

which have erred or lagged behind in introducing ME equipment tend to be forced to reduce their work force. If this causal relationship is applied to nations, it can be said that the difference in economic vitality between countries which succeed in technical innovation and those which fail will become more and more marked. (One labor union report⁽¹³⁾ touches on this point.)

However, because there are not enough data yet on which to base a definitive con-

clusion on the future social impact of technical innovation, whatever is said at the present time should be regarded only as hypothesis.

Conclusion

At least in Japan, technical innovation has the effect of expanding employment opportunities rather than reducing them. This, however, presupposes continuous economic growth, the providing of oppor-

tunities to those who have already become skilled workers to redevelop their abilities, continuous supply of a "new breed" of high-tech workers, and labor-management cooperation in developing demand (for both goods and services). It will also be necessary to conduct public-funded research on changes in the quality of working life rather than on the volume of employment, as well as on new problems such as nervous and mental fatigue of workers, and the value of work. ●

Labor-Management Relations in Japan

By Joji Kato

Features

Labor-management relations in Japan are underpinned by three main features—lifetime employment, seniority-based wages and enterprise unions. Although different views are held on when and why these factors came into existence, they nevertheless represent the results of the industrialization process of Japan. Although they should not be explained away in terms of Japan's cultural peculiarities, it should be noted that these characteristics are largely responsible for Japan's consensual style of corporate management.

Clearly, they cannot be considered separately from the remarkable economic success which Japan has achieved since the end of World War II. And as these features remain fairly stable and are accepted by both management and labor, they merit a favorable evaluation.

Japanese workers are generally unionized on a company-by-company basis. These enterprise unions belong to national organizations such as *Sohyo* (The General Council of Trade Unions of Japan) and *Domei* (Japanese Confederation of Labor) through their respective umbrella organizations, which are formed on an industry-by-industry basis. At present about 30% of workers are unionized. This rate has tended to decline over the years, reflecting the advent of a "post-industrial society" and the development of a service-oriented economy. Nevertheless, labor unions remain a distinct social force.

Basis of labor-management relations

In Japan a business corporation is regarded as a society within a society, not

Photo: Asahi Shimbun



A *Sohyo* meeting: some 30% of Japanese workers belong to labor unions.

merely as a performer of economic functions. Obligatory relations between labor and management are highly developed in each corporation. Management sees it as a duty to provide employees with adequate security and benefits as well as education and training. On the other hand, employees are willing to devote themselves to improving productivity and promoting the prosperity of their company, in the belief that under the lifetime employment system a prosperous company means a higher living standard. Every regular employee is expected to stay with the same company until the time of retirement.

Normally, the first year of employment begins immediately after graduation. Wages start from a relatively low level but rise annually under the seniority system. It is notable that work and pay are not necessarily directly related.

These are broad generalizations of the basis of Japanese labor-management relations. In reality, it is far more diversified than the above description suggests—as in the case between small and large companies.

Employment and wages

The practices related to employment and wages in Japan's large corporations were more or less established in the 1950s. The following characteristics may be cited:

- (1) New graduates are hired primarily on the basis of their general abilities and personalities, rather than their qualifications for specific jobs.
- (2) Employees are given extensive education and training within their company through job rotation so that they may acquire a broad range of job-performance abilities.

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- (3) Promotions, including job assignments and the upgrading of qualifications, are based on the length of service in the company. In other words, seniority is the primary consideration.
- (4) Periodic pay increases are awarded by revising the basic wages once a year. Individual performance ratings are reflected in these regular pay revisions.
- (5) Retirement bonuses are calculated on the basis of the number of years each employee has worked in the company and the basic wages.
- (6) Some employees are required to retire at age 55, although in most corporations the present retirement age is 60.

The above practices enable corporations and employees to adapt themselves more easily to changes in output, technological innovations and operations, and also facilitate the workings of the lifetime employment system.

That retirement bonuses are sufficiently large to assure employees a reasonable degree of economic security in their post-retirement lives and that the length of employment is considered a barometer of job-performance ability are additional factors in the lifetime employment system.

Labor-management cooperation for corporate prosperity

The traditional features described above in regard to Japanese labor-management relations are bound to change in the face of the rapid aging of the population, the deceleration of economic growth after two successive oil shocks, and the technological innovations represented by the so-called "microelectronic revolution." However, it is unlikely that the strategy underlining this feature—corporate prosperity through labor-management cooperation based on lifetime employment—will undergo basic change.

In the United States and Western Europe, moves toward "work sharing" are under way amid the high unemployment caused by the prolonged recession in the world economy. Trade unions are trying to ensure job security by having work hours reduced or the number of paid holidays increased. However, employers are objecting to these moves on the grounds

Labor-management negotiations: maintaining the healthy existence of corporations holds top priority.



Photo: Asahi Shimbun

Table 1 Relationship Between the Consultation System and Collective Bargaining

Types		Share
Separate type	Collective bargaining and consultation are separated, depending on agenda items.	38%
Consolidated type	Both are treated as different systems but subjects of collective bargaining are discussed at consultative forums.	35%
Mixed type	The two systems are not differentiated; matters for collective bargaining are settled through consultation.	27%

Source: 1980 survey by Japan Productivity Center

Note: Percentage figures represent the replies of 2,000 companies listed in the first and second sections of the nation's stock exchanges who participated in the survey.

Table 2 Expected Roles and Actual Benefits of the Consultation System

		Share
Expected roles	To explain management conditions and views to a union and to seek its understanding and cooperation	62%
	To facilitate labor-management communication and prevent disputes	58%
Actual benefits	Avoidance of labor-management disputes	47%
	Improved communication with union leaders	49%

Source: 1980 survey by Japan Productivity Center

Note: Percentage figures represent the replies of 2,000 companies listed in the first and second sections of the nation's stock exchanges who participated in the survey.

that labor costs will rise, illustrating the lack of consensus on this issue.

In Japan, labor unions put jobs before wages and restrain their wage demands so as not to apply too much pressure on management. Such a cooperative attitude naturally directs them toward participation in management. It should be emphasized that labor and management in Japan are fully aware of the primary importance of corporate prosperity to employment security.

Worker participation generally takes the form of labor-management consultations.

Labor-management consultations

These consist of company-level labor-management consultations with their basis in enterprise unions. Consultations in these forums mean the cooperation and consultation referred to in ILO Recommendation 94. These forums are not places for collective bargaining but arenas for cooperative discussion.

Labor-management consultative bodies, therefore, play an important role in settling by peaceful means questions related to conditions of employment that may be subjects of collective bargaining. Such matters are usually discussed in these forums prior to negotiation. The consultative bodies also have the more positive function of promoting understanding on matters related to management and production. Labor and management share a belief that they can reach mutual understanding despite the differences in their positions. This is only to be expected, given the longstanding practice of life-

time employment.

The consultative system also helps to stabilize labor-management relations, essential for improving productivity, and prevent labor disputes. For this reason it represents an important element. In this sense, the labor-management consultation system should be highly rated. At present such consultative bodies are established in 90% of Japanese corporations.

Japanese-style worker participation

Unlike in some Western countries, the Japanese labor-management consultation system has no legal basis; it is established on the basis of individual labor-management agreements or practices. Consequently, the way in which it operates varies from company to company. It often helps to prevent labor-management disputes; at other times it enables both sides to make joint efforts to defend their companies. Thus, consultative bodies are established for various purposes, and priorities in their operation also shift under different circumstances. The survey results given in Tables 1 and 2 reflect the diversity of the Japanese system and indicate that individual corporations exercise independence and ingenuity in the utilization of the consultative system. As such, this system provides a source of corporate vitality and prosperity and thereby contributes to the stabilization of the Japanese economy.

Japanese labor-management relations will change with the times, but the belief in consensual corporate management based on labor-management cooperation will remain unchanged. ●