

Company Cultures and Managements Séminar

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EXPLAINING THE CRISIS IN TOYOTA'S VALENCIENNES FACTORY

by

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Overview

After production began at the French subsidiary of Toyota in Valenciennes in 2001, unexpected problems became apparent at work, and turnover in the labour force was high. Have these problems come to light because the Toyota production system is not suited to local conditions, or is it because, behind the façade of lifetime employment, and seniority wage – "Nenko in Japanese – (traditionally associated with the Toyota Production System), there is in fact a more worrying situation? Although this social crisis – which has existed in Toyota's French factory since production began – is exceptional because of its scale and significance, it seems to be the usual consequence of this production system whenever it is applied away from the institutional, economic, social and cultural situation where it is viable.

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TALK : Tommaso Pardi

I have just finished my sociology and history PhD dissertation on the establishment of Japanese car manufacturers in Europe from the 1970s to 2010¹. I am the assistant director of a social sciences research network entitled the GERPISA (Groupe d'étude et de recherche permanent sur l'industrie et les salariés de l'automobile : the work and research group on the car sector and its employees) which was founded about thirty years ago by the sociologist Michel Freyssenet and the historian Patrick Fridenson.

The Japanese model in the 1980s

The economic recession of the 1980s was marked by a major debate about the Japanese model which at the time seemed to be the alternative to the Fordist model which was no longer viable. There were two contrasting views : one cultural, the other technical.

The cultural view

According to the cultural point of view, the competitive Japanese advantage was considered to be 'unfair' because it was based on low salaries, long working hours, the absence of trade unions, and the tendency of Japanese workers to obey management and to accept discipline much more willingly than Western workers. The particular place which Japan occupied immediately after the Cold War also enabled it to benefit from a protected market regarding foreign imports, and, most importantly, the national currency was considered to be greatly undervalued. These arguments helped to justify protectionist measures taken by European and American governments against Japanese imports.

Other supporters of the cultural view had a more positive vision. They considered that the competitive Japanese advantage was deeply rooted in a peaceful and co-operative culture which had helped the development of mass production by avoiding class struggle, and was also in favour of innovation. They thought that Japanese companies worked in a relatively democratic way, and gave their employees conditions of employment and work which were much better than those of Western employees. The issue was how to transfer a model and its mechanisms, which were closely associated with a particular culture, to other countries.

The technical view

The technical view maintains that the competitive Japanese advantage can be explained by a specific production model which is based on a series of factors such as 'lean Production' (or 'just-in-time' production), the 'Kanban' method (Toyota's scheduling system which is a supply method in just-in-time management), and teamwork, etc.

The synthesis

In his book entitled 'The Japanese Automobile Industry' (published in 1985), Michael A. Cusumano proposed an amalgamation of these two views by suggesting that the Japanese production system was clearly superior to the Western system, but that the viability of this model was so intimately dependent on the Japanese institutional and cultural organisation that it would be very difficult to relocate it anywhere else. This is why he thought that a company like Toyota would have a hard time establishing itself in the United States or Europe and that, conversely, American and European manufacturers would face an uphill battle coping with the introduction of Japanese management methods.

¹ This thesis, entitled 'La Révolution qui n'a pas eu lieu : les constructeurs japonais en Europe (1970-2010)', was supervised by Michel Freyssenet and was defended on November 30th, 2011.

Transplants from 1985-1990

Faced with protectionist policies from Western countries, the Japanese manufacturers' exports were frozen during the first five years of the 1980s. As a result, and with great apprehension, they attempted to 'transplant' their model to the United States. Their attempts were closely observed by those in the industry and those in research. The most well-known transplant was the joint venture in 1984 between Toyota and General Motors entitled 'Nummi' which took place in a former General Motors factory in California.

Japanese transplants in the United States increased between 1985 and 1990. A compromise was reached which suited everyone : the Japanese were able to avoid protectionist measures, and American manufacturers (who were not able to rival the Japanese in the compact car sector, and found it difficult to export their larger cars) saw this as a means of diminishing Japanese competition by manufacturing vehicles in the United States rather than importing them. As far as American authorities were concerned, the transplants were a means of limiting the disastrous impact which imports of Japanese cars were having on the trade balance. Even trade unions were happy. The success of the transplants proved that it was possible to save the American car industry, and that there was no reason to relocate production to Mexico, as American manufacturers had started to do.

The return of the cultural factor

Incidentally, the establishment of Japanese factories in the United States seemed to resolve the battle between the cultural and the technical points of view. If Japanese manufacturers managed to keep their competitive advantage on American soil by employing American workers, this proved that this advantage did not depend on cultural characteristics.

A comparative study was launched by the International Motor Vehicle Program and gave rise to the publication in 1990 of the book 'The Machine that Changed the World' by James P. Womack, Daniel T. Jones and Daniel Roos. Despite its numerous methodological weaknesses, this book suggested that factories of Japanese transplants in the United States were as productive as in Japan, and even more so than European and American factories.

This completely changed the debate. The cultural dimension disappeared as the attention shifted towards the management methods used in Japanese factories. However, the cultural view would return in the form of a 'ghost' of cultural resistance to change expressed by Western executives and managers. A great deal of literature about 'lean production' drew up an inventory of the different aspects of this resistance which, according to the authors of 'The Machine that Changed the World', 'was likely to set back progress by several decades by instituting new production methods in the place of old ones.'

The fault of trade unions

Some years later, in 1996, James P. Womack encouraged employers to fire managers who were not sufficiently open to new ideas, and to confront 'filthy, unionised factories' using 'old tools in old workshops'. The real enemy of Japanese methods of production now clearly seemed to be the trade unions. In their book 'Beyond Mass Production' (1993), Martin Kenney and Richard Florida tried to be reassuring : 'It is highly unlikely that the opposition from trade unions can on its own stop the transfer of the Japanese system of production [...]. Just like the opposition to Fordism in Gramsci's Europe, the opposition to the transfer of the Japanese system of production comes from the most backward segments of society. Except for very exceptional circumstances, these elements are not able to prevent the advance of strong productive forces of capitalism.'

This sort of analysis should have provided a simple explanation for all the malfunctions which were set to mark the diffusion of 'lean production' in the Western world. It was indeed

mentioned regarding the difficulties with the French Toyota subsidiary, TMMF (Toyota Motors Manufacturing France). Almost from the very beginning, the Valenciennes factory, built in 2000, encountered serious functional problems as evidenced by a high staff turnover and a strike in 2009.

This factory was unique. Ordinarily, Toyota never recognised any trade union presence on its overseas sites. When there was an exception to this rule, Toyota only wanted to deal with one trade union with which its relationship was similar to that which it had with Japanese works councils which were made up of elected employees and not trade unionists. Valenciennes was the only overseas production site where Toyota had agreed to recognise several trade unions, including the powerful left-wing CGT (Confédération générale du travail) trade union. People thought that the crisis in this factory had its roots in the cultural resistance to change personified by the trade unionists.

I remain unconvinced by this explanation, and I shall suggest a different analysis. However, in order to do so I will begin by discussing the Toyota model as it was developed in Japan and particularly its employment relationship.

The Toyota system in Japan

The Toyota company is known for giving its employees lifetime employment, and for paying them for their length of service in the company. This ordinarily should encourage them to stay with the company for as long as possible. However, when comparing the ages of the Toyota and the Renault workforce between 1955 and 1993, one notices that Renault employees are on average ten years older than Toyota employees. From the 1980s onwards, a period marked by quite a strong growth in production, the average age of Toyota employees remains stable around 32 or 33 years old.

The ideal career path at Toyota

Documents produced by the company explain in a very detailed way the ideal career path for a Toyota employee. He is hired between 17 and 20 years old ; he should be promoted to 'team leader' around 27 ; he should leave the assembly line for good around 36, and become 'group leader' ; and at about 43, he should become 'senior group leader'. During this time, his salary is increasing regularly. This should help him to repay the loan he took out with the Toyota bank to finance the purchase of his house and to pay for his children's school fees.

A glance at official Toyota statistics for levels of qualification and average ages in Japan in 1993 proves that these principles reflect reality. The average age of workers is 20, that of team leaders is between 29 and 33, that of group leaders is 35, and that of senior group leaders is 41.

The situation is very different at Renault. The average age of workers, team managers and supervisors is 43, 45 and 41 respectively. These are very different work groups in which one can make one's career, but there are scarcely any opportunities to make career changes across these groups.

Promotion or leaving the company

At Toyota Japan, the only way of making one's career in the company is by going from one group to another. The positive side of such a policy is that the company can give employees a true career path. The negative side is that these possibilities are not open to every single employee, and each level in one's career is also a selection process. The average age of workers is a reminder that one cannot grow old in the company by staying in the same job, and that it is essential to be promoted to the position of team leader if one wants to stay at Toyota. Those who are not promoted must leave the company. How can one reconcile this state of affairs with the promise of a job for life ?

The 'keiretsu' system : the hidden side of lifetime employment

In Japan, every manufacturer has a pyramid of sub-contractors which can be classified into four levels. The suppliers of row 1 are companies which have between 1,000 and 5,000 employees. The suppliers of row 2 employ on average about 1,200 people. Next are the suppliers of row 3 (who have about 100 employees) and row 4 (about 10 employees). In general, these companies only work for a single manufacturer, and are therefore under his control. On average, a manufacturer gives a salary three times higher than the supplier of row 4. The average age of employees in car manufacturing companies is 33, and 39 (rows 1 and 2), 42 (row 3) and 46 (row 4) respectively.

An analysis of these statistics casts light on the hidden face of lifetime employment. This is reserved for about 25 % of workers at Toyota. All other workers are obliged to leave the company and to accept jobs with suppliers in the 2nd or 3rd row which are less well paid and not as secure. But why do these employees agree to leave the privileged jobs they have at Toyota ?

Pressure from the company

To understand the reasons, one must realise that employees at Toyota have to undergo evaluations or 'satei' every six months which are carried out by their superiors and put all employees in competition with each other. Each assessor has to give 5 % of very bad scores, 25 % bad scores, 40 % average scores, 25 % good scores and 5 % very good scores. The result indicates to the employee whether he has any hope of pursuing his career in the company, or whether his position is in danger.

This evaluation not only influences the individual's salary, but the entire team's salary. A large part of the individual's salary (60 %) is dependent on the multiplication of the basic salary by the coefficient of productive efficiency (CPE), which itself is calculated according to the capacity of the team to increase productivity. This is extremely difficult. According to Michael A. Cusumano's study entitled 'The Japanese Automobile Industry' (1985), 'between 1965 and 1983, Nissan's factories ran at production rates which varied between 82 % and 97 %. Toyota's rates were always greater than 100 % thanks to overtime, work at week-ends which was unplanned and bank holidays, as well as greater than average speed on assembly lines, and the increase in production volumes without any previous adjustment of the equipment or the available workforce.' Pressure exerted in this way was not a sporadic system aimed at managing unexpected variations, but a way of creating a permanent state of urgency in order to increase productivity continuously.

Knowing that the CPE is also a basis for supervisors to make evaluations, there is a great deal of pressure on the least efficient employees, those with a health problem, or those who for whatever reason do not manage to follow the tempo of the group. In general, they leave the company of their own accord, feeling ashamed, rather than as a result of a decision taken by their superiors.

By keeping the workforce young Toyota can obtain a very high level of productivity. By contrast, in the lower levels of the 'keiretsu', age increases whereas productivity and salaries decrease. In Japan in the 1980s, overall productivity in the automobile sector was, according to certain sources, inferior or comparable to that of the American automobile industry. However, productivity at Toyota, Nissan and Honda assembly plants was four times greater than that of American assembly plants.

An accepted compromise

The Toyota system as it was implemented in Japan between 1960 and 1990 can be seen as a socially accepted compromise. On the one hand, there is the possibility of achieving exceptional careers for workers, and on the other hand, the risk of being rejected if they fail.

The 'keiretsu' system pays each employee a salary which corresponds to his career path and productive abilities. It is a coherent system which justifies the involvement of those who want to benefit from the most favourable work conditions. Constantly pitting employees against each other allows companies like Toyota to select an efficient core group of workers that are capable of coping with the ups and downs of a system which is always changing. This system leads to a considerable improvement in productive efficiency, and ensures the growth of the company which can then make more promotions, thereby legitimising the initial compromise. The system is watertight.

This idea was questioned at the beginning of the 1990s as a result of the demographic crisis in Japan at that time. Toyota had problems recruiting young workers, and had to let its employees remain with the company a little longer. However, this phase of 'humanisation' quickly came to an end as unemployment rose.

The launch of the TMMF factory

The Valenciennes factory opened in 2000 in very favourable conditions. It was located in the Nord-Pas-de-Calais region of northern France. The factory produced the Yaris car which was very successful. In its second year of production, 200,000 Yaris cars were manufactured and production continued to rise to more than 250,000 in 2006. Three years after production started, the factory was making a profit. In 2007, before the crisis began, there were about 3,400 workers.

Short-term contracts

Over the first four years, there was consistent and regular recruitment. However, right from the start, a large number of workers (337 out of 1,000) were employed on qualification-based contracts (contracts which are funded by the government). In 2004, Toyota employed 2,411 people on permanent contracts, 252 people on fixed-term contracts, and 558 temporary workers. This high proportion of non-permanent work contracts was probably not justified in view of the fluctuating market. It is more likely that this was a way for Toyota to implement the competitive system for lifetime employment in the form of competition for just employment.

A young labour force

Initially, Toyota decided to recruit primarily a young labour force. In 2000, more than 95 % of employees were less than 35 years old, and 45 % were less than 25. This strategy was gradually altered, probably because Toyota realised that it was easier to manage a labour force which was a little older, had already started a family, and taken out bank loans, rather than manage young people who were still living with their parents. These young people were more likely to give up their jobs or would not be sufficiently committed to the job. In 2004, the proportion of workers aged less than 25 fell to 30 %.

Salaries and promotions

Net salaries were about 1,300 Euros for a worker, 1,400 Euros for a team leader, 2,100 Euros for a group leader and 3,600 Euros for a foreman. They were more or less aligned with those of other manufacturers and automotive suppliers in the Nord-Pas-de-Calais region in northern France. By comparison, in Japan, the salaries at Toyota are on average 20 % higher than in other companies.

There were opportunities for promotion, at least in the beginning. In 2001, 23 % of workers were promoted to be team leaders, and 29 % of the team leaders became group leaders. These opportunities rapidly dried up, and from 2002 onwards, both the percentages of promotion fell to 9 %, and then to 6 and 8 % respectively in 2003.

Failure of the transplant

At that time, the Nord-Pas-de-Calais region had an average unemployment rate of 20 %, rising to 25 % for young people. One might imagine that this situation would have resulted in a very low staff turnover and strong employee commitment and motivation, but the opposite was true.

Resignations and redundancies

Of the 2,330 employees recruited between 2000 and 2002, one-third had already left the company by 2004. The number of resignations and redundancies was almost identical in 2001 (41 resignations and 35 redundancies), but the proportion of redundancies continued to rise : 71 resignations and 84 redundancies in 2002, 58 and 108 in 2003, 34 and 142 in 2004. These were disciplinary redundancies because production continued to increase, and there was no likelihood of redundancy for economic reasons. By comparison, the PSA (Peugeot Société Anonyme) factory in Valenciennes, which employed half the number of employees at TMMF, recorded 56 people who left in 2002, of which 8 were resignations and 11 were redundancies, in other words between four and five times less than that at TMMF. How can this be explained ?

Authoritarian management

At Valenciennes, as in Japan, Toyota created a permanent state of urgency, and a very demanding system of production with tempo of production being regularly increased, systematic attempts to reduce costs, and two individual assessments every year. However, in Valenciennes, the assessors were, more often than not, supervisors who had just been promoted. The company refused to hire experienced people because it wanted to train its team managers specifically according to Toyota's methods.

It became clear very quickly that there was a problem with the young supervisors who were unable to exert their authority because often they were the same age and had the same skills as the workers that they were assessing. The result was a tendency to change what should have been a means of encouraging employees to become more committed to their jobs into a way of disciplining them. The assessments were aimed at 'punishing' employees who refused to be 'brought to heel'. This change shocked employees even more because when the factory opened, they had all been trained by Japanese expats who had come to explain to them how to implement the Toyota principles by benefitting in this first phase from a very slow tempo. The French employees were introduced to a sort of ideal style Toyota factory. Once the Japanese expats left, the tempo increased, and ups and downs and unexpected events began to multiply which is normal in a factory working with just-in-time management. Consequently it became very difficult for the supervisors to adhere closely to the principles which they had been taught. They were increasingly contested by the workers and this merely strengthened the authoritarian attitude.

Emergence and repression of the CGT trade union

The company's management had managed to edge out the CGT from signing the first company agreement because this included conditions which the CGT was not ready to accept. Management had recognised other trade unions and had worked especially hard with the CFDT trade union (Confédération française démocratique du travail) to create a relation based on mutual co-operation. A worker, who was a former CGT representative in another company and had managed to slip through the net in the selection process, still managed to create a division of the CGT in the factory. In 2002, the CGT obtained a majority among the workers in the internal election with 40 % of the votes for the works council and 50 % for the employee representatives.

Management then had two choices ; either to try to understand why the employees had given the majority to the CGT, and to solve the malfunctioning, or to try to silence those who were dissatisfied. They chose the latter. The supervisors were asked to clamp down on all employees who were suspected of being closely or even distantly linked to the CGT. This provides one explanation for the increase in redundancies. Furthermore, Toyota raised the threat of not entrusting the manufacture of its new car model to the French subsidiary if the CGT got a majority again. These two reasons undoubtedly explain the sudden decline in the CGT after its meteoric rise. In 2004, it had only 11 % of votes for the works council and 14 % for the employee representatives.

A chronic social conflict

In 2009, there was a strike led by the FO (Force Ouvrière) and CGT trade unions which lasted 18 days, and ultimately resulted in the transfer of the TMMF CEO to Brussels. This strike, which was the first at Toyota since the 1950s, signalled the presence of a chronic crisis in the factory.

Viability requirements were not met

Toyota tried to reproduce its system of competition among employees building on a context of local high unemployment. However, this resulted in a much a less stimulating environment than in Japan where the prospects for career progression created a momentum and voluntary commitment from employees. In France, the overcapacity of the car industry, and the limited potential for careers in this industry made individual assessments – even positive ones – seem like promises which would never be kept.

The permanent increase of work, and the growth in productivity merely served to maintain the level of jobs and to keep the company's head above water, rather than to help its development. Ways of trying to involve employees in committing to the company were seen by employees as disciplinary methods and supervisors increasingly met opposition from workers. All this malfunctioning resulted in a large staff turnover which prevented the creation of a core of efficient workers which was essential for coping with the ups and downs in a factory which operates just-in-time management. These poor work conditions resulted in a decline in industrial performance. It was impossible to find a compromise which satisfied all those concerned.

The crisis which broke out in the TMMF factory illustrates the difficulty of implementing 'lean production' in European production systems. The European survey carried out in 2000 into work conditions in different types of organisations (simple structures, Taylorian organisations, lean production-based companies, and learning organisations) shows that companies operating lean production methods are systematically criticised by employees, regardless of the criteria used (such as work intensity, schedules, stress and psychological disorders, and risks and damage to health).

I do not think that the difficulties encountered by the Toyota model at Valenciennes are linked to the cultural resistance of French employees and their trade unions but rather that only some of the conditions for the viability of the model were met. Toyota was able to rely on a large number of young workers and a regular growth of production, at least in the beginning, but it could not draw on subcontracting which was organised into 'keiretsu', and had to come to a compromise with forms of trade unionism which were very different from the 'company unionism' found in Japan. All of this made a transplantation of the model to France very problematic.

DISCUSSION

Japanese trade unions

Question : *Why do you think that Japanese workers' trade unions were not active like French trade unions ?*

Tommaso Pardi : Japanese trade unions were promoted by the Americans after 1945 to counter a possible resurgence of Japanese fascism. The most popular trade union was communist, and the second most popular was socialist. When the Cold War started, both trade unions were considered to be potential enemies and were severely suppressed under the influence of occupying governments. Worker trade unionism practically disappeared in Japan between the 1950s and the beginning of the 1960s in all strategic industrial sectors including the car industry, the mining industry and the steel industry. They were replaced by company unions on the basis of the compromise which I mentioned, namely that there were lifetime employment and seniority wages in return for employee commitment. It is the commitment of the employees to the system of production which paved the way for the 'Japanese miracle'. This system was maintained until the 1990s, but once one of the components of the compromise disappeared (in this case, the availability of the young labour force), the crisis started.

The usual employer's story ?

Q. : *I do not find the story which you are telling particularly 'Toyota-like'. It is the classic story we hear about employers, based on a policy where salaries are closely linked to individual performance, and opposition to trade unions. The same kind of conflict took place in France at Citroën and Valeo. American companies which established themselves in France have also tried to impose this model.*

T. P. : Obviously conflict between employers and employees is nothing new in France. Nonetheless, I think that the model which I have described is quite specific because it is relatively sophisticated. It is not just based on the individualisation of careers, but also on other factors including group assessment, the mobilisation of a very young workforce, an attempt to structure a career path, a reliance on the 'keiretsu', and the creation of an acceptable social compromise. It is not a scheme that was elaborated in the context of class struggle to fragment worker solidarity and weaken trade unions even though it was sometimes imported to France or Europe with this aim in mind. In Japan, this model was by contrast the result of a workers' defeat, and only after it became institutionalised as a system.

That said, it is likely that the culture of the managers at Valenciennes played an important role. When they had to make a choice, they chose the Citroën model rather than the Renault one.

Age of workers

Q. : *You explained that originally the company recruited very young workers. It then realised that it had gone too far, and recruited more experienced employees. I do not think that this was true in Japan. Toyota has not grown with just a young labour force.*

T. P. : Toyota's operation in Japan is completely different. The company has been in existence since the 1950s, and originally it was a very small company which produced a few thousand cars. It was only in the 1960s that the system which I have described started at a time when production doubled every three of four years, and the company was forced to recruit a new labour force regularly. Toyota employees in the decade from 1950 to 1960 were relatively old (their average age was 40 or 45), and then the average age suddenly dropped between 1960 and 1970.

However, the feature of Toyota is not only that it has a young labour force, but that it also maintains an age difference between the hierarchical levels. For a new worker, the first level supervisor is as old as his older brother, and the foreman is as old as his father (which gives

the foreman some sort of moral authority over him). Furthermore, the new worker follows in their footsteps, and therefore he can imagine that in the future, with the passage of time, he will occupy the place of his supervisors, and at the end of his career, he will be where the “old man” is currently. This dimension, which is key for socialisation in Toyota factories in Japan, is completely absent from Toyota’s French factories.

Toyota managers decided not to recruit people who had been trained according to other models of production because they wanted to create the same kind of dynamics in order that employees could slip into the Toyota mould right from the beginning. Perhaps they would have had better results if they had proved to be more open, and had incorporated some variations and hybridisations.

An anachronism ?

Q. : *I wonder if there is not a temporal bias to your approach. You have based your analysis of Toyotism as it was created in the forty years after World War Two in Japan, and you make the comparison with a strike which was started in France in 2009. It would have been more interesting to make a comparison with the Toyotism of today, and to see how the changes are linked to the current situation in terms of the historical period, growth and demographics. Perhaps the origins of the problem are that Toyota tried to implement a model from the past when the macroeconomic context was not the same.*

T. P. : If one wants to make a comparative analysis based on objective data, one has to take the data from the past, and it is obvious that there is a risk of anachronism. Nevertheless, it is clear that Toyota did not fundamentally question the system of job relations which was instigated during the forty post-war years, even though this system was slightly adjusted and ‘watered down’ here and there. Pitting employees against each other to compete for jobs, and encouraging a high rate of turnover to keep a young labour force can, for example, be found in Toyota’s British factory.

Q. : *In Renault’s production system, which is a variation of the ‘Nissan Production Way’, it is noticeable that the most productive factories are those which have been set up in countries such as Turkey, in other words young countries whose economies are growing very quickly. Factories located in countries such as France or Spain do not have the same results. Can one then not infer that the Toyota model is only suitable for countries which are in situations similar to those of Japan after the Second World War ?*

T. P. : The results from the Turkish factory are very good because their production capacities are completely filled. Productivity of Fiat’s Italian employees was shown to be very weak, but, on closer analysis, one notices that Italian factories are only working to 30 % of their capacity. The same is true in France where many factories are only working to 40 or 50 % of their capacity.

However, I can confirm that the figures from Toyota’s Turkish factories are very good. I read a study which stated that these factories are located in the countryside where Toyota’s employment system can be based successfully on the natural hierarchy which exists there, in other words, team leaders really are employees’ older brothers, and group leaders are their fathers. This situation means that there is a very strong social control which exists in the factory.

Toyota’s current crisis

Q. : *The Toyota system includes an element of participation, and short-circuiting the hierarchies and trade unions. For this to be possible, this sort of system requires a climate of economic growth which did not exist in France between 2000 and 2010. Could this factor not have played a more important role than the inappropriateness of the model in the context of French trade unions ?*

T. P. : Everywhere in the world, Toyota is faced with the difficulty of making its model relevant to the specific conditions which I mentioned, those of phenomenal economic growth in Japan in the forty years following the Second World War. The presence of trade unions in the Valenciennes factory was a catalyst. It made people realise that this model was untenable, and allowed people to express what they thought about the crisis. However, this crisis is also present in other factories I have studied even though there are no militant unions to express it, and the dissatisfaction takes longer to come to the surface. The problem is not trade union action, but insufficient coherence of the system. The low salaries are not compatible with sacrifices asked of the employees ; job promotions are not sufficiently attractive ; employees are uneasy about competition between each other for jobs ; the system of line management which was devised in Japan and which allows one to construct a sort of ‘social peace’ by relying on relations between different generations is lacking, and so on.

You are completely correct in emphasising that growth is a determining factor in Toyota’s success. Like General Motors, the Toyota Group was one of the manufacturers hit the hardest by the economic downturn in 2008, and it is still having problems overcoming this. The financial results of the company, putting those of its automotive suppliers to one side, have been in the red for five years. This undoubtedly suggests that when Toyota cannot benefit from economic growth and maintain its sales and profits from a cost advantage linked in part to its brand image, it is destined to become a manufacturer like all the others, and its performances are no better than those of the Korean manufacturers or Volkswagen. This does not question the viability of the model, but demonstrates that this viability only exists in a particular context.

Presentation of the speaker :

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