney and Florida have written explicitly against culturalism and in favour of contingency theories of organisational diffusion in relation to the Japan debate (Florida and Kenney 1991). They initially attempted to capture the nature of the Japanese production system through the term 'Fujitsuism' – derived from Japan's largest computer company (and developed to emphasise variance from autos and Toyotism), the sector and company taken as symbols of Japanese practices (Kenney and Florida 1988). More recently, they moved towards more universalistic organisational terminology with their concept of 'innovation-mediated production' (IMP) – the tight integration of R & D and production (Kenney and Florida 1993). They, like Womack *et al.* claim that their production paradigm 'should not be considered synonymous with the Japanese model' (Kenney and Florida 1993: 14), but again, is it coincidental that 'Japan – more than any other nation – has been able to institutionalize and generalize the new model at the very core of its industrial structure' (15). To be fair, they suggest that specific variants of IMP will inevitably occur, for the same happened with 'fordism', but such variants are from a typology almost exclusively informed by the Japanese model and they therefore will look like deviations from a fixed norm, rather than genuine alternatives (Smith 1994).

In short, American writers struggling to interpret the rise of Japanese competition and manufacturing decline in the American economy, have used comparative analysis to abstract organisational standards which can then be applied as techniques and typologies free from cultural or national contamination. There has been a pervasive attempt to construct universal models, even where, as in the debate over Japanese transplanted companies, these models are synonymous with or reliant upon a single dominant economy. This has been in contrast to the European debate, where there has been more stress on adaptation and diversity in production systems.

European Writing

The German debate on the 'end of the division of labour' or 'post-Taylorist' interpretations of Japan has shown less inclination to construct new paradigms, and has paid more attention to 'selection' and 'adaptation' of the lessons of Japan (Jurgens 1989). Moreover, there has been a persistent critique of the Japanese system as one based on labour compliance and

submission, which has only transferred to the West due to 'tremendous pressure of labour-market conditions and individual fear of job loss', not because of 'superior' efficiency standards (Jurgens 1989: 218).

Kern and Schumann's (1984) vision of the post-Taylorist future stresses its contradictory and polarising character – between highly-skilled and marginal groups – and, despite a spirited scenario for the future, they have not generated any unconditionally optimistic prescriptions. Within German industrial sociology there has been a fierce debate around this very limited post-Taylorist vision, with most authors supporting, as in the French debate, neo-Taylorist or neo-fordist perspectives which emphasise continuity rather than any radical departure from mass production (Smith 1989). Concepts such as 'systematic rationalisation', for example, developed by the ISF (Institute for Social Science Research) group in Munich, explicitly link labour process restructuring with capitalist control concerns and reject a 'paradigmatic change in rationalisation strategy' towards what Kern and Schumann see as a 'requalification' or 'reprofessionalisation' of industrial work (Sauer *et al.* 1992: 52). Kern and Schumann themselves (1993: 102) in a recent paper appear less optimistic and support the ISF group in recognising the pervasive and comprehensive rationalisation taking place in industry, affecting not just production and personnel, but purchasing, planning, marketing and the location and the integration of firms. Moreover, through new research they show the further polarisation between high-tech post-Taylorist labour processes and low-tech Taylorist ones. In a recent volume, Altmann *et al.* (1992) reveals the nationally specific nature of the German debate, and the reluctance to develop over-arching models which are not tied to national institutions and practice, (that is, a societal context).

This is not to say that European writers dealing with the same concerns have not tried to generate universal models. More explicitly engaging with the Japanese model and its mediations through U.S. discourse, Berggren (1992) has argued for a 'synthesis' between aspects of the Japanese and Swedish practices – what he calls 'post-lean human-centred production'. Like German critics, he rejects the labour intensification of the Japanese system in favour of the humanisation programmes characteristic of some firms in Sweden; but, theoretically, he shows that the transformation of Japanese practices into a 'model' prevents evolution and development, and creates a fetish for practices – JIT, space economy – which are in fact disappearing in Japan. 'Lean production' is 'out of sync with the current debate in Japan and, compared to Western [Swedish] "best practice", presents a regression in terms of working conditions as well as individual freedom' (Berggren 1992: 17, 253).

Again, there is a stress on critical adaptation, selection and interaction between practices and national traditions: pluralism, rather than 'one best way'. At the same time, Sweden – because of unique conditions – has

pioneered alternative social relations at work, which are potentially operational elsewhere, although the contractions between Sweden as unique instance and as 'model' are not resolved by Berggren. His 'post-lean human-centred production' system is rather half-hearted, as he seems to be more aware of the limitations of the model than its ability to be generalised beyond Sweden. Moreover, the closure of the most radically anti-fordist Volvo plant at Uddevalla, and likely closure of the Kalmar factory, remind us that the Swedish experience is limited to a particular historical *period* rather than being structurally embedded within the society. Volvo's links with Renault appeared to strengthen the hand of those seeking the re-introduction of more conventional assembly-line production, bringing Swedish job reforms into line with European standards, rather than any movement the other way (Thompson and Sederblad 1994).

British academics have not evolved new models, or attempted to push 'British practice' as a 'new panacea'. The reasons for this are not hard to find: British manufacturing continues to shrink, while foreign multinationals increase their presence and Britain's share of world trade declines further. The experience in the U.K. has been rather one of critical engagement with prescriptions from the U.S. (see, for example, the generally hostile attitudes towards flexibility, 'flexible specialisation' and 'new production concepts' in Pollert 1991 and Blyton and Morris 1992). Debate on Japanese management has tended to retain the national prefix as 'Japanisation', suggesting diffusion, due to the creation of functionally equivalent institutional and economic supports in Britain for the compliance of labour in Japan (Oliver and Wilkinson 1992). However, such a prognosis has also been severely criticised (see Elger and Smith 1994 for a review). In general, the stress on the diversity of production, retention rather than the end of mass production and 'fordist' principles has dominated British debate, reflecting perhaps the diversity of British industrial structures, the high level of inward-investment of 'screw-driver' or simple assembly factories, national hostility to neat typologies and prescriptions, and the role of misplaced national pride in denying economic decline.

There have, therefore, been different responses to the debate on 'post-Taylorism/post-Fordism' and reaction to Japan in Europe and the U.S. Our review indicates that there are clear tensions between attempts to generate over-arching, systemic typologies, typical of U.S. writers, and more cautious stress on diversity, pluralism, selection and adaptation, more typical of European writers. In none of these texts is anything like a coherent cross-national comparative theory developed: rather, tensions between national and universal systems and approaches are produced.

From 'societal effects' to national models

In the 'new production concepts' debate some versions have moved from

national (U.S. and Japan) models to universal paradigms. At the other end of the debate on cross-national difference is the institutional or 'societal effects' school, which has recently travelled from a stress on national diversity to the construction of national 'models'. What do we mean by this? Initially the work of what Rose (1985) has called the 'Aix Group' of cross-national researchers suggested that each society was unique, to the extent that organisational or economic constraints could not reduce the specific character of social relations or organisations in different countries. There were no imperatives capable of eliminating national differences. Their analysis permitted precise and substantive findings on the cultural difference in business organisations between societies. 'By means of cross-national comparisons of organizational units which were fairly identical with regard to acknowledged contingencies, this Group has identified quite a large cross-national variety of organizational forms and practices which though unrelated to task context or performance difference, is very closely bound to institutionalized human resources (education, training, work careers), social stratification and industrial relations' (Sorge 1991: 162).

Despite such a commitment to national organisational pluralism, there has been a tension between nationally *distinct* and nationally *superior* methods of organising. While insisting on the functional equivalence of societal patterns in terms of efficiency and effectiveness, Rose (1985: 80) pointed to a contradiction in the work of the 'Aix Group' between the societal effects on organisations and more *universal* forces, ideas and practices derived from shared economic systems or new technological developments. For example, examining the utilisation of information technology across capitalist societies Rose quotes Maurice as saying that while 'different forms of the division of labour may lead to comparable levels of efficiency, it is none the less true that certain systems seem *more efficient* than others' (emphasis added). This seems to imply a 'one best way' approach, as, evidently, 'industrial relationships structured primarily in terms of competence based on polyvalent training and a spirit of professionalism on the German 'model' should permit adaptation much more readily than others. Does this not suggest that pressures will arise in societies with very dissimilar industrial relationships to indulge in institutional borrowing?' But Rose (80) adds the rider that so far the 'Aix team have been reluctant to engage in any such conjectures'.

In the work of British supporters of the 'societal effect' approach (Child 1981; Lane 1989) there has also been an ambivalent attitude towards the degree of equality between national institutional arrangements and a strong tendency to elevate all things German to a superior position. In other words, some societies are clearly turned into *models* from which other societies can *learn*. There is a tension between seeing a plurality of national recipes for work organisation, all equally effective, and a hierarchy of national efficiency, with some societies 'better' than others at organising the firm.

National recipes are being constantly measured against each other in terms of efficiency, and this creates pressures towards standardisation. This material reality in turn produces the need for a more dynamic and integrative analysis. Child and Lane, while emphasising the centrality of the nation state for structuring work organisation, do seek, in both explicit and implicit ways, to rank societies by non-cultural or structural criteria of efficiency. Indeed, one of the purposes of comparative analysis in British hands seems to be to find other societal patterns and practices from which Britain can borrow, learn, modernise and revitalise 'its' fortunes.

The Unresolved Problem: Between Diversity and Standard Models

The interest in borrowing and cross-national learning in comparative organisational analysis represents a significant advance on what came before. However, far from resolving the traditional ambivalence regarding the convergence/divergence problem, it has reproduced it at a more complex level of analysis. Even attempts to synthesise the various approaches reflect this continued theoretical problem.

Child (1981), for example, offered a synthesis in his 'culture, capitalism and contingency' perspective, which argued that cross-national studies needed to address cultural and institutional reproduction of diversity, common social relations given by political economy and pressures and constraints imposed by contingencies such as technology, scale and market. Lane (1989) applied this perspective in an evaluation of labour and management practices and relations in Britain, Germany and France. The problem with these kinds of study is that one society appears to come to embody the 'best practice' standards against which others are judged. The theory, however, cannot explain why this should be the case.

Another synthetic model is the idea of the national 'business system' (Whitley 1992a, 1992b). This argues that national economies are shaped by social and economic institutions which can be quite specific to particular societies and regions; and that, despite pressures for internationalisation and regionalisation from economic and political co-ordination and control created by TNCs and the EU or other regional forces, national specificity continues to be reproduced. This theory borrows heavily from the societal effects school, while attempting to integrate the forces of internationalisation as they impact on firms, sectors and social institutions. While, for the societal effects school, each society is irreducible to external exigencies, business systems writers recognise more complex patterns of interaction, with dominant economies and more internationalised economic sectors – such as oil, autos, electricals – able to create non-national or regional patterns of business organisations. One problem with the approach is that externalities within the environment are considered to shape the organisation, and social action within the firm or the labour process is ignored.

Auto studies from MIT and the *Wissenschaftszentrum* expose differences between *national* mass production systems, holding constant industrial sector, and demonstrate the need to link different levels of analysis in comparative studies – the sector, dominant trends or dynamics (whether there is movement away from mass or fordist production) alongside company differences and national institutional settlements and contexts (Jurgens, Malsch and Dohse 1993; Jurgens 1993). Indeed, this method of cross-national comparison is superior to the usual two or three country comparisons between shared sectors, such as Gallie's (1977; 1979) work on the French and British oil refineries, Dore's (1973) work on British and Japanese electrical companies and the various Aix Group sector studies of institutional diversities in Germany, France and Britain. This is because it theorises and examines, especially in German writing, the multi-national firm and the idea of new production paradigms and not simply the national arena of production. However, as our earlier discussion of 'new production concepts' reveals, there is a strong inclination to elevate one society (the U.S., Japan) or company (Ford, Toyota) into the position of standard-maker against which other societies or companies are judged and measured. This reflects a tendency to reproduce 'one best way' thinking, without showing how this can be integrated with patterns of organisational national diversity. Following a painstaking dissection of the specificities of work organisation within car companies in different countries, Jurgens (1993: 122) nevertheless concludes by suggesting the future lies with two country models, the Japanese or German, or 'a synthesis of the Japanese and German models; group formation, job integration, and extreme work efficiency in manual mass production according to the Japanese example; skilled-worker oriented team formation and professionalisation in the high technology areas and in the service functions according to the German model'. While these societies form the extreme benchmarks for work organisation, they should not be transposed into paradigms which discount national diversity and specificity.

Although each of the new approaches has strengths and weakness, it is apparent that none develops an adequate theorisation of the international determinants of national organisational forms of work. While the international dimension has been acknowledged as a result of the contemporary discussion of borrowing, best practice and new production concepts, this has raised more questions than it has answered:

Is it legitimate to convert some nations into 'models', as in the 'Japanese model', the 'German model', 'Swedish model'? This occurs both explicitly, as in the American version of the 'new production concepts' debate, and implicitly, as in the tendency to elevate German practices as standards, in the work of the 'Aix Group', Jurgens *et al.*, Child and Lane. By constructing these 'models', history is closed.

Can nations be judged as equals? This is especially so in the 'Aix Group', in their idea of functional equivalent ways of organising within nation states, rather than ranking efficiency differences. The clear economic differences between nation states means a hierarchy of efficiency is constantly being reproduced.

What are the circumstances which promote learning? What are the limits, if any, on the transmission of organisational practice across national boundaries? And what role do trans-national agencies, such as TNCs, play in the creation and reproduction of work cultures from one society to the next?

We need an integrative model of cross-national differences, which is both able to explain why convergence pressures co-exist with those promoting diversity, at the same time as separating the precise influence these different forces have. We need a theory which explains why some societies play the role as standard-makers, which is clearly evident in the way the U.S. and Japan are considered, at the same time as recognising the limitations on one society adopting the standards generated in another. This is what we propose below.

An Alternative Approach

The main determinants of organisational forms and practice have been identified in the existing literature on comparative organisations as: the underlying political economy, which has a country and increasingly international dimension; national social institutions; and global standards and practices (in the form of imported 'best practice'). Our approach to cross-national organisational analysis begins with much the same lists of determinants. However, we seek to integrate them more explicitly and to theorise more adequately the role of global forces. To be more specific, our approach differs from existing approaches in two principal ways:

(i) We reject the inherent dualism of most contemporary approaches, in which the economy is treated as an ahistorical 'structure' existing in tension with historical national institutions. Instead, we argue that the two must be seen as inextricably linked aspects of actual national histories. Thus, economic forces do not predetermine how actual societies will look. Rather, they create pressures, problems and exigencies which must be 'worked out' in actual societies. National institutions, thus, are not simply 'obstacles' to the expansion of these underlying forces. They are, in addition, responses to these pressures; they both condition and are conditioned by them. In this sense, one could refer to our approach as a *structural contingency* approach to work in organisations.

(ii) We reject the tendency to reduce global forces to the act of 'borrowing' or 'emulating' best practice developed elsewhere. Instead, we contend

that the international economy must be understood as a complex, deeply integrated *system*. The way in which individual societies are integrated into the system, the history of their relationship to it and the dynamics of the system as a whole help to explain both why 'best practice' occasionally appear and become candidates for borrowing, and why such borrowing has not and is unlikely to result in simple convergence.

System Effects

A political economic system, such as capitalism, feudalism or state socialism, contains distinct social relations and forces which impose themselves upon a country's organisations as a disciplinary mechanism. The role of markets for co-ordination, the employment relation, the capitalist labour process, the application of science and technology to production, managerial hierarchies and so forth are relations and practices common to capitalism as a *system*. However, these common elements take different forms: trade unions, for example, exist as interest groups created by waged labour, but can be organised along occupational, industrial and enterprise lines, with differing political affiliations and identities, such that similarity of function does not, in itself, determine the action of trade unions outside of particular societal contexts.

The word 'system' implies something fixed or automatic, but it is not used here in that way. This is because all 'modes of production' are social constructions, and therefore subject to human history, and the historical process is never fixed or definite. The mode of production suggests an agenda, sets limits on what may occur, but it cannot predetermine the outcome or precise history of these conflicts. A mode of production can take different 'forms' over different historical epochs (for example, personal, financial and managerial capitalism) but its dynamic social relations, such as conflict between labour and capital, remain the same. While a mode of production sets certain parameters or constraints on organisational choice, it does not, impose standardised behaviour – 'one best way', or 'universal management principles' or identical institutions for managing conflict and contradiction.

We can also think of 'systems' as possessing inclusive features, as in the 'class system', 'innovation system' or 'sex-gender system' or, at the organisational level, the 'socio-technical system' of contingency theory. Industrial sectors can be considered as distinct economic sub-systems, with their own identities, histories and interests (Smith, Child and Rowlinson 1990). Firms can also be seen in systemic terms, the multi-national as a distinct form of business organisation, or the multi-divisional company. A recent book on national 'innovation systems' sought to balance the extent to which technology remained influenced by national political policies, economies and sectors, and how far it had been 'internationalised' along

global lines, as 'technological communities have become transnational as never before' (Nelson and Rosenberg 1993: 17). Some sectors exhibited a more transnational character, such as oil, while others, even where they are internationalised, exhibit marked national differences in organisation, as in the differing structures of the U.S. French and Japanese semi-conductor industries (Nelson and Rosenberg 1993: 18).

Systemic thinking therefore tends to generalise across cultural or national boundaries. 'The internationalization of business and technology erodes the extent to which national borders and citizenship define boundaries that are meaningful in analyzing technological capabilities and technical advance' (Nelson and Rosenberg 1993: 17). In itself, such theorising only repeats the problems already discussed in other universal paradigms. However, systemic thinking remains a necessary part of any attempt to understand work organisation or capital-labour relations within any particular society; but system thinking requires national contexts, and these mediate and condition systemic dynamics of whatever type.

Societal Effects

Remaining at the macro-level of political economy we can say there are a variety of societal contexts through which 'modes of production' emerge, develop and get reproduced. It is a level of institutionalisation which *encultures* systemic forces with unique qualities. Structural relationships characteristic of capitalism or feudalism can only emanate and evolve within actual societies, most of which possess long histories and pre-existing institutional arrangements, and therefore create unique intimations to systemic dynamics of each society.

Institutionalists of the 'Aix Group' and many other social scientists, have, as discussed earlier, emphasised the importance of 'nations' for mediating general forces, such as those produced by capitalism. We could be more specific, and say that the state and the institutions of civil society have differentially influenced both the emergence and subsequent reproduction of 'capital' within particular territories. This interaction, according to Sorge (1991) and 'Aix Group' theorists, does not create conformity, as the globalising effect which may flow from these capitalist dynamics can only ever fit into the existing divergence of national recipes, and therefore perpetuate 'non-identical reproduction of existing specificity'.¹ Another way of saying the same thing, is that internationalisation of capital builds on the competitive advantages of different countries rather than homogenising them. While we see problems with this line of analysis, leading as it does towards an ultimate denial of the dynamic forces of international capitalism, we nevertheless recognise the 'societal effects' on capital-labour relations within the firm. Indeed, it is obvious from any cursory historical assessment

of the nature of work and social relations within societies sharing the same mode of production, that marked differences persist.

Legacies can be built into any new system from what came before. Gallie (1983: 206–215) has discussed this as the ‘Mann/Giddens’ explanation of radicalism amongst French workers. Trotsky (1967: 22–31) used this as an explanation for the revolutionary consciousness of Russian workers. Fox (1985) has examined pre-capitalist forms of market individualism in English commercial agriculture and its influence on the subsequent character of British capitalism, with its strong emphasis on market contractualism and weak state collectivism. Meiksins Wood (1991) in a recent ‘historical essay on old régimes and modern states’ has highlighted the diverse historical experience of capitalism. Only in England were feudal property relations transformed into capitalist ones; while, in most European states, feudalism was superseded not by capitalism, but absolutism (as was the case in Germany) and city states (as in Italy). This in turn affected the nature of capitalist development in these countries. We do not dwell on these issues, but stress the pertinence of diversity of routes and continuities between old and new systems against earlier theories of the sweeping away of the past through industrialisation.

The character of national institutions and work organisation can be strongly shaped by the past. The *ancien régime* might even facilitate, rather than hinder, the growth of the new régime. Meiksins Wood (1991: 16) notes how the ‘survival of archaic forms can promote, rather than impede, capitalist development – for instance, the availability of bureaucratic state-forms whose interventions can override the inherent contradictions of ‘pure’ capitalism, or the persistence of cultural forms that underwrite the deference of workers’. In this way, capitalism as a economic system is compatible with a variety of political regimes, despite having certain ‘democratic’ elements (173). In any case, the implication of our own view of the interaction of ‘system effects’ and ‘societal effects’ is that societies are in a constant state of tension between convergence and divergence. There is no natural tendency for this tension to be resolved ultimately in favour of one or the other dynamic. Rather, it is an inherent feature of the historical process for both dynamics to operate simultaneously within actual societies. The structural pressures set up by the underlying political economy are real: however, they are expressed through and conditioned by national histories, so that simple convergence is an unlikely outcome.

Dominance Effects

It is clear from the history of capitalism that there has always been a hierarchy between economies, and those in dominant positions have frequently evolved methods of organising production or the division of

labour which have invited emulation and interest. These 'dominant' societies are deemed to represent 'modernity' or the future, and act, either in total or through aspects of their system, as a measure of 'progress' and 'development'. Acknowledging this hierarchy between countries complicates the processes of convergence and divergence associated with what we have identified as system and society effects.

The idea of 'best practice' and borrowing between societies seems common to the history of methods of organising work, but has accelerated with the increasing integration of economic activity. This process needs to be placed within a larger context if we are to answer such questions as why some countries, but not others, act as benchmarks for general efficiency. Moreover, how the techniques and practices exported from these particular countries interact with national institutional arrangements, and what hastens and impedes their diffusion, also requires further investigation.

We can refine this idea of dominance by examining the conditions creating best practice. Clearly economic performance against other societies qualifies a country receiving special attention, and through its operation in the international economy facilitates the diffusion of its practices to other societies. A dominant society's economic strengths may be in industries which are prone to internationalised production – such as mass production goods. It is not surprising that mass production industries such as autos and electricals have dominated typologies of 'best practice' for manufacturing. These sectors are more internationalised, and have therefore acted as transfer mechanisms for global standards – whether as Fordism, Toyotism, Fujitsuism, 'lean production' or whole nation standards such as in the idea of 'Japanisation'. The U.S. and Japanese economies are powerfully placed in these sectors, and it has been through them that notions of 'best practice' have developed and become generalised.

Dominance is mediated by the timing of a country's entry into international capitalism, as conditions in the system differ over time and these in turn select some country or strategy of industrialisation, while rejecting others. Timing can be examined in several ways. Firstly, by discussing the 'niches' available for countries to enter. While industrialisation has a developmental sequence by sector – countries move from labour-intensive to technology and capital-intensive industries – these also change, as the international division of labour and growth of export processing zones affects low-tech sectors such as clothing and textiles (Dicken 1992). Secondly, 'later' industrialisers, if they are to 'catch-up' with countries already in the race, have usually not only to learn existing methods of production, but to improve upon them. It is wrong to assume, as industrial society theory does or recent advocates of new production paradigms do, that there is only one, modern, advanced form of production to emulate – a simple catch-up view of industrialisation. For, as Dore (1973) and others have shown, lateness allows for combined and uneven development,

strategic alliances, the skipping of stages, installation and modification of dominant systems, and greater state or strategic direction to work organisation. Late industrialisers, if they are to enter world markets as autonomous players, cannot rely on small-scale, decentralised change agencies because the point on the scale of capitalist development they are entering does not permit this. Instead of small entrepreneurs, collective forces such as states, large-firm/state blocs, or international institutions are more likely to direct change. Dore (1973) noted how late industrialisers, such as Japan, created institutions of formal education which segmented and disciplined the labour force prior to industrialisation; how giant firms structured formal education and training institutions to suit their needs; and how organisations took precedence over market methods of regulation. Economic nationalism and a greater role for the state are also apparent.

A simple early-late dichotomy, of itself, is not helpful as, after Britain, all societies were 'late' industrialisers; and discussing 'degrees' of lateness cannot be sufficiently discriminating to be analytically meaningful. Is a very late industrialiser different from a not-so-late one? However, the developmental aspect of industrialisation at an international level does present structural constraints for societies. In particular, the mechanisms of industrialisation and diffusion of 'best practice' are affected by timing. In the twentieth century, especially the latter part, trans-national corporations have played an active role in transferring 'best practice' between countries. It was within TNCs that Japanese methods transferred to the U.S. and Britain, although not in a straightforward way (Kenney and Florida 1993; Elger and Smith 1994). The American firm of McKinsey & Co. were responsible for reorganising managerial structures and the divisionalisation (M-form) of over half of the top one hundred companies in Britain in the 1960s (Chandler 1990: 615). However, again there may be adaptation of the M-form to British conditions, and not a replica of one 'best practice' (Kogut and Parkinson 1993: 191). Littler (1982) has highlighted the role of international consultancies and multi-national companies in helping to diffuse versions of Taylorism into Britain in the 1920s and 1930s – see also Kogut and Parkinson (1993) – and Stopford and Turner (1985) have discussed the way U.S. management and personnel practices were diffused to Britain by American subsidiaries of TNCs.

Countries can be slotted into commodity chains relative to societal endowments, and have their comparative superiority and inferiority reinforced. Although, as a recent paper on changes in the hierarchy of production chains between Japanese-owned American and Mexican electrical assembly factories makes clear, relations along production chains are dynamic 'constantly evolving spatial divisions of labor' and not fixed by a country's institutional competitive advantages (Kenney and Florida 1994: 38). The international division of labour, while facilitating the diffusion of

practices, also puts limits on them. Moreover, not all developing countries can be like South Korea or Taiwan, for example, as these export-oriented industrialisers have been marked by dominance – as colonies of Japan, and cold-war sites of super-power struggles – which makes them relatively unique (Corbridge 1985). Aside from the way they integrate into the international economy and their societal histories, we could also say that their success limits their utility – dozens of Koreas would create severe dislocation in free trade, as even the limited penetration of the U.S. market by these newly industrialised countries has caused tariffs to be imposed on their exports, which has forced internationalisation of production of Asian fashion clothing companies to central America (within open access of the U.S. market) and directly into developed countries (McDermott 1992; Belo and Rosenfield 1992).

Dominance effects complicate our understanding of the diversity of work organisation: either as model or force, the ability of a dominant power to command is, in the end, limited by the structural forces shaping global capitalism. The effects of combined and uneven development means that the role of ‘dominant’ state, sector or company as standard-maker rotates between societies. ‘Best practices’ therefore become infused with the cultural contingencies of each new dominant state, which in turn complicates convergence pressures. Emphasising the national origins of ‘best practices’ – as in examples of Americanisation, Japanisation or Germanisation, – can be used to block their application in other countries. The export of British practices to the U.S., Australia or other countries was ultimately linked to and limited by the place of Britain within the pecking order of capitalist countries. If we take the example of the social production of engineers, then the Canadian case illustrates this process. Initially Canadian engineers were produced along British lines, with apprenticeships and an élite professional association. Britain, through colonial influence and world economic power, provided both model and external force in Canada. However, Canadian industrialisation was late and came under the influence of American ‘best practice’ which, in the formation of engineers, meant university training and partial credentialism. British practice no-longer articulated with the industrial realities of the type of capitalism Canada was entering. In other words, Britain’s colonial influence offered a model of engineering organisation, but this proved incongruent with the prevailing conditions of industrial capitalism Canada was entering, and as such, Canadian practice was modelled more on its rising dominant southern neighbour (Millward 1988; Smith, 1990).

In conclusion then, we are saying that ‘best practice’ is part of a larger reality, and that it is the international economic system which ultimately structures the constitution of what is best practice and shapes patterns of its diffusion. This system has both convergence and divergence dynamics. Thus it does create pressures to diffuse best practice, but competition between

dominant countries means there is never a single model of this, and uneven development ensures that there is a turnover in practices. Moreover the international division of labour, and increasing integration of production on a global scale, means countries must differ from each other in certain ways; this acts against the global adoption of dominant standards and, hence, convergence.

How Deep do 'Best Practices' Go?

Several doubts can be raised against giving prominence to the role of best practice in shaping work organisation. First, it could be argued that such borrowing is superficial, affecting only the firm level and not the institutional arrangements of the state or civil society. Second, it might be that whatever is witnessed in other societies by 'significant' actors – corporate managers, civil servants or others – cannot simply be imposed in their 'own' society or firm, due to the commitment to or embeddedness of existing practices. Thirdly, it might be that any new standard will inevitably become diluted or adapted by host institutions and agencies, producing a multiplicity of national versions of ostensible 'best practices' such as Taylorism, Fordism, M-form or JIT. As such, we would be back to institutional cultural pluralism, and not universal ways of organising.

In reply to these objections we would accept that the workplace, especially the manufacturing workplace, has been the target for 'best practice', and shaping the wider institutional nature of a society with such state programmes as, say, corporatism or privatisation, is more problematic. Yet, while recognising that international benchmarks affect all levels, it is obviously the case that recasting institutional systems is more complex than adjusting factory régimes. As such, the factory or organisational levels may be more dynamic and variable, relative to social institutions of the state and civil society. On the second question, our argument takes on the central issue of transmission and implementation, and acknowledges that international standards are separate from the manner of their execution, which can only be explored empirically and not *a priori*. The question of agency at social institution and organisational level is clearly central to the issue of transfer and borrowing, and the firm may be more dynamic, subject to more central direction and therefore able to more quickly absorb best practices, relative to social institutions, but this clearly depends on the strength of the new relative to existing practices. Oliver and Wilkinson (1992) mention the selective transfer of 'bits of JIT' into U.K. manufacturing firms emulating Japanese practices.

On the related third objection we also recognise how mediation creates adaptations and variation, and it is central to our argument that comparative cross-national research should explore interaction between the

three levels, and not the superiority of one over the other. Abo (1994), discussing the transfer of Japanese production and management practices into the U.S., speaks of the 'application-adaptation dilemma' to reinforce the fact that Japanese practices remain attached to Japanese social institutions and social relations, and cannot be readily decontextualised and applied to a different social and economic context, but rather need adaptation, which can dilute their competitive advantage (hence the dilemma of transfer for Japanese companies) and create 'hybrid' factory régimes. We would also add that Japanese firms are more likely to actively sponsor the partial transfer of practices along their global commodity chain and, therefore, strategically position practices to suit local labour markets, product markets and so on (Elger and Smith 1994). In other words, the firm may more strategically interact and shape host environments, as well as be subject to the pressures to conform to conditions within particular countries. As Abo (1994: 16) notes, 'if the Japanese production system does establish a clear superiority over other systems, then within certain parameters, it will spread to other countries. However the degree to which it permeates a given society will be governed by conditions in that society'.

We can explore this interaction through an example, the construction and diffusion of Taylorism. It developed as a reaction to the dominance of British capital, against British craft practices, within a high wage immigrant economy, with mass markets and a particular system of standardised American manufacture (Merkel 1980; Nelson 1975; Montgomery 1979; Clark 1987). Despite these special conditions, Taylorism, once developed, was promoted as a universal ('scientific management'), not distinctively American, way of organising. In its diffusion, however, its origins continued to be used as a reason to limit its value: British engineers and managers resisted it as inappropriate for Britain, and it was viewed as an 'American' system (Littler 1982; Kogut and Parkinson 1993). It was not until the extension of U.S. mass production technology, growth in the size of markets and spread of U.S. corporations that Taylorism migrated beyond America (Littler 1982): Europe had to 'catch-up' with American economic conditions. With the passage of time, the competitive advantage of the methods and the creation of a layer of diffusion agents – industrial engineers, management academics, consultants – Taylorism lost its national status and entered textbooks as a universal practice. This was because it was not simply an American capitalist ideology – a cultural contingent – but a way of organising from a dominant state, hence one tied to capitalist advance, and by capitals with the power to internationalise, diffuse and impose their 'solutions' on other nations. There is always an inter-meshing and contradiction between society, system and dominance elements within these 'best practices', but the ascendancy of the different levels varies according to period and location. Understanding this interaction is central to comparative analysis, and we will discuss this in our conclusion.

Conclusion: Between System, Society and Dominance

An economic system, such as capitalism, provides both a common and, at the same time, special experience for workers and managers, diversity being produced by its mode of arrival, timing and structural configuration within particular nations. Societies contain patterns and structures which have an embedded distinctiveness and observable effects on the organisation of work and management. Societies, however, cannot reproduce uniqueness unconstrained by the general forces of capital accumulation and globalisation, or what we have identified as competitive pressures created by the efficiency standards or 'best practices' of dominant states. In other words, the three broad levels of influence derived from society, system and dominance effects interact within the social relations of the firm.

System effects create the internal dynamics and problems to which managers and workers respond. They offer recurrent themes characteristic of capitalist society, and structure the crises that affect which is to be the dominant economic power. Society effects create the context (institutional and cultural) within which the system problems are solved or tackled. Society effects are also conditioned in important ways by the articulation of the system, for example, when and how a country became capitalist. Dominance effects may override or combine with local culture to reshape institutions. They may present new solutions to system problems, for example fresh ways of organising assembly lines, the division of labour or relationship between manual and mental labour. Dominance, in turn, is conditioned by the system – by the tendency for ongoing re-alignment of economic powers within global capitalism. Also, the extent to which, and the manner in which, innovations are transferred depends on the nature of the relationships between transferor and transferee, that is, on their relative positions in the global system. The system establishes which problems need to be solved through borrowing – no agency is attracted to an innovation that doesn't address a real problem. The key point, then, is that all three levels are linked: it is not a matter of either/or. Moreover, the levels are unstable and mobile, structured by internal contradictions and dynamics.

When making comparisons between societies in, for example, the utilisation of new technology, organisation of work, structure of industrial relations procedures or management styles, we should be aware of the inherent tendency to freeze social action within the discourse of national differences. This is especially true when examining 'factory régimes' – management and labour process organisation at firm level – because this level, as opposed to institutions of the state or public sector, is particularly dynamic and variegated. This may be all the greater in those countries where the autonomy of the firm from the state (but not the capital markets) is more pronounced, as in the U.S. and Great Britain. As Whitley (1994: 120) has noted, firms from 'economies with more pluralist or fragmented

institutional arrangements, whose ownership and activities are spread between a variety of differently organised economies, are more likely to develop nationally 'deviant' qualities as a result of operating in different contexts'. Whereas firms from strongly integrated and successful economies may carry over national character to subsidiaries when locating abroad, and transfer home country practices rather than adopt the practices encountered in the host economy.

The character of the host economy and its relative openness or receptiveness to dominant 'best practice' varies historically as well as structurally. The heterogeneous 'factory régimes' in Britain, with its concentration of multi-national companies and generally more cosmopolitan economic structure, is evidence of the weakness of state regulation of capital and increased constraints upon labour during the last decade. This has had its effect. For example, whereas the timing of American companies' arrival in Britain meant they largely had to conform to its multi-union environment, methods of payment, industrial relations customs and practice or pay the price of non-unionism through high wages, the same cannot be said for recent Japanese entrants. These latter companies, through collusion with a declining and fiercely competitive trade union movement and a strong state keen to attract foreign investment, have forced major concessions and changes on this 'environment'. Had Japanese capital arrived earlier, their factory régimes would be more typically British. The timing of their arrival allowed them to impose a labour process and industrial relations system suited to their interests (Reitsperger 1986). Moreover, these conditions also permitted British 'adopters' of Japanese 'best practice' to push through change on the shop floor more thoroughly, or at least forcefully, than would have been the case in earlier periods. As such, we could say that dominance effects have been stronger than societal contingencies in the instance of Japanese transplants (Elger and Smith 1994). Similar claims could be made for the impact of Japanese transplants in the U.S. motor industry (Kenney and Florida 1991), although, in electronics, Milkman (1992) found more evidence of Japanese transplants consciously adopting American anti-union 'human resource management' practices, because of their economic efficacy, and dominance as the best practice in this sector. Florida and Kenney (1994) in a recent paper on Japanese *maquiladoras*² found they exhibited nothing (apart from company uniforms) of the traits and practices associated with Japanese core plants, but rather conformed to conditions typical of the temporary, subcontracting sector in Japan, thus demonstrating the power of sector constraints over national contingencies.

At the level of the firm we may also want to make the distinction between the competing influences of society, system and dominance effects, and suggest that social agents within the firm are differentially exposed to these pressures. Corporate managers in international sectors will be more open to 'best practice' and different national ways of managing. Research and

development engineers will make trips to overseas competitors, equipment suppliers or international conferences, and to exhibitions which introduce them to 'best practice' and societally distinct ways of organising. Now, while the identification of 'best practice' is not straightforward, and is particularly troublesome across borders (Kogut 1993: 5), and the market in techniques, quick fixes and the general commodification of management ideas complicates selection, nevertheless, some managers are more likely to champion than to resist 'best practice'. Such agents may be a source of diffusion of dominant 'best practice', but will compete against others (trade unions and production management, for example) who may be more defensive of traditional custom and practice derived from the national arena. In a recent study of the restructuring of a large confectionery company, this differential integration of managers and workers in competing ways of organising, supported diverse rather than linear influences on reorganisation and change of work organisation within this company (Smith, Child and Rowlinson 1990).

Instead of restricting the influences on work organisation to what is drawn from the national or international economy, comparative research needs to examine the particular pattern of interaction between the three influences of society, system and dominance. Moreover, rather than treating the firm as the recipient of culturally specific and non-specific inputs, it is preferable to examine it as differentially embedded within, and as agency shaping the effects of, these three levels.

Finally, while we have separated, for heuristic purposes, society, system and dominance effects, in practice such a division may be rather artificial. Intercourse between the 'levels', and mutual reinforcement, may make it difficult meaningfully to isolate their relative influence. There may also be, as we have insisted throughout this paper, a tendency for practices drawn from the particular levels to metamorphose from being treated as, say, a societal contingent into being a system requirement. Taylorism, as we noted earlier, 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 institutionalisation of Taylorism through engineering departments, business schools, and countless factories in a number of advanced societies gave it this 'systemic' quality, and allowed critics of it, Braverman (1974) and others, to confuse it as a capitalist ideology *par excellence*. 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 started 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 for intrinsic qualities of Taylorism itself (Aoki 1988).

The complexities of cross-national studies are increasing because we can no longer assume stable institutions, traditions and practices within 'nation' states. Globalisation of production is integrating organisations into logic's other than those given by national institutions and is facilitating more rapid learning and diffusion of new or 'best practice' from dominant societies. The co-existence of several dominant states strengthens pluralism and eclecticism, and global competition and crises add to the problems of comparative research. This paper has presented a method to analyse these contradictory dynamics and hopefully avoid the major problems we have identified with institutionalist and other approaches to cross-national analysis.

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Notes

1. We are grateful to Arndt Sorge for this phrase.
2. *Maquiladoras* are the Mexican border industrialisation programmes to attract U.S. companies for labour-intensive production activities which utilise cheap Mexican labour for export to the U.S. market (Sklair 1991: 103)

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