

Japan Federation of Employers' Associations: Nikkeiren

By Takashi Ikahata

Labor-management relations in Japan today are very stable. According to Labor Ministry statistics, the number of days lost to labor disputes per 1,000 employees in Japan in 1983 totaled a mere 12 as compared with 677 in Italy, 194 in the United States, 170 in Britain and 87 in France. Other surveys show the absenteeism rate in Japan the same year was also the lowest in the world at 1.6%, against 3.1% in the United States, 6.8% in France and 8.6% in Italy.

Japan owes the stability of its labor-management relations not only to the diligence of its people but also to the excellent labor management of its employers.

During the chaotic years after World War II, labor unions were very strong in Japan; Japanese employers had almost lost control over their workers. At various plants, workers controlled production, resorted to violence against employers and managers and went out of their way to hold "people's courts" to denounce management's policies in what seemed to be a premonition of a workers' revolution. The abortive general strike planned for February 1, 1947, would have involved some 5 million workers, or nearly half of the labor force.

The Japan Federation of Employers' Associations (Nikkeiren) came into being on April 12, 1948, at the height of labor offensives, as a forum to help employers deal with labor unions.

At that time, labor unions were being organized throughout Japan under the Allied Occupation authorities' policy to democratize Japan. It was at this time that various central bodies for labor unions, including the Japan Trade Union Congress and the All-Japan Industrial Labor Union Congress, were first inaugurated.

The Communist Party had a strong influence over these unions, which it planned to use to help bring about a socialist revolution.

It was Nikkeiren that faced down the labor offensive to defend free enterprise. From its inception, Nikkeiren called on employers to close ranks and act bravely when dealing with labor. It tried to reassert management rights.

Nikkeiren has cherished the ideal that



Bunpei Otsuki, president of the Japan Federation of Employers' Associations (Nikkeiren)

employer and workers should mutually respect each other's rights and cooperate to increase productivity. It was thoroughly committed to reconstructing the Japanese economy which was in a state of devastation after World War II.

Among leading figures of Nikkeiren in its early years were Kan'ichi Moroi, Takashi Miki, Takeshi Sakurada, Tagakichi Asoh, Hajime Maeda and Nobutaka Shikanai. Asoh was well known for his close connection with then Prime Minister Shigeru Yoshida, his father-in-law. Moroi was an outstanding employer with sound judgment who called on his fellow employers to be always aware of their social responsibilities. He was also one of the founders of the Japan Committee for Economic Development (Keizai Doyukai). Sakurada, an ardent advocate of free competition, was one of the employers who contributed most to the development of Nikkeiren (he still holds the post of honorary adviser). Known for his strong objections to cartels, Sakurada acted as an adviser to the administration of the late Prime Minister Hayato Ikeda (1960-1964). Maeda, who was an official of the Hokkaido Colliery & Steamship Company, transferred to the Coal Mine Federation and then joined Nikkeiren as managing director. In that post he assumed responsibilities for day-to-day operations of the organization.

Defense of free enterprise and employer rights

The 1948 labor dispute at Toho Company was Nikkeiren's baptism of fire. Toho, employing 6,250 workers, was a leading entertainment company, but it was suffering from a serious deficit and was on the verge of bankruptcy. The Toho union walked out for 195 days to oppose a management plan to dismiss 20% of its workers in order to put the company back on track. Eventually the union lost the battle to a management strongly backed by Nikkeiren.

The Toho experience helped Japanese employers regain their confidence. Employers affiliated with Nikkeiren who threw their full support behind the Toho management, realized that the federation could function as a fraternal organization of employers for the defense of free enterprise. Since then, Nikkeiren has exercised leadership over management in various labor disputes and has become the champion of the free enterprise system. Nikkeiren's posture, first taken in its earliest days, remained unchanged even after the Japanese economy got its house in order and began to grow.

Nikkeiren scored one victory after another in labor disputes in such key industries as electric power, coal, steel and shipbuilding. Hallmark victories along the way included the disputes at Nissan Motor Co. in 1953, at Oji Paper Co. in 1958 and at the Miike coal mine of Mitsui Mining Co. in 1960. During these disputes, unionists came to realize that struggles that disregarded their companies' positions would only cause them to fold up, costing them their jobs. In the end, Nikkeiren prevailed.

It was through this process that the orderly labor-management relations now existing in Japan were established.

Nikkeiren affiliates 47 prefectural associations and 57 industrial associations with a combined corporate membership of about 31,000. Their total work force of some 11 million accounts for nearly one-third of all workers in Japan.

Among these regional associations, the



Nikkeiren officials meet with labor union representatives.

matters. And neither employers nor labor unions are bound by such guidelines.

Social goals move to the forefront

All-out confrontations between management and labor such as the Toho dispute and the Nissan Motor dispute have now become a thing of the past, and with the passage of time, Nikkeiren's guidance to employers and its organizational activities have naturally changed.

Now that labor-management relations have been stabilized, the social education of employers, corporate training of workers and publicity for employers' policies have become Nikkeiren's most important duties.

The opening of a management development center at the foot of Mt. Fuji in 1965 as a venue for self-enlightened retraining of managers from its member enterprises was one example of Nikkeiren's new activities. Today some 20,000 persons use the Fuji Management Development Center annually.

In the 1970s Nikkeiren gave top priority to stabilizing prices. The Federation is now conducting a campaign to keep average wage increases in the national economy within the range of the productivity increase ratio.

The campaign, called the "productivity standard concept," is considered a Japanese version of incomes policy.

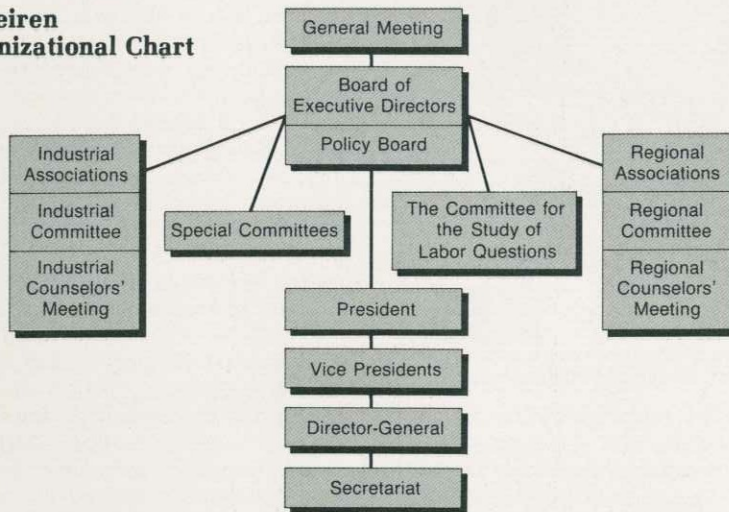
While Nikkeiren's ideal has still to become reality, the campaign has exerted a strong influence on employers in the 1980s. An increasing number of employers have come to realize that Nikkeiren's "productivity standard concept" has severed the vicious spiral of price and wage increases in Japan.

Bunpei Otsuki, who took over the Nikkeiren presidency from Takeshi Sakurada in 1979, is a firm believer in this concept. Otsuki, who dealt handsomely with labor problems at Mitsubishi Mining and Cement Co., is urging fellow employers not to succumb to labor union offensives, nor to be afraid of riding out strikes if necessary to prevent big wage hikes.

Nikkeiren once scored major victories by standing up to the labor offensive. In that respect, it resembles the tough, uncompromising stance British Prime Minister Margaret Thatcher took toward the coal miners' strike in her country. It is this experience of victory that manifests itself in the "Don't be afraid of strikes" admonition of Otsuki and other Nikkeiren leaders. Employers in the same boat as Nikkeiren share its confidence.

Nikkeiren plays so pivotal a role that no discussion of management-labor relations, employment and prices in Japan can be complete without heeding its many activities. ●

Nikkeiren Organizational Chart



Special Committees

Education Committee
 Employment Committee
 ILO Committee
 Labor Economy Committee
 Labor Legislation Committee
 Personnel Management Committee
 Public Relations Committee
 Small & Medium Enterprises Committee
 Social Security Committee

Nikkeiren Organizational Data

(as of March 1985)
 Address: 4-6, Marunouchi 1-chome,
 Chiyoda-ku, Tokyo 100
 Telephone: 03-213-4451
 Establishment: April 1948
 Membership: Prefectural associations 47
 Industrial associations 57
 Total member corporations 31,000
 Number of main officers: President 1
 Vice presidents 6
 Director-general 1
 Executive directors 907
 Secretariat staff: 136
 Annual budget: ¥757 million (fiscal 1984)

most active are the Kanto Employers' Association headquartered in Tokyo, Kansai Employers' Association in Osaka, Aichi Prefectural Employers' Association in Nagoya, Fukuoka Prefectural Employers' Association in Kitakyushu and Hokkaido Employers' Association in Sapporo. In each of these areas there are head offices or main factories of Japan's leading enterprises, contributing to a vigorous labor movement.

The member corporations of the industrial associations cover all branches of industry, ranging from manufacturing and mining to agriculture, forestry and fisheries. Among them are the Japan Iron and Steel Federation, Auto Industry Employers' Association, Federation of Electric Power Companies, Japanese Shipowners' Association, Japan Spin-

ners' Association, Japan Coal Association, Shipbuilders' Association of Japan, Japan Non-Government Railways Association, Japan Chemical Industry Association and Japanese Communication Equipment Industries Federation.

However, actual wages, working hours, the length of service for employees and other employment conditions are determined in Japan by the management of each corporation. Employers talk with the labor union before making a final decision on such conditions.

Neither Nikkeiren nor the Japanese Private Trade Union Council, a central body of labor unions, has authority to directly determine wages and work hours for individual enterprises. All they can do is set forth broad guidelines on what they consider desirable wage levels and other