

Stalled Worker State Stifles China Music Industry

Mainland China's music industry should be a major factor in world markets. With a vast low-cost labor force that is willing and able, intense national pride, and abundant natural resources, China seems to have all the elements necessary for excellent musical instrument production. Yet in spite of these resources, the country appears to be incapable of progressing past the production of low quality, poorly designed products that are saleable only by virtue of an extremely low price.

To put China's lack of progress in perspective, consider the case of Korea. In 1953, at the close of the Korean War, China had a music industry and South Korea stood in ruins. What's more, Korea had, for thousands of years, been one of the poorest nations in Asia. In the ensuing 30 years, China's music industry has remained stagnant while Korea's industry has evolved into a dynamic factor in pianos, guitars, and percussion products. Why such a disparity?

Analyzing the problems that beset China's music industry offers some important insights into the social requirements necessary for commercial success. At the heart of China's stagnation is an unwieldy system that offers no reward for personal risk-taking and initiative and promotes the status quo.

China's vast bureaucracy is much like the U.S. Civil Service, only more so. Loyalty to party ideals and a "don't rock the boat" attitude are the traits that lead to career advancement. In this environment, it's not surprising that no one has attempted any of the steps necessary to make China's music industry competitive.

Product and plant improvements don't occur overnight; they are incremental processes that happen one step at a time. For a Chinese plant manager, there is little or no incentive for making these incremental improvements. Enhanced plant productivity does not lead to improved wages or status. And, given the risk that is inherent in any change, a failed improvement program could result in draconian sanctions for the manager. Self-interest is a universal trait, and if change brings no rewards, then why bother?

Contrasting this system with the market economies of the U.S., Japan, Korea, and most of Europe goes a long way towards explaining why innovation and progress are scarce commodities in China.

It's impossible to imagine the likes of a Leo Fender taking personal risks to launch an untried product like the electric guitar when success would bring no reward and failure could result in dire punishment. Or, would a man like Genichi Kawakami endure privation and hardship, for a decade after World War II, to establish Yamaha as a world power if he could reap no rewards from his labors?

On a more mundane level, in the absence of tangible reward, why would thousands of retailers, salespeople, engineers, product designers, and factory managers exert themselves in constant pursuit of a better way of doing things? As illustrated by China, the "greater glory of the worker state" has not proved to be a powerful motivator.

Given its diversity, the music industry is many things to many people. But in the West, as well as in Japan and Korea, diverse segments are united by an insatiable desire to improve productivity and increase customer satisfaction. The root cause of these lofty desires is unabashed self-interest, yet the result is a dynamic environment that breeds change and continual advancement. Every electronic breakthrough, productivity enhancement, and customer service effort can ultimately be traced back to this enlightened self-interest.

Stifling this self-interest, as is the case in China, yields a drab, stagnant environment where the status quo is always sufficient. Many comparisons have been made between the current Chinese music industry and the Japanese industry 25 years ago. Both turned out products of poor quality and were unaware of the demands of the world market; however, there is one crucial difference. Twenty-five years ago, every member of Japan's music industry had a strong incentive to learn and improve. By contrast, no such incentive exists in China today. Thus, improvements in the Chinese industry in the near term seem unlikely.

An industry or society invariably reflects the individual conditions of its members. Rob the individual of his incentive to excel, and the society will invariably suffer. Living in a society that encourages the full use of our abilities and prompts us to strive for improvement is a privilege that should never be taken for granted.

Brian T. Majeski
Editor