

THE LATE DEVELOPMENT EFFECT: SOME BASIC DIFFICULTIES IN THE THEORY

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The idea of the late development effect is due perhaps originally to the historian Gerschenkron's study of the role of state intervention in the economy and the large size of manufacturing units (in a few late developing countries). In this paper I am concerned with Professor Dore's development of this idea as an explanatory device for societal evolution, especially as it deals with the subject called 'industrial relations'. The basic idea of the late development effect, namely that the late developer has the latest technology to borrow from the West and that he does so, has been extended by Dore to 'social technology'. 'The late starter begins with advanced production technology. He is also likely to start with advanced organizational technology'. (Dore *British Factory – Japanese Factory* 1973, p.414). Further, because the late developer buys the latest social technology package and incorporates it into his social fabric at the crucial time of the change from a pre-industrial society to an industrial one, the latest social technology helps 'gel' the developed industrial society of a late developer into a mould of particular social relationships.

Thus 'the bigger the organizational leap; the more likely industry is to begin with rationalized bureaucratic forms of organization, including specialist personnel managers operating objective recruitment and promotion schemes – the more so if, as is likely, the state plays a direct role in the industrialization process through state corporations or partnership schemes.' (*Ibid* p. 416).

Further, the process of transfer of social technology is by diffusion and not by a process of struggles and interactions within the country. Thus (the Late Development effect postulates that) 'the more the norms diffused to the late starter from the industrialized countries are likely to stress the right of trade unions and workers and the need to treat workers as human beings not as mere sellers of commodity called labour.

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Corporations in the contemporary late-starter countries, sending their personnel officers to business schools in Europe and America, begin industrialization under the influence of human relations theories and Y-theories¹, and theories about the virtues of consultation with workshop representatives.'

This process of transfer is carried (in the case of the pre-career qualification patterns in recruitment) by 'manpower planning advisers from the developed countries' (Dore *The Late Development Effect* 1972, p. 7), by professional associations and in the case of the establishment of trade unions by such organizations as the ILO (*Ibid* p. 10).

Put in such terms, the transfer of social technology has interesting repercussions on the social configurations of late developers. Just as, after a late start, both West Germany and Japan could buy the latest technology and beat the other industrialized nations and so be models for the latter, so the buyers of the latest 'social technology' likewise provide a model for the early starters. Thus the model for the social future of Britain lies not in present-day America (as was posited a few decades ago) but in Japan, a late starter. On this logic it lies not only with Japan, which is a relatively early late starter, but also with Mexico, a middle late starter, with Sri Lanka, a later starter, and also with Senegal, a late late starter. In this model, presumably the latest starter provides the social model for Britain in the distant future while the early late starter provides the model for the relatively near future. Thus the late development effect is in a sense a convergence theory. In fact, it is the usual convergence theory stood on its head; in this scheme, the early starters converge towards the late starters' social profile. (Dore, 1973, p. 419).

This simple transfer of 'social technology' in this scheme is (in Dore's view) however, tempered by local exigencies; and diversities like the different pre-industrial histories of different countries affect the final shape of the emergent society. Even so, it is the transferred 'social

¹ To put it somewhat crudely Y theories of personnel management are those that emphasize the potential for growth in humans as a motivator as opposed to X theories which depend on the more traditional 'carrot and stick' systems of motivation.

technology' that is more important. Otherwise, if the local component overwhelmed the imported one, there would be no 'late development effect', that is, no significant transfer of social technology.

Some logical consequences of the concept and the four assumptions on which it rests

I have sketched, albeit in a simplified form, the basic idea of the Late Development effect. There are inherent in the idea many logical difficulties and ethnocentric assumptions. In discussing the logical difficulties below I hope to argue within the logic of the Late Development effect argument. That is, I assume it to be true and follow some of its logical consequences. I will take five countries: Britain (as the self-starter), Japan, Mexico, Sri Lanka and Senegal in their order of respective starts of industrialization.

According to the model, Japan, the late starter, is the model for Britain. Let us assume that Britain catches up with Japan's social technology and achieves social technological parity. We will hypothetically assume that she does so in 1980. Having reached parity, now what? Do both Britain and Japan now start thinking of catching up with Mexico, a later starter – that is do both Britain and Japan together become socially atrophied states that look for new dynamism from Mexico? And, similarly, when Britain and Japan have caught up with Mexico, do these three now run after Sri Lanka? On the basis of this scenario a 'goal state' is reached when all the starters have caught up with each other, and they have no more states to catch up with.

Now, this model of social technology is based firstly on a strong ethnocentric base, namely that there is one-way technological transfer to the later developers, presumably from the earliest starter.² The model does not assume that there is any significant transfer of the

² It is possible that by the 'early starter' one does not necessarily have to mean a single country like Britain. It could mean in the case of management technology for instance the existence of an 'increasingly cohesive international professional group of leading management experts having similar views in say the UK, US and Italy with the same consultancy firms operating in all of them'. In such a case the role of the 'international professional groups' is very similar to the role of the multinational corporation today, not centred on any particular country but carrying the same imperialist role of an earlier age, namely operating on the rest of the world from a Western base.

indigeneous thought from say Japan to Britain, or from Mexico, Sri Lanka or Senegal to Britain, etc. And secondly it is assumed that the social technology which is transmitted is of only one type, that is, there are no competing social technologies that could be transmitted to the receiver. The implication is that even if the one-way transfer is assumed, two receivers may end up with two different social configurations, depending on two different social technologies borrowed. Given such a multiplicity of social technologies, the model is not very predictive, and allows for many possibilities.

A third assumption of the model is that not only is there an ethnocentric one-way transfer of one social ideology at a time, but that this social ideology must remain unchanged. Why this is so can be seen by the sequence below.

Suppose social technology St_1 (e.g. Victorian predictability in social relations) is introduced to late developing country L_1 and the early starter E catches up with L_1 but E in the meantime changes its social technology which it wants to transfer to St_2 (e.g. anarchistic counter-culture) so that now the second late developer L_2 has two possibilities: either of adopting the original package St_1 or the later St_2 .

Thus if L_2 adopts St_2 , then E and L_1 have to aspire for this as early starters, whereas if L_2 adopts St_1 then E and L_1 remain at the St_1 stage. Again, as in the earlier case of multiple social technologies available for borrowing, changing social ideology³ (St_1 , St_2 , etc.) in the early starter gives rise to multiple possibilities of final outcomes and convergence does not occur. This means the assumption of a conservative ideology and society is essential for the system to work.

A fourth assumption of the model is that the local component of the

³ It is possible as an abstract exercise conceptually to separate social technology from social ideology, to refer to the former as for example the notion of having a specific role called 'personnel manager' as separate from values and ideology. But this is a false dichotomy. The prevailing managerial ideology (say in the 1950s) produced a particular 'technology' (including personnel managers and 'human relations'), as a concrete response to certain pressures from unions etc. (See, for instance, Bendix 1963).

social technology – which is added by the receiver – should be small in comparison with what is got from the sender. That is, the Japanese (or Mexican, Sri Lankan or Senegalese) social technology that is added should not overwhelm the British implanted one, the former should play a subservient role. If the local cultural element is the stronger one, then the whole late development effect transfer idea becomes inoperative.

It is seen that the four conditions under which the late development effect works are very restrictive and, if applicable at all, only under very special conditions. We will now study the degree to which it is restrictive and to illustrate the limitation we will first look at the transfer possibilities of hard technology as opposed to social technology, as this is relatively easier to discuss. We will take the four assumptions we have discussed above one by one.

Logical consequences in (hard) technology transfer and the four assumptions

First, the assumption that (hard) technology flows only from Britain and the general Western area of influence is no longer true. For any latecomer today, a vast spectrum of technology is available from many industrialized countries (America, Soviet Union, Eastern Europe, etc.) as well as increasingly from late starters themselves (India, China, etc.) so that any hard technology transfer allows for many sources for potential borrowers.

Secondly, even in the case of Britain the type of technology that is transferred is not one but many. To list a few possible classifications: categories of craft technology, machine tending technology, assembly line technology and continuous process production; or categories of small batch and unit production; large batch and mass production and process production. There are other classifications possible, for instance the now fashionable Schumacher classification of the £100 work place (intermediate technology) and the £1,000 work place (high technology).

Looking at the third assumption of an unchanging conservative hard technology in the case of the early starter, it is seen that this is absurd for hard technology. The spiralling exponential growth in the physical

sciences and technological knowledge (doubling every seven years) makes this point very vividly.

The fourth point that the local technology should be always subservient to the imported one is also under question, especially in view of current arguments about industrialization in the Third World. Intermediate technology, the Chinese concept of 'walking on two legs', are all possibilities of the potential role for lower level technologies.

If these assumptions appear invalid in the case of hard technology, they do even more so in the case of social technology. Technology is, at least at a first level of approximation, to a certain extent value and social-context free, but social technology is value laden, it has deep political and moral overtones.

Problems in transfer of social technology

Thus the first assumption of a one-way early starter-late starter transfer of social technology is essentially an imperialist's view of the world. It assumes that the early starter, Britain, generates all relevant social comment on the shape of the social (and in our case the organizational) world. This was basically true in, say, the nineteenth century, when Britain could impose its will and see that the ideology of its ruling classes prevailed (or alternatively peddle it as the fashionable and latest model⁴ to subject peoples both within its shores as well as outside).

Coming to more modern times where coercive and straight demonstration effects of an earlier age are not strictly possible, the straight transfer model breaks down. There are many countries to choose from, e.g. the Soviet Union, China, Norway. Not only are there many national 'prototypes' to choose from, but there are definite flows from the late developers to the early developers. An interesting case is what is now happening to Theory 'Y' (an example of social technology transfers given by Dore).

Theory 'Y' was built by McGregor on the basic assumptions of Maslow's model of a hierarchy of needs (see McGregor 1957, p. 27) and is strongly related to the latter's ideas of self-actualization. Now the

⁴ Or, to change the metaphor, as the 'civilized' or 'Christian' model.

concept of self-actualization, as well as those associated concepts of 'meta-motivation' and 'will-to-meaning' which have recently been developed within this broad framework of thinking, has led to a new psychology (humanistic or third stream psychology) which is challenging both the Freudian as well as behavioural (Pavlov-Skinner) approaches. This psychology is having an increasing influence on the managerial ideology in Western organizations and on the training and personnel literature of organizations.

Now one of the interesting features of this new organizational technology is that not only are there similarities between concepts like 'meta-motivation', and the 'will-to-meaning' and 'self-actualization' and Eastern (meaning Hindu-Buddhistic) concepts but there is now a direct transfer of such concepts from the late developers (the East) to the early developers (the West). Thus Maslow's last works use straight Buddhist terminology and concepts (e.g. 'high Nirvana', 'low Nirvana', 'Buddhisatva', 'Pratyekhabuddha', appear in Maslow 1968, pp. 110, 119) and Maslow asserts simply that 'the new psychology is also in the Eastern tradition'.

One of the new (that is last ten years or so) developments in the organizational psychology field is the growth of various techniques like sensitivity training, T-groups and encounter groups. One of the fountain heads of theory for these techniques in group theory is the new humanistic psychology referred to above. Not only does this psychology find empathy with much Eastern thought but recently many groups have begun to use almost direct Eastern techniques and approaches in sensitivity training. Thus Lawrence (1971) and Burton (1970) have used straight Buddhist meditation techniques and approaches respectively. Jackson (1973) for instance, surveying the T-group scene in Britain, reported the rapid swing towards yoga and zen. The leading practitioner in Britain, Quaesitor, not only has adopted eastern techniques but its two founder directors have donned saffron robes. The other leading group in Britain, Kaleidoscope, is similarly offering courses with an eastern bent. Thus in the case of the transfer of managerial ideology in the context of the 1970s, we see at least the beginning of a reversal of the one-way flows of the colonial, imperialist era.

The preceding remarks apply to managerial ideology but this does not of course detract from the fact that there is still an attempt at transfer of straight Western organization knowledge through business schools. Foreign business school qualifications are much valued by elite managerial groups within dependent countries. Yet there has been in academic circles within the last ten years much criticism of the relevance and uses of such transfers, and constant observation is that what is learned at these business schools is never practised in home countries.⁵ The relevance of transferred managerial technology has been the subject of deep questioning, and two sub-disciplines have grown up covering this field, namely that of 'Comparative Administration' and 'Cross-cultural management research'. These groups in comparative management not only are concerned with relevance but are also potentially a forum for cross-fertilization of national managerial experiences. Thus they provide (at least in theory) a source for transfer of managerial technology arising from a multiple flow of ideas between at least some nations, late and early starters and not only from the early starters . . .

We have been talking so far of the possibilities of one-way transfers of managerial ideology. This transfer occurs relatively peacefully due to demonstration effects, the prestige of Western centres of ideology creation etc., because the reference groups of the managerial class in most ex-colonies is in the West. But peaceful 'transfers' of the ideology of working class movements have never occurred in this fashion. They have never been accepted as legitimate by management by virtue of the fact that they were 'norms diffused to the late starters from the industrialized countries' stressing . . . 'the rights of trade unions and workers' (Dore 1973 p. 416) and, certainly, rarely to a significant degree through agencies like the ILO. When attempts at diffusion of certain ideas from the West have been made by trade unionists in the non-West (that is, where they have attempted to increase class solidarity beyond limits set by the ruling class) they have been almost invariably opposed by the managerial class, either by direct confrontation or by stratagems of 'buying off'. (For documented examples in Japan and Sri Lanka, see Yoshino 1968 and Sarvaloganayagam 1973).

⁵ A case study by the present writer (Goonatilake 1971) of a Ceylon industrial plant revealed that a continued indoctrination in Western techniques over ten years had had no significant effect on the actual behaviour of managers. (*Ibid* chapter 5, also appendix 1).

The concept of a model of a simple transfer of working class ideology that is accepted by management is simply not realistic. Such transfers are allowed to take place peacefully ('diffusion of norms') and are legitimised by management only if they agree with the preconceptions of the ruling strata. If by any chance such transfers take place as a transfer of an ideology of conflict, which they do, they are subject to suppression. In this one has properly to assess the role of, say, the ILO itself – a significant transfer agency in the Dore model – as a product of social and historical forces and professing an ideology of its own, presumably strongly influenced by American ideology. (Note for instance the decision to cut off funds to the ILO by George Meany, the well known American labour 'leader', Vietnam hawk and one-time Nixon buddy).

This brings us to the second assumption of the logic of the late development effect model, namely that not only is there principally a one-way transfer here from early to late starter, but that what is transferred is only one set of values, one package of ideology. Britain, the early starter (and the social climate within it) has within the last two turbulent centuries produced or taken part in the creation of a variety of social ideologies. To name a few at random, social Darwinism, communism, liberalism etc. In fact many of the 'isms' and their various tributaries were active in intellectual circles in Britain. The late development effect model rests on the assumption that generally only one⁶ of these packages was transmitted to and accepted by late starters, a further underlying assumption here being that what was transmitted was only the ruling ideology. These 'late developing countries' which have imported ideologies apart from the ruling one and have successfully industrialized are precisely those which are left out of the model. These countries are the Soviet Union, Eastern Europe and China.

The third assumption on which the logic of the late development effect model rests, namely that the social technology that is transmitted remains constant, is basically a conservative ideology, in that it assumes

⁶ If two or three contradictory packages were transmitted and available for acceptance by the later starter, then the idea of the late development effect breaks down. If the recipient is free to choose his social technology, then the concept of universality of social packages on which the theory rests breaks down.

a no-change status for the West — a once and for all development. In the wide sense of the term ‘conservative’ as an ideology of the ruling strata, we have seen that the restriction to only one social technology transfer (and that of a particular managerial ideology) at a time, is in this sense conservative. By limiting itself to only one transfer in time (that is, in the case of the organization studies, to a moment in history when a *modus vivendi* of a specific kind was arrived at between class forces in the West) the late development effect becomes doubly conservative.

A further and very significant point in the Dore model is that what are assumed to be the latest organizational technologies are in the context of the 1970s not necessarily the latest, but those arising from the organizational concepts of the 1950s and early 1960s. The ‘advanced organizational technology’ (Dore 1973, p. 414) that is referred to is ‘rationalized, bureaucratic forms of organization’ (p. 416) of the Weberian type. Now, one of the recurring themes in the organization literature of the last decade or so has been the reporting of the collapse of the bureaucratic forms of organization and methods of search for alternatives.

Not only has there been much work to show that in the context of today’s social environment in the West (high degree of awareness and militancy among workers, a high degree of change in the society, etc.) bureaucratic organizations do not function, but also that bureaucratic organizations are not efficient. The search for efficient organizational forms to replace the bureaucratic ones has given rise to many organizational forms (‘organic’, ‘loosely structured’, with ‘high degree of autonomy’, ‘matrix type’ etc.) that are often reminiscent of pre-industrial organizational forms. In fact, even motivation patterns reminiscent of pre-industrial ones (for instance the concept of the ‘polyvalent craftsmen’) are being reintroduced. (For detailed treatment of this see Goonatilake 1973 pp. 333-407).

In this context not only is the Dore transfer model using a very restrictive use of the word ‘latest technology’ but it is also ignoring the fact that if what one requires is actually copying the latest fashionable technology, then the best form of copying is retaining large chunks of their existing technology, as these now constitute the latest. (For

example under this argument late developers should not opt for the Western concept of tightly scheduled time in their factories but should opt for 'flexitime' which, apart from being the latest has similarities to the peasant concept of time).

The fourth assumption of the logic of the Dore model is that the imported social technology should always override the existing local one. This is again an imperialistic concept, which, even in the case of Japan, is subject to question. Many writers on Japanese organizations have emphasized the fact that although a concerted effort had been made to transfer concepts such as 'Scientific Management', they were always absorbed, only if found to be consonant with local norms. Thus absorption of the imported technology is by no means a foregone conclusion. This assumption is similar to that of the 'modernization' theories of the 1950s. In fact, in the case of many South Asian countries, the breakdown of the 'modernization' theories has led to the concept of post-traditional societies where the late developer incorporates much of its earlier 'social technology'.

In the discussion above I have attempted to see how the four assumptions on which the logic of the late development effect concept rests are related to reality. I believe I have demonstrated that the assumptions, and hence the model, have only a very tenuous link with reality.

A further doubtful aspect of the theory exists apart from its validity. Since the late development effect assumes a one-way flow of ideology and technology, either by diffusion or imitation, it assumes also static relationships of dependence and dominance between source and destination. A theory which assumes dominance — ideological, technological or cultural — as part of its structure of exploration, tends to legitimize the fact of dominance and helps to perpetuate it. Cultural domination of the non-West by the West arose out of the bonds of colonialism and is literally a colonialism of the mind. Thus acceptance of a theory like the late development effect has the necessary consequence of continuing this colonialism of the mind.

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