

Driving on the wrong side of the road -- the myth of Japanese efficiency in car manufacturing

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The real culprit for the collapse of Rover Group under the ownership of BMW was a misconceived attempt to emulate Japanese production methods that pre-dated ownership by the German car giant, a new book shows. Based on research funded by the Economic and Social Research Council, the book reveals that rather than helping the fortunes of the Rover Group, "Japanese practices" introduced prior to the BMW takeover undermined its growing success.

The book, *The Myth of Japanese Efficiency* by Dan Coffey, says the "just-in-time" supply system at Rover destroyed its manufacturing flexibility, increased its production costs, and fuelled hostility within its factories towards its marketing plans. Its publication will reopen the debate over the collapse of Rover just as car production resumes at its Longbridge factory under Chinese ownership.

The findings are based on the author's extensive field research including independent and detailed participative research carried out within Rover Group itself.

The analysis of the collapse of Rover Group is one of many findings in a provocative book that challenges the commonly held view that Japanese car manufacturers pioneered a "lean and flexible" production model.

The book argues that there has been a collective rewriting of history that

has allowed a "production fantasy" to grow up around the Japanese car industry. Japanese producers were in fact laggards rather than leaders in the development of flexible assembly, which should instead be seen as an innovation in 1950s America.

Using an array of data on model selection, ratios of stocks to flows and lead times on new orders, it finds that much of the evidence of a Japanese-inspired breakthrough in organising more flexible assembly operations does not exist.

In fact changes in car-assembly operations carried out from the 1980s by Toyota, the carmaker traditionally seen as the icon of lean and flexible production, were the result of growing problems in staff recruitment and retention.

The book will force academics to review the findings of the 1989 Massachusetts Institute of Technology (MIT) survey of the global car industry, which gave birth in the first instance to the notion of 'lean production'.

The MIT survey found Japanese plants enjoyed much higher labour productivity advantages than could be explained by investment in automation.

Dr Coffey shows the methodology for this revered research project was flawed both because of how the data was interpreted statistically and because it omitted overtime work in the index of labour used.

An extensive review of the data shows that Toyota was suffering from significant problems with assembly stoppages just at the point where it was being hailed in the wider world as the luminary of lean production. The book also shows how the myth of Japanese efficiency was sustained by the process of globalisation. As Japanese imports made significant in-

roads into Western markets in the 1970s and 1980s, this was more easily explained by finding a fictional manufacturing revolution.

The stagnation in the Japanese economy that started in the 1990s means it is now necessary to reinterpret the reasons for Japan's post-war manufacturing success.

The findings also cast doubt on the wisdom of a recent US Environmental Protection Agency decision to highlight Japanese-style "lean production" methods as a central plank of measures to combat environmental degradation caused by wasteful production practices.

The book has received praise from academic experts from across the world. Writing from the world-leading Stanford University in the US, Professor Sarah S. Lochlann Jain describes the book as "of exceedingly high calibre" and predicts it will make a "critical contribution to the literature on the automobile industry".

Emeritus Professor Garel Rhys OBE of the Centre for Automotive Industry Research at Cardiff University says: "This fine book confirms the view of some that the Japanese vehicle firms were not as special as they were made out to be. For those wishing to separate the myth and reality of the Japanese car and truck industry, this book is a 'must read'."

Source: Economic & Social Research Council

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