

Abstract of Workplace Dispute Resolution in Japan

Lam, A. C., Norsworthy, J. R., & Zabala, C. A. (1991). Labor dispute and productivity in Japan and the United States In C. Hulten (Ed.), *Productivity Growth in Japan and the United States* (pp. 411-4). Retrieved from <http://www.nber.org/chapters/c8455.pdf>

Abstract:

This article examines the thesis that Japanese workers appear more dedicated and motivated than their American counterparts, and this reality affects dispute resolution. It examines this phenomenon by comparing the effects of worker attitude on productivity and production costs in the U.S. and Japanese manufacturing sector. The findings suggest that worker attitude affects economic growth. Japanese manufacturing plants are also characterized by non-adversarial collective bargaining, with lower grievance rates, fewer unresolved grievances, fewer strikes, and higher in-process quality audits.

As excerpted from the author, “there are important differences between Japanese and U.S. institutional structures for managing labor-management conflict. While many U.S. manufacturing industries are organized by industrywide unions, such as the United Auto Workers, Japanese manufacturing workers are represented by unions that typically cover only one large enterprise. Among small- and medium-sized firms, the pattern is different and more similar to the one in the United States. Under these circumstances, the Japanese union has less bargaining leverage in terms of political power. Outside manufacturing, industrywide unions are more common, and many are considerably more militant than the unions in the manufacturing sector.

The Japanese system of labor dispute resolution has a strong resemblance to the U.S. system. This is because U.S. institutions served as models for many postwar economic institutions established in Japan. Dispute adjustment includes conciliation, mediation, and arbitration, as well as a semi-judicial function that resolves unfair labor practice disputes. Moreover, the Labor Relations Commissions (LRCs) perform major fact-finding activities prior to informal and formal negotiations. Unlike the U.S. system, the LRC system often extends collective bargaining agreements to other trade unions and industries. The LRC system operates at the national level (Central Labor Relations Commission) and in each prefecture (Local Labor Relations Commissions (LLRC)).

Although most dispute cases in Japanese manufacturing are handled by conciliation and then mediation, in recent years differences between the two processes have largely disappeared. Conventional arbitration, which explicitly acknowledges the adversarial relationship between parties, settles few disputes, since this technique does not conform to the Japanese tradition of compromise between bargaining parties.

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