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Interest Based Bargaining and the Japanese Management Style: Two Models for Cooperation in the Workplace

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Interest Based Bargaining and The Japanese Management Style:
Two Models for Cooperation in The Workplace.

An Internship Report submitted in partial fulfillment
of the requirements for the degree of
Master of Science in Social and Applied Economics

By

D. R. Fannin
B.S., Wright State University, 1994
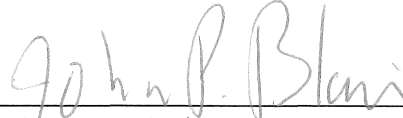
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 I HEREBY RECOMMEND THAT THE INTERNSHIP REPORT PREPARED
UNDER MY SUPERVISION BY <u>D. R. Fannin</u> ENTITLED <u>Interest Based
Bargaining and the Japanese Management Style: Two Models for
Cooperation in The Workplace.</u> BE ACCEPTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE DEGREE OF <u>Master of Science.</u>

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Abstract

Fannin, D. R. B.S., Department of Economics, Wright State University, 1994. Interest Based Bargaining and The Japanese Management Style: Two Models for Cooperation in the Workplace.

Dealing with conflict between workers and managers is an ongoing concern for management specialists. Models have been introduced to help manage the conflict in the workplace. Two are examined in this thesis; Interest Based Bargaining and the Japanese Management Style. Both models seek to lessen the conflict in the workplace by utilizing problem solving tools and communication tools that will provide a balance of the control that governs the work process. Both models will find success difficult because the tendency of American managers is to resist empowering workers because they fear that empowering workers will result in decreased productivity that will effect the bottom line.   Therefore, even though both models have the elements needed to be successful, complete implementation of either model is unlikely in the American workplace.

To My Parents
Darrell & Judy

Table of Contents

I. Preface

At a recent Ohio State Employment Relations Board training seminar the prevalence of conflict in the workplace became the prominent topic. The participants of the seminar, mostly managers with a few worker representatives, discussed the need to alleviate situations in the workplace that are typically a result of adversarial relations in the workplace such as low productivity and absenteeism. There seemed to be a misunderstanding in regard to what could be causing the conflict between workers and mangers. Therefore, the emphasis was placed on methods to make employees be more productive or more punctual (or whatever the problem may be); the coaxing usually took the form of increasing disciplinary consequences. However, little or no examination was given to the actual cause of the behavior, again emphasis was placed simply on preventing the behavior. It was from this discussion that the need for a greater understanding of workplace cooperation was identified.

In the early 19th Century 75 percent of property owners worked for themselves as either craftsmen or as farmers (Collision Course 1987). The independent worker had a personal stake in the success and in the quality of their work. In order to earn a living, they needed to build a product or provide a service in sufficient quantity in exchange for revenue that would be considered their wage.

In 1813 a revolutionary phenomenon occurred that would eventually change the make-up of the American workforce from independent workers to wage labors. Francis Lowell built The United States' first factory in

Massachusetts. It was a 4-story cotton mill that organized the tasks of carting, spinning, weaving under one roof. The efficiency of Lowell's power loom made the work of independent sewers and weavers obsolete.

By 1823, the area where Lowell's factory was built had been transformed into a campus of many textile mills and the area was named Lowell, after its founder. There was a need for workers in the new mills. As a result Lowell began to recruit women from farms. They were brought into town and given a place to live in a company boarding house. The workers were strictly chaperoned by matrons. The workers traded the self-sufficiency of farming for a weekly wage. Immigrants and the independent sewers and weavers that the factory replaced soon joined the farm women. 100 years later American society had been transformed. In 1926 only 20 percent of Americans worked for themselves (Collision Course 1987). Industries were transformed much like the textile industry had been transformed 100 years before.

The advent of wage labor changed the motivation of workers to perform work. Originally the independent worker was motivated to be productive because their subsistence relied upon their work product. Once the independent worker sells his labor to the capitalist or the entrepreneur for a wage, his motivation to perform work is tied to a combination of psychological and monetary rewards.

In this new system of wage laborers prevalent in the 1920's in The United States, workers preferred monetary rewards to psychological rewards. Psychological rewards consist of those things that provide substitution from work such as the ability to control the work process or the pace of work; having a voice

in running the company.   According to Samuel Gompers, the founder of The American Federation of Labor, wage labor in The United States had a preference toward wages. Unlike their European counterparts, American workers and union leaders have really never sought to have a voice in running the company (Collision Course 1987).

Steady economic growth in The United States allowed the "deal" between workers and management to succeed. Essentially the "deal" consists of tradeoff between monetary rewards and psychological rewards (Kuttner 1987). As Gompers indicated, as long as monetary rewards continued to increase, workers were willing to tradeoff control over the work process. The affluence of the economy masked the inherent conflict between labor and management.

This system held up until tough competition on the market during 1970's threatened the affluence of the economy. New competitors from Taiwan, South Korea, Germany, and Japan invaded American markets. The pace of technological change accelerated this phenomenon. Suddenly new pressures were being placed on the "deal" between workers and capitalists. Foreign competition, coupled with deregulation, increasing oil prices, and declining productivity growth made giving regular wage increases a improbable if American corporations were to compete in the new global market. Instead of giving wage increases, workers were being asked to take pay and benefit cuts. (Kuttner1987) This phenomenon caused a shift in the workers' preference between psychological and monetary rewards. The process of removing benefits and

monetary pay from workers led them to demand more psychological rewards or control over the work process.

The workers' desire for greater control over the work process led to a rebirth of the adversarial relationship in the workplace that the affluent American economy had done so well to mask. It is this conflict that inspired this paper, which will evaluate two models, the Japanese Style of Management and Interest Based Bargaining, that promote a cooperative working environment.

II. Introduction

Historically, corporations have been interested in implementing programs and policies that would create a pleasant, cooperative working environment. One of the latest theories introduced by management specialists is Interest Based Bargaining. The Interest Based Bargaining model is intended to make the process of bargaining more pleasant and to improve the relationship between management and labor. The history of corporations is replete with similar strategies to motivate workers and thereby improve worker productivity. The purpose of this paper is to examine the ability of the Interest Based Bargaining model to foster a cooperative relationship in the workplace. The first section of this paper will describe the Interest Based Bargaining model, its ability to be utilized as a problem-solving tool in the workplace, and critique the Interest Based Bargaining concept. The second section of this paper will introduce another management model, the Japanese management style, that utilizes communication tools similar to those used in the Interest Based Bargaining model to create a cooperative work environment. Evidence will be presented in this section that will indicate that the theory is workable, but not in the context of capitalism. The third section provides an explanation of the manifestation of control in a capitalist economy. It is the struggle over control in the workplace that has troubled management specialists and has led to methods, such as interest based problem solving, to squelch the conflict in the workplace. Finally, the last section of this paper will provide conclusions and recommendations in regard to the usefulness of the Interest Based Bargaining model.

The capitalist production model has aided in creating a workplace culture that is plagued with conflict. The conflict between management and workers stems from their differing interests in the production model. As the struggle between workers and employers wove its way through history, the arsenal of tool and methods to protect one another became more complex. The unionization of employees gave workers some empowerment over the production process. Although the balance of control has teetered between both sides, the conflict in the workplace has not subsided.

It is common knowledge that the advent of unions did not eliminate the struggle for power in the workplace; unions simply gave workers a voice, one that they frequently lost is power struggles with management. Currently in the United States unionization is still just a mechanism for workers to maintain some workplace control and security in regard to wage levels. The voice of workers has become a bone of contention with management, making the collective bargaining process a difficult if not unpleasant experience. It is with the process of collective bargaining that the conflicting interests of workers and management become most apparent.

It is the adversarial approach to making the workplace more livable, collective bargaining, which serves as the seed for Interest Based Bargaining (IBB). Interest Based Bargaining is a means to arrive at agreeable solutions in the negotiation process. The intent of IBB is to create a cooperative culture that will eventually work its way into the workplace and become an everyday practice for avoiding conflict between workers and managers.

The Interest Based Bargaining model will have no chance of succeeding to its fullest potential. However the reason for the eventual demise of the well-intentioned model will not be a lack of support from management. Management has and will continue to embrace the Interest Based Bargaining model as a way to squelch the adversarial nature of the workplace so common to American industries. While it is the intention of the Interest Based Bargaining model to eliminate the upheaval common to traditional bargaining, and then spill over into the workplace as a culture to solve conflicts that arises between workers and employers during the work process. The IBB model has a common feature of models designed to create cooperation in the workplace – it empowers the worker. In a culture that emphasizes individual well being, the notion that one party has significantly more power over the work process will eventually lead to conflict. This is the sort of problem created by the capitalist production model that workers and employers face daily in U.S. corporations.

The ability of the IBB model to effectuate cooperation in the workplace in unlikely. As evidenced by other management models, revolution in regard to the distribution of power has been unsuccessful. Employers utilize models like IBB to squelch the conflict between workers and managers, however models of this sort are usually implemented to the degree that management can still retain a majority of the control over the work process; the elements of the model that promote cooperation are left out of implementation.

The Japanese style of management will be evaluated to show a model that seeks to manage the conflict in the workplace through communication and

team problem solving; essentially the responsibilities for managing the workplace lie with the worker and the manager.   The Japanese management style has been put into action in some American firms but its results were not as expected.

III. Interest Based Bargaining

Traditional bargaining practices usually begin with management and labor presenting a wish list of demands, some realistic but most of them unrealistic. The bargaining table starts off by being cluttered with some important issues, but mostly unimportant issues that can be used as a pawn later in the process to make gains for one's side. Therefore it is unclear as to what each side *really* hopes to achieve from the bargaining process. What inevitably happens is as time narrows, the unimportant issues leave the table through sidebar discussions between lead negotiators and the substantive issues are left for further negotiation. Almost always, the financial issues are left until last because it is seen to be the area that causes the most controversy in the bargaining process. (Friedman 1993)

The interaction between parties stems from each side making its demands and recommending uncompromising courses of action, known as positioning. A position is a specific remedy to a specific problem. When a party demands a position the have little latitude to back down from their request. It is important to note that bargaining is essentially perceived by participants as the stronger party overcoming the weaker party. Therefore once a position has been demanded, it would be an implied sign of weakness for the party to back away or compromise on its position. The parties begin to play a game of defending their position and essentially not establishing a cooperative agreement between labor and management. When this occurs, solutions are difficult to formulate because neither side wants to be perceived as weak. The actual interest of the parties, or

the real issues, are lost in this web of power. Because solutions can be hard to find in this sort of situation, bargaining often breaks down into a power struggle among parties that does not always end peacefully. For example, the 1980's air traffic controller strike in which the striking workers were replaced with new hires at the direction of President Ronald Reagan. In that case, a breakdown in the bargaining process led to a strike by the workers that resulted in the demise of their jobs.

Even when an agreement can be struck between parties, it is argued by many negotiators that the end result of collective bargaining is a deterioration of labor-management relations that would not exist without this arbitrary process in place (Descarpentrie and Sloan 1991). Because there is a tendency for collective bargaining to be antagonist, mediators and negotiators have expressed much enthusiasm for a system that will eliminate the tension commonly associated with collective bargaining. This model is called the interest based bargaining model.

A. The Interest Based Bargaining Model

At first glance, the interest based bargaining model appears to be taken from practice and brought into the academic world for justification. This assumption is made based on the evidence that little academically sound research exist on the topic. The best-documented version of the model can be found in a book called Getting to Yes: Negotiating Agreement Without Giving In by Roger Fisher and William Ury. This version of the model is the one that authors providing analysis of the model refer to without exception. Incidentally,

the book in question makes no reference to the sources on which this theory is built. Again, this is what initially led to the assumption that the theory was contrived from practitioners' experience and not based on academic theory. However, upon further investigation the theory actually was born by the authors of the book; Fisher is a Williston Professor of Law at Harvard University that teaches negotiation techniques and Ury is the co-founder of the Harvard University program on Negotiations. Much of the literature that exists on this subject suffers from the same symptom: a lack of documented sources on which the theories and conclusions put forward are built. In any case, would not be a fair conclusion to discredit the theory based on a lack of academically sound research alone without further analysis of the model.

The foundation of the interest based bargaining model rests on bringing a collaborative tone to the bargaining table. That is, the goal of the interest based bargaining model is to quell the adversarial nature of traditional collective bargaining, emphasizing instead a cooperative environment that does not utilize positioning. Instead of parties presenting positions and becoming intertwined in their defense, the interest based bargaining model focuses on interests. To reiterate, a position is a specific remedy for a specific problem. On the other hand, an interest is what people essentially care about. For example, a position would be if labor were to demand that restroom facilities be added to the North side of the production plant. However, the interest of labor in this situation may be providing adequate time for workers on the North side of the plant to use the restroom facility located on the South side of the plant, given the allotted break

time. Now that the interests of labor are clear, a feasible solution may be closer at hand. Instead of adding a restroom facility, management may agree to extend the break time for those workers affected as a potential remedy to the problem. Essentially, the basis of interest based bargaining is to identify the interests of each party and try to their needs through a cooperative team environment. In order for the interest based bargaining model to be effective the nature of bargaining will have to restructured and an on-going relationship building effort will need to occur between the two sides. (Fisher and Ury 1981 and Friedman 1993)

Fisher and Ury have incorporated a set of standards into their model in regard to what an effective method of negotiation should do. An effective bargaining method should be able to produce a wise agreement. A wise agreement is one that meets the legitimate needs of each side, while at the same time resolves conflict and accounts for community interest. The second factor of an effective bargaining model is its ability to produce an efficient agreement. An efficient bargaining model will alleviate the wasted time spent arguing over positions. Finally, the effective bargaining model will at least improve (but certainly not hinder) the relationship between labor and management by eliminating the antagonistic nature of the traditional collective bargaining process. (Fisher and Ury 1981)

B. Skills/Elements Needed for Interest Based Bargaining to be Successful

Fisher and Ury have identified four major components of their model:

1. Separate the people from the problem.

2. Focus on interests not positions.

3. Create solutions to the problems.

4. Rely upon objective criteria when creating solutions.

Each component is necessary for interest based bargaining to work. It is important to note that the model put forward illustrates the conceptual theory and does not illustrate specifically how the players from each of the parties will become interest based bargaining ready. The training process will be discussed following this section.

The first essential component, separating the people from the problem, the interests on the table should be disassociated from the people in the negotiating process. In order for the people to be separated from the problem, they must be able to thoroughly understand the opposition's point of view. Separating one's ego from the issue will help prevent participants from getting emotionally entangled in the process. When ego and emotion get entangled in the negotiation process, people will be less willing to compromise and the interest based bargaining process will likely breakdown. This skill will be learned early on in the training process (Fisher & Ury 1981). The second essential skill needed to implement interest based bargaining is the participants' ability to focus on interests and eliminate positioning. As alluded to earlier, the interest based bargaining model emphasizes recognizing each party's interest from their

13

positions. This is important to the process because a party's position is something that has already been decided upon and leads to rigidity in the negotiating process. On the other hand, focusing on interests emphasizing identifying the problem without suggesting how the problem can be solved. (Fisher and Ury 1981)

In order to differentiate between interests and positions, participants should the following process. When a proposal is put on the table, the members of the group should silently ask themselves is the proposal is concrete or inflexible. If it is, there is a strong degree of likelihood that the proposal is a position and not an interest. If the proposal is a position, there are interests that underlie it. Therefore, the other team should put themselves in the other teams place to understand their request. The opposing team should also ask provocative questions that will help to clarify the other teams interest. Then analyze the consequences of implementing the proposal. This too will aid in understanding the other team's motivation. (Fisher and Ury 1981)

The third essential component needed for interest based bargaining to be successful is the ability to generate viable solutions to the problems or interests identified. In order for creative solutions to make it the bargaining table for consideration, it is important to train participants to separate brainstorming for ideas from deciding upon a potential solution. When searching for a solution, there is a set of four criteria that should be considered:

1. Avoid premature judgement of a potential solution.

2. Avoid searching for a single answer to the problem.

3. Assume that the pie is not a fixed size.

4. Avoid thinking that solving the problem is *their* problem.

When looking for the best decision from the possibilities on the table, consider the possibility that will provide mutual gains for both parties. (Fisher and Ury 1981)

The fourth element needed for interest based bargaining to be successful is a reliance on a set of objective, predetermined criteria. At the onset of the interest based bargaining process, the parties will collectively establish a set of predetermined guidelines in which their bargaining process will be based upon. A reliance upon predetermined criteria will alleviate irrational or unreasonable solutions to problems that could potentially cause the process to slowdown or even breakdown. (Fisher and Ury 1981)

C. Implementing Interest Based Bargaining

The preceding section presented a general theory of the interest based bargaining model. The theory put forward by Fisher and Ury provides the essence of the interest based bargaining process. However, the process of actually implementing the interest based bargaining model is external to the model itself. Essentially, practitioners have identified six steps to implementing the interest based bargaining process.

Step one consists of a pre-training meeting that is held with the leadership of each party, separately. It is the intention in this meeting for the interest based bargaining trainer/coach, whom will run the bargaining process, to build a rapport

15

with the party leadership. At this meeting the party leadership will have the opportunity to ask questions about the bargaining process that they may not want to ask in front of the other party.

The second step is a joint training session that emphasizes individual skill building. This training session is open to any interested individuals on the side of labor and management, separate meeting are held for each party. This training session will last one day and will an overview of the interest based bargaining process to help promote participation by a diverse cross-section of labor and management. This training session will include lectures and simulations to further illustrate what can be expected from the interest based bargaining process.

The third step is an initial combined joint training session. This meeting is open to the membership of both parties, attendance by party membership is required. To provide a neutral environment, this meeting is held off-site. At this meeting, the parties are given a more in-depth depiction of how the process will occur. Simulations will be built around the anticipated types of conflict that are likely to occur in the bargaining process. The duration of this training session is two consecutive days.

The fourth step is a second joint meeting. This meeting should be held at least two months prior to the expiration of the contract in question. Again this meeting will be held off-site at a neutral site and will be two consecutive days in duration. The beginning of this meeting will be used to re-familiarize participants with the interest based bargaining criteria. The latter part of the meeting will be

used to establish the criteria discussed in the fourth essential element mentioned in the preceding section.   Participants will utilize the interest based bargaining framework to arrive at the predetermined guidelines. This step is also used as a feasibility test for the groups. If the parties can arrive at an agreement for the guidelines, then it is likely that they will be successful at utilizing interest based bargaining. If they are not successful at reaching an set of criteria, it is likely that they are not ready to participate in interest based bargaining. It is left up the coach to make the final determination in regard to interest based bargaining readiness.

The fifth step is to provide coaching during the bargaining process. During this step, the coach will provide guidance to the parties in regard to sticking to the predetermined criteria and following the interest based bargaining process. However, the coach only provides guidance about the process, the coach makes no suggestions in regard to potential solutions for problems.

The sixth and final step is the process of post-contract follow-up and continuing education to help institutionalize the interest based bargaining process. Following the agreement, the coach will debrief the participants of the process. Following the contracting process, the trainer will come back at least twice a year to help implement the interest based method of problem solving into the corporate environment. The follow up visits will assist the organization make the shift from traditional bargaining methods to the interest based bargaining method. (Susskind and Landry 1991)

D. The Viability of Interest Based Bargaining

Interest Based Bargaining should not be dismissed as simply another bargaining tool. In fact Interest Based Bargaining is a complex problem solving tool that can be applied to virtually any situation where an outcome must be reached between parties that have differing interests. Once Interest Based Bargaining is implemented in the contracting/negotiations process, it is then caried over into the everyday operations of the workplace to promote harmony between workers, managers, and employers. When conflicts arise, they will quickly be resolved using the team problem solving approach that is incorporated in Interest Based Bargaining. At this point the process is referred as Interest Based Problem Solving. The Interest Based Bargaining model is based upon sound problem solving skills and interpersonal communication skills. In theory the model will achieve cooperation between workers and managers by balancing the distribution of control that governs the work process. However, there are several underlying assumptions necessary for Interest Based Bargaining to function effectively that are missing from most workplaces where profit is a motive for the production of goods and services.

I. Trust

According to Friedman (1993) trust must be institutionalized is the workplace before Interest Based Bargaining can be effective. The premise of IBB is that there will be give and take in resolving a problematic issue. Imagine trying to comprise with your older sibling who frequently does not keep his word. Any solution that both of you arrive at will be wrought with underlying feelings of

distrust. On a grander scale, employees that have been misled by employers in the past, whether intentional or unintentional, will have a difficult time arriving at an amicable solution. Therefore, it can be said that if trust is at issue between the parties involved, Interest Based Bargaining and Problem Solving will be ineffective at creating a harmonious balance in the workplace.

II. Control

The bigger issue at determining whether or not Interest Based Bargaining can be a viable tool to promote cooperation in the workplace is how control is distributed. The previous section of this paper discusses the institution of control in the workplace. While it may seem overly theoretic, control is indeed at issue in the workplace. Historically, methods of control have been implemented to improve the efficiency of workers output. This type of use of control has been institutionalized in the American Corporations. In other words, it is common place to use control mechanisms to manage productivity in the workplace. We ask workers to keep the pace of the line or we set arbitrary goals for workers to work toward in an attempt to increase worker productivity. It must be said that this process is much subtler than it is being presented in this paper.

Since the justification for using control by employers is apparent, it is also equally apparent why employers might not want to share this control. There is an overwhelming image of the worker who is allowed to set the pace of his work. He is sitting on the beach under a sun umbrella with a sign that reads "permanent vacation." This is most likely an exaggeration, but nevertheless a

fear that employers have in sharing control or decision making authority over the production process with employees.

The willingness to share control over the production process is a key underlying assumption of the Interest Based Bargaining model. In fact, sharing control in an underlying assumption of many management models that seek to promote cooperation in the workplace, like Japanese Management discussed earlier in this paper. The unwillingness or inability for employers to share control over the workplace will result in a failure to implement models like Interest Based Bargaining or the Japanese style of management.

In the case if Japanese management, it was found that complete implementation of the model was limited at best, and usually nonexistent. Usually, only portions of Japanese management were implemented; those features that were implemented were sometimes implemented incorrectly (Milkman 1995). Therefore, it is a safe conclusion that Interest Based Bargaining will face the same sort of hurdles because one of its underlying assumptions is the share of control.

III. Profit Motive

Little information is available about the use of Interest Based Bargaining in private corporations. Upon investigation, experts at the Ohio State Employment Relations Board indicate confirm that there is little evidence that Interest Based Bargaining has been utilized in the private sector. The preponderance of the evidence suggests that Interest Based Bargaining is used almost exclusively in the public sector.

Utilizing Interest Based Bargaining in the public sector changes the matrix of control between workers and employers because the profit motive is missing. Certainly public employees make gallant attempts to minimize expenditures in the workplace. However, the lack of profit motive and the lack of a competitive market make much easier for public employers share control over the work process with workers.

In cases where public employers and employees have entered into Interest Based Bargaining, there have been few cases where the result was less than ideal. In the cases where results were not ideal, one of the other underlying assumptions was also missing. Therefore, Interest Based Bargaining in the public sector has been used effectively, however, it has not crossed over to the private sector most likely because profit is an issue and sharing control could put profits in jeopardy.

IV. The Japanese Management Style

The Japanese management style, as its name suggests, is a combination of techniques utilized by Japanese firms to effectively manage the production process. The Japanese management style has been credited with the great success of Japanese firms to produce high quality products at a low cost. American management professionals have investigated the theory and have touted that it is a viable model to transform the current workplace culture in the United States into one that stresses cooperation between management and workers.

The Japanese management style is a corporate culture employed by many Japanese firms to promote cooperative working environment centered on producing or providing quality products or services. The dominant or driving force of the theory is constant improvement of production process. Workers and employers share a common desire to produce quality products. The Japanese style of management is rooted in Japan's culture and has been predominately introduced to the Untied States through a growing presence of Japanese multinational corporations. Management specialists in the United States have had great hope that the presence of Japanese multinational corporations would result in a transfer of corporate culture to the United States (Milkman 1995).

A. Roots of Japanese Management

The Japanese style of management has strong roots in the history of the country. Except for a brief period of time in the sixteenth and seventeenth

centuries, Japan was an isolated society until the 1850's. Japanese citizens have a strong sense of nationalism that dates back to this period. During most of Japan's history, emphasis has been placed on the good of the country and not the good of the individual. Japan continued to maintain its sense of group superiority in its post-1850's culture. These same principles can be found at the root of the Japanese style of management.

The idea of industrial relations in Japan was first introduced in 1907 at an open seminar of the Japan Social Research Association by Dr. Soeda (Okochi, Karsh, et. al. 1973). The concept of industrial relations in Japan was based on the relationship of superior-inferior in the Meiji and Taisho eras. Dr. Soeda emphasized that human relations for Japan should be based on the master and the servant, an idea carried forward from the feudal system in Japan. Dr. Soeda indicated that "compassion and obedience based on paternalism were considered ideal and constituted the only norm applicable to labor relations in Japan" (Okochi, Karsh, et. al. 1973). Dr. Soeda's beliefs were widespread in Japan. The industrial labor movement was spreading rapidly through Europe at the time, leaving Europe in a situation of unstable industrial relations. Dr. Soeda and his followers believed that the unstable industrial labor relations were a result of the egalitarian views and policies held by the European people. From this observation came the theoretical framework that led to the unique style of Japanese management based on traditional social relations.

B. Japanese Employment Policies

The single most important factor of production in Japan is human power; this argument is the foundation of Japanese management. Japanese firms have a realization that workers are ultimately responsible for production - not machines. Japanese management philosophy begins with the assumption that all members of the workplace have been brought together to work as a team by some *en* (karma) (Haitani 1986). The goal of Japanese management is to provide a cooperative working environment between the worker and employer. There are four major components that comprise the Japanese style of management: lifetime employment; quality circles; the team concept; and the enterprise union.

C. Lifetime Employment

Employees for most of the large Japanese firms are hired immediately after they complete their education. New hires are placed in an extensive training program at a large cost to the firm. The firm makes substantial investment in each employee to encourage the employee to stay with the company until retirement. Firms try to foster a mutual commitment between worker and firm to cut down on turnover and recruitment costs (Sumihara 1993). Employees are guaranteed lifetime employment, within reasonable limits. That is, negative behavior must be extreme to warrant termination.

Until 1918, workers in Japan were very mobile. Much like in the United States, a workers only chance to receive higher wages and promotions was to get a new job (Okochi, Karsh, et. al. 1973). The more skills a worker possessed,

the more times he could expect to relocate to a new position. With the industrial relations movement in Japan came the notion of lifetime employment. This sort of system of employment security was seen cost prohibitive, until the introduction of wage increases based on seniority. Prior to that time, wage increases were based on skill level, job, or occupation. Firms were able to spend less on wages when a worker is new and more on the worker's training. As the worker's skill level increases and his need for training declines, his wages will increase. Japanese managers find this system useful because it lowers the cost associated with recruitment and turnover.

With a system of lifetime employment, which is a moral obligation, not a legal obligation, workers are guaranteed employment until the age of retirement, usually between age 55 and 60 (Milkman 1995). Workers are seldom terminated; workers who do not perform adequately are placed in positions with little responsibility. A worker is only terminated for the most serious offenses such as chronic absenteeism or a criminal action (Tung 1984). Workers that have been terminated will find it extremely difficult to gain employment again. Termination for extreme behavior carries a stigma that strongly limits the workers employment possibilities. Unemployment due to layoffs is also avoided. If the production demands for a manufacturing firm decline, work schedules will be altered and a short workweek will be implemented so workers will not be without work. A long-term commitment between worker and firm is an important factor of the Japanese management style. The firm guarantees employment to the worker, the worker guarantees obedient service to the firm.

D. Training & Job Rotation

When an employee is hired fresh out of school, he will be placed in a company-training program. While in the company training program, the workers will be regarded as apprentices or students (Tsuda 1973). When the employee-training program has been completed, the worker is placed in the lowest position in the firm. Some regard is given to the employees' skills and abilities when placing them in their first position. The employee will be supervised by a senior employee in his work group. The employee is assigned to a task with the promise that they will move up to positions of more authority and responsibility as their skills improve.

During an employee's tenure at a firm, he will be rotated through various jobs and departments so he will gain knowledge and exposure of all facets of the company (Tung 1984). An employee that is aspiring to become a top manager will gain some of the knowledge and skills necessary. Job rotation is used as an educational tool because Japanese firms believe that the skills acquired from job rotation cannot be learned in a classroom or from a book.

E. The Japanese Work Team

The Japanese workplace is structured around the team concept. Each worker is placed in a team and the team is responsible for completing a task - *not the individual*. Every decision that is made must be made as a group, this sort of decision making system is referred to as a *ringisho* (Tung 1984). Approximately 90% of all decisions made at the lower or middle management levels are made with the ringisho system, or as a consensus (Tung 1984). If other departments

will be affected by a decision, input and consensus from the other departments will also be necessary. Therefore, it is important to maintain close relationships with workers in other departments (Fernandez 1993). Usually Japanese workers develop a good communication system because of their extensive job rotation in their early years at the firm.

F. The Enterprise Union

The Japanese management style warmly embraces the enterprise union. The enterprise union is a labor union that coexists with the corporation acting as a catalyst for information between workers and management (Haitani 1986). Membership in an enterprise union is automatic upon becoming an employee of a firm. While some enterprise unions have a distant affiliation with national industrial unions, each union is independent to negotiate and participate in collective bargaining (Haitani 1986).

The Japanese enterprise union servers two purposes. The first purpose is to serve as a coalition of workers. The union provides protection to employees against abuses by management. The second major purpose of the union is to transport information from management to the workers and vice-versa. Japanese firms welcome enterprise unions because they nurture cooperative relationships among management and workers (Haitani 1986).

G. Quality Circles

Quality circles are closely related to the team concept in the Japanese management style. Essentially teams of workers meet with one another to discuss ways in which the production process can be improved to ultimately

enhance the quality of the product. The worker is given a great deal of latitude to alter the work process, whether that be changing the production process or gauging the speed of the production line. Continuous improvement of the production process is seen to be in the hands of the worker and ultimately improvements result from the system of quality circles (Haitani 1986).

H. Empirical Evidence of Japanese Management in Japan

Nippon Steel Corporation

To illustrate that the Japanese management style exists someplace outside of simple theory, an examination of empirical evidence is necessary.

The Nippon Steel Company was formed in 1970 and has grown to become the world's largest steel manufacturer with production of 32.93 million tons of steel annually (Tung 1984). The actual composition of Nippon steel dates back to 1901 when Yawata Iron & Steel Co., Ltd., was formed in Japan. Nippon Steel is the result of a merger of Yawata Steel and Fuji Iron & Steel Co., Ltd. (Tung 1984).

Nippon Steel, like many other Japanese firms, invests heavily in training programs for employees. When the company was formed in 1970 the president sent a directive to all of the Nippon employees that included the 5 objectives of every employee:

1. Work happily in cooperation with many people.
2. Persevere in your tasks.
3. Become experts in your field.
4. Create something better, while considering your circumstances.
5. Become a sensible member of society.

(Tung 1984)

To help each employee with these objectives, Nippon established and implemented long term plans for personnel development. In-house training programs were created in several different categories, including a study-abroad program where 25 employees would be sent each year to foreign graduate schools for training (Tung 1984).

Nippon recruits new employees from college and offers lifetime employment. After completing the initial training programs, a new employee will be placed in a position with minimal responsibility. As the Japanese management theory suggests, employees will increasingly take more responsibility as they acquire more skills.

I. Japanese Multinational Corporations in the United States

Direct investment in the form of manufacturing facilities has been welcomed with open arms by U.S. policy makers and labor union officials alike. The United Stated has gradually lost its seat as the manufacturing and export giant for which it once known. Countries such as Japan have taken the lead in terms of producing lower cost finished goods for the world. The U.S. began experiencing a decline in its manufacturing sector because labor was cheaper in third world countries. The U.S. found itself in a position of importing more than it was exporting, leaving a trade imbalance. Japan was experiencing a trade credit because of the large amount of goods exported to the U.S. in the 1960's and 1970's. The capital accumulated by Japanese firms during this period eventually returned to the U.S. in the form of direct investment by Japanese firms. Japan's

remarkable strides in the manufacturing industry led to a lot of attention being placed on the Japanese style of management.

American management specialists had expectations that the corporate culture that made Japanese firms successful would be transferred to the United States through the growth of Japanese multinational corporations. The reasoning behind this theory is that Japanese firms will utilize the same employment policies prevalent in Japanese manufacturing firms in their multinational firms in the U.S. To determine whether this has become a reality, empirical evidence on the employment policies of Japanese multinational firms must be examined.

J. A Classic Example or The Exception to the Rule?

General Motors and Toyota teamed up in 1984 and created the New United Motor Manufacturing Inc. (NUMMI), a joint venture between the two companies (Milkman 1995). NUMMI was located at a deserted General Motors plant in Fremont, California. NUMMI is an auto manufacturing plant that makes automobiles sold under the Toyota Corolla and Geo Prizm labels. NUMMI has attempted to employ Japanese Management principles since its inception in 1984. The plant employs American workers (workers laid-off by GM when the plant originally shut down) and is run by GM.

NUMMI has achieved a high level of production and quality standards, higher than any other U.S. auto manufacturing plant (Milkman 1995). Workers at the production plant are intricately involved in the production process, much like employees are in Japan. Like the Japanese system, workers are placed in work

teams and are evaluated based on the performance of the team, not of the individual. Workers meet regularly to discuss areas where improvement can be made. Management blends into the workforce by wearing the same clothing and working in the same area as the workforce, similar to the system in Japan (Milkman 1995).

While NUMMI has many characteristics of a Japanese manufacturing plant, there are some differences. Workers at NUMMI are not guaranteed lifetime employment. However, a commitment has been made between NUMMI and the United Auto Workers Association, the union that represents the workers at NUMMI, that layoffs will not occur without first cutting management and management's salary (Milkman 1995). The point is made that Japanese management styles can be implemented in the United States. The question becomes: Is NUMMI the exception to the rule or is NUMMI representative of Japanese multinational corporations in the United States?

K. The Reality of Multinational Corporations

NUMMI serves as an ideal example of how Japanese multinational corporations function in the United States. However, a study conducted by Milkman indicates that the practices utilized at NUMMI are an exception rather than the rule.

Milkman examined 60 Japanese-owned manufacturing plants in California with more than 100 employees; California is the location of 1/5 of all Japanese multinational firms operating in the United States. Milkman suggests that

Japanese firms select areas in Southern California to construct manufacturing plants because of an abundance of nonunion labor available at low wages.

With the Japanese management system, as utilized in Japan, education and continuing education are vital for the employee. Milkman found that of those California Japanese multinational corporations surveyed, none had educational standards or had continuing education programs like the programs that exist in Japanese firms. In fact, less than one half of their workforce possess a high school education. A manger of a plastics plant was quoted as saying, "we're not looking for the MBA type." (Milkman 1995)

The concept of quality circles utilized at NUMMI and in Japanese manufacturing firms was absent, in part, from the firms surveyed. 35 percent of those firms surveyed, purport to using quality circles (Milkman 1995). However, upon closer examination, in most cases, the phrase "quality circle" was being used to refer to *occasional* meetings of management to discuss production problems; true quality circles meet on a regular basis. Another firm uses the phrase "quality circle' to refer to problem-solving teams composed of management and engineers. The remaining 65 percent of firms surveyed do not report the use of quality circles in any form.

The team concept, an integral part of the Japanese system, allows workers to be cross-trained, allows workers to rotate jobs to prevent boredom, and gives managers greater flexibility in assigning workers to particular tasks. Milkman indicates that most of the firms she visited in Japan did not have a full-fledged team system. However, almost all of the Japanese firms cross-train and

allow workers to rotate jobs. Among the Japanese multinational corporations surveyed, none claimed to use the team concept. Most indicated that they were not even familiar with the concept. (Milkman 1995)

Similar to Japanese firms, most of the Japanese multinational firms surveyed highly discourage the layoff of workers. If the business cycle slows down, workers will be placed in other areas of the plant, but are still paid for their highest level of work. One firm surveyed indicated that a job-sharing program was implemented to avoid layoffs when business declined. A high turnover rate among workers in multinational plants also helps managers avoid layoffs. Lifetime employment is not utilized by any of the firms surveyed. However, a lack of layoffs provides some job security for those workers who can tolerate the work environment. Milkman indicated that the reason managers of Japanese multinational firms try to avoid layoff at almost any cost to avoid unionism.

Unionism is welcomed at Japanese manufacturing plants. However, mangers of Japanese multinational corporations in the United States make union avoidance a top priority. Of the 66 Japanese multinational corporations located in California, 5 are unionized (Milkman 1995). One manager interviewed by Milkman indicated that "Japanese firms are very fearful of American Unions, we would probably shut down if we were ever unionized." Multinational managers are fearful that unionization would lead to higher wages, lower turnover, and a loss of control over operations.

The Japanese multinational corporations in the United States bare little resemblance to the their parent Japanese firms, with the exception of NUMMI.

The goal for Japanese firms operating multinational corporations in the United States is to exploit and utilize low cost labor for production, not to transplant the Japanese management style.

L. The Reality of the Japanese Style of Management for U.S. Firms

The Japanese style of management has indeed provided a workable corporate culture to Japanese firms. However, the notion that the cooperative environment nurtured by the Japanese management style would be feasible, much less adopted, by U.S. firms or Japanese multinational firms is unlikely. There is one key assumption of the Japanese model that makes it presence in U.S. firms scarce. Okochi et. al. indicates that the Japanese management style was created in a culture where individual desire and needs are sacrificed for the betterment of the group. This is in sharp contrast to the capitalist economy in the U.S. where the individuality is a key component of the system. The Japanese style of management seeks to motivate or control workers to achieve the best production results. However, in order to maximize production potential, workers are given a great deal of latitude over the work process. A key foundation to the success of the model is that the firm recognizes that workers are responsible for production – not machines. Therefore giving workers some control over the work process enables them to have better working conditions and alleviates tendencies toward conflict in the workplace.

The notion that Japanese management philosophies would transfer to the U.S. is false. Japanese multinational corporations are really U.S. corporations with ties in Japan. Japanese firms and their American counterparts have had

34

little interest in transplanting Japan's corporate culture to U.S. firms. The lack of interest in transplanting the culture is certainly impeded by the capitalist production environment that would be receiving it at the U.S. shores. As evidenced by Milkman's study, even companies that have touted their adoption of management style have done so in theory but have not actually followed through on implementation.

The issue of control, again, can be used to justify why U.S. corporations have shied away from implementing this system. The four components of the Japanese management style all emphasize empowerment and protection for the workers.

Lifetime employment in the Japanese firm gives workers the freedom to concentrate on constant improvement of the production process by allowing workers to take their minds off of arbitrary goals, like those used in "simple control." The system that results from capitalism that is present in the U.S. would not utilize lifetime employment. U.S. employers have historically used loss of employment as a threat to make workers work harder. According to the capitalist production model, workers would not maximize their potential if they are not faced with the risk of losing some benefit.

The other characteristics of the Japanese model would fall victim to similar circumstances in U.S. corporations. For example, quality circles and the team concept empower the worker to make decisions about the production process. The team may decide to alter the speed of production or make the act of

production more comfortable to the worker. It is important to stress again the in this system the worker and the employer have the same interests.

The very nature of the components of the Japanese management style make its adaptation in U.S. corporations very limited. The historical system of control inherent in the capitalist production system makes empowering the worker unlikely because in this system workers and employers have separate interests. While the Japanese model is a good concept as evidenced by its success in Japanese firms, it had not successfully been implanted in the U.S. culture. In those U.S. cases where the model is supposably being used, Milkman found evidence that in most cases the model was implemented in theory and not in practice.

Why would U.S. corporations spend valuable resources touting a model that they do not fully plan to implement? The answer lies in the institutionalization of control. As previously discusses, workers' ability to recognize and revolt against workplace control has continually escalated. Therefore, management professionals have resorted to different bureaucratic control mechanisms to help motivate workers in the direction of work. Managers have found that models that empower workers over the work process, as evidenced in the Japanese Management Style, best control the conflict in the workplace. However, it is not management's' intention to empower the worker – it is their intention to control the worker.

V. The Manifestation of Control: Labor in the Capitalist Model

The "old" deal between workers and employers was essentially a trade-off between wages and control over the work process. It is important in this discussion to illustrate the power matrix between workers and employers and how power is passed between the two parties. Since wages have become tight, it is this power that has become an issue for managers interested achieving maximum output from workers and for workers who are interested in a better working environment.

The capitalist model essentially equates labor to a factor of production. Just a foot of board, a patch of land, or a watt of electricity, labor was, and still is, a necessary component of the capitalist production model. As Edwards and Braverman indicate, the existence of capitalism became a reality as labor power embodied in humans became a production commodity. In the early stages of capitalism in The United States, individuals transformed their own labor power into labor products that they could sell to buy necessities to preserve, and even enhance, their existence. In today's economy very few individuals still transform their own labor power into a labor product. Instead, most individuals sell their labor power on the market in return for monetary reward. This is where the seed of conflict begins in the workplace.

With the advent of wage labor, employers that were in business to make a profit began to invest heavily in raw materials that were needed for the production of goods and services. In turn the goods and services would be sold for a profit to compensate the employer for his initial investment. In regard to the

purchase of labor power, it is important to note just what the employer was getting when he purchased an individual's labor power. The purchase of labor power entitled the employer to a certain quantity of labor capacity or the worker's ability to do work (Braverman 1974) Likewise, it was the worker's responsibility to provide his labor power in order to receive compensation.

The system of selling one's labor power for wages leaves the worker with a lack of control over the work that he does. Edwards argues that when the worker is no longer in control of his own work, he will not make any exertion beyond the minimum effort required because it is not in his best interest (Edwards 1979). In contrast, the employer is faced with a limited supply of labor power to purchase. Therefore it is in the best interest of the employer to generate the greatest amount of output with the least amount of resources – in this case workers. It is this need to maximize labor output that makes controlling the labor power or the worker imperative to the capitalist. It is the differing interests between the worker and the employer that leads to conflict, or an adversarial nature of the workplace. Employers direct, sometimes forcefully, the process of work and workers resist the imposition of their freedom. As a result, labor power is problematic as a factor of production because unlike wood or land, labor is embodied in workers; workers have their own interests that will lead them to resist being controlled or treated like a commodity (Edwards 1979). It is the employer's need to accumulate capital that begins the spiral of maximizing labor output through control.

A. 3 Types of Control

Workers and employers find themselves at odds with one another in regard to the workplace because they have different interests. As emphasized by the capitalist model, each person is an individual who will make rational choices in his own self-interest. For the capitalist, the goal is to make as great of a return on his invest as possible. For the worker, the goal is to have a pleasant working environment in which to work and earn a wage. While it is the best interest of the worker to gain the highest wage, the worker also places a high value on working conditions. Therefore, there is an indication that there may be a tradeoff between working conditions and wages.

Nonetheless, the adversarial aspects of the workplace stems from the capitalists need to obtain as much output as possible from the worker. The capitalists may try to maximize labor output in a number of ways including speeding up the pace of work, verbal threats, and by implementing punitive rules intended to restrict the freedom of the worker in the workplace such as not allowing workers to talk to one another while at their "work station". Workers retaliate by purposefully slowing down the work process, collectivizing their power, or even sabotaging the production process.

This source of conflict results from the differing interest of the worker and the employer. However the actual conflict exists as a result of control in the workplace. In other words, the struggle is about who has the power or control over the situation. Historically, the capitalist has held control because he is the one that has the greatest number of resources and wealth. However, workers

have managed to regain some of that power by collectivizing in the form of labor unions. However, the conflict still exists and will continue to exist as long as the interests of the two parties differ.

B. Simple Control

In the 19th Century, 75 percent of The United States workforce was comprised of independent artisans, or craftsmen and women who developed their skills gradually and eventually became experts at their trade (Collision Course 1987). The artisan was in complete control over the work process itself, as well as the product of the artisan's labor. The control that independent artisans over their workplace gave them motivation to perform quality work because their ability to provide quality goods and services was directly related to their subsistence. However there were some individuals that sold their labor to employers instead. Generally these businesses were small in nature and were subject to substantial competition in the product market. The boss of the workers was also the owner of the business.

The boss in the early employer/employee relationship had a direct stake in transforming the labor power into labor output. After all, it was his direct invest in raw materials that he was trying to grow by producing a product or service that could be sold for a profit. Control in this type of situation existed through a system of rewards and threats, hiring and terminating employment, and showing a prejudice toward loyal employees. Controlling the work process and hence the employees was the responsibility of the boss. This type of control, where the workforce is small and the business owner was directly responsible for controlling

workers, called simple control. (Edwards 1974) Today simple control exists in the United States economy only in the small business sector.

Imagine an example of simple control. The boss or employer has a small screen printing business. Most of his customers are small to medium size businesses that have shirts screen-printed for their employees to wear as uniforms. The business is labor intensive; the equipment needed to screen print consists of wooden frames, wire mesh, ink, and labor power. Aside from labor, the raw materials for this process are all inexpensive. The boss is interested in maximizing profits, so minimizing costs is imperative – especially labor because it is his most expensive resource. The boss has hired low skilled labor to complete the task of screen-printing. In order to maximize the return on his investment it will be in his best interest to motivate or control his workforce to produce as much as possible. He is paying an hourly rate to each employee, the greater the output of the employee, the less expense the boss pays resulting in higher profits.

Now that the motivation of the boss is clear, how might he control the workers to maximize their output? With simple control, a common technique is to provide an incentive to work faster, probably monetary. For example, if the employee screen-prints 100 shirts an hour he will be rewarded with a bonus and a great deal of praise and recognition. However, if the employee does not meet the arbitrary goal, he will most likely receive a reprimand – perhaps a tongue-lashing. Another way that the boss may try to control the worker is by threat. If the worker does not meet the requirements, he will be subject to termination.

Finally, simple control recognizes that bosses might also encourage workers to work at their highest capacity by favoring workers that are most loyal and punishing worker who do not conform with harder tasks.

C. Structural Control – Technical and Bureaucratic

By beginning of the 20th Century only 20 percent of the American workforce were self-employed (Collision Course 1987). Work had become more complex requiring not only control over the workers, but also coordination of the production process. As small groups of people once linked by the market were now housed under one roof, the need for simple control decreased and the need for coordination had increased considerably. Here coordination is simply bringing together or "managing" the process for which a service or good is produced, control is a means of coordination (Edwards 1979) The concentration of economic resources under one roof collapsed the system of simple control. As the numbers of employees in a corporation grew into the 1000's the role of the boss changed. The boss no longer directly managed a small workforce; it was impossible due to the increase in the number of workers. With the concentration of workers, so came the collectivization of workers' power to resist being controlled. Simple tyranny and threats could no longer activate workers into working harder and faster because the collectivization of their power, the ability to stop the productive process, made the threats meaningless.

The role of boss was transformed into business owner as the number of employees increased. Varying degrees of management, who's job it was to control workers to obtain the maximum level of labor output, filled the distance

between the worker and the business owner. The motivation of the manager had changed, no longer was he simply protecting his investment, he was the middleman between the capitalist and the worker. Therefore simple tyranny and threats could no longer activate workers into worker harder and faster. The collective power of workers due to their concentration as a result of the growth of the firm made it easier for workers to resist speed-ups in the production process and punitive arbitrary rules.   (Braverman 1974)

The competitive market pressures that once burdened small firms were now alleviated for larger firms. The relative size of the expanding firms allowed them to escape the pressure of the short-run market. This allowed firms to plan for long-run profits for the first time. In the stages of planning, companies addressed the problem of control and looked for ways to remedy its burden to profits. The eventual outcome was a formalized system of control for the organization that moved the firms past simple control that was no longer effective. Through welfare capitalism, scientific management, and company unions firms institutionalized control to make it less visible to workers and therefore harder to resist. (Edwards 1979) The institutionalized system of control was broken down into two components: technical control and bureaucratic control.

Technical control takes the form of controlling workers through the production process. The speed of the machinery now controls the speed of the worker. No longer does the boss need to deliver threats and intimidation to make

the worker work faster. Workers had effectively become machinery attendants. (Edwards 1979)

Bureaucratic control is rooted into the social structure of the firm. Bureaucratic control can be equated to the institutionalization of hierarchical power that that guided the direction of work and essentially replaces rule by the supervisor. In other words, action taken against an employee by a supervisor is no longer a personal issue; the supervisor is simply following the rules of the organization. Evaluating the worker performance, as well as rewarding the worker will be guided by the "rules of the firm" or the companies policy. As this idea expanded, work became segmented with each job having a unique description, title, and rules for evaluation. If a worker stays on the right track, that is the worker is submissive to the demands of the firms, he will be rewarded will promotions or a career.

Even with the implementation of technical and bureaucratic control to squelch the adversarial nature of the workplace, the methods were not entirely successful. Workers, through unionization and collectivization have held onto some of the control in the workplace. However, unionization rates have been on a downward trend since the 1970's. Indicating the struggle between workers and employers is likely to shift again, most likely in favor of the employer.

D. The Current Role of Management

In the present day the management profession is responsible for optimizing the performance of workers to maximize labor output. Much like the early attempts to institutionalize a culture of rule and regulations intended to

persuade the worker to sacrifice working conditions in exchange for employment, the management profession has continued this tradition. Interest Based Bargaining and problem solving is an attempt to institutionalize a culture that squelches the adversarial nature of the workplace. However, like other theories that have preceded Interest Based Bargaining, they have failed to account for the control aspect of the workplace that initiates the conflict between workers and employers.

Some theories boast of giving the worker input over the work process as a way to appease their need to have desirable working conditions. However, what is found most often is that management theories like Interest Based Bargaining that promise to give workers some control over the work process fail to be fully implemented into the corporate culture. Instead, the theories are implemented in concept but not in practice.

VII. Conclusion

The application of Interest Based Bargaining has clear limitations that are not addressed in the management literature that exists on the topic. If Interest Based Bargaining is to effective as a means to promote cooperation between workers and management the underlying assumptions of the model must be present. Trust must be a mutual facet of the relationship between workers and managers before using the model. This eliminates many of the scenarios where there is a desperate need to squelch the adversarial nature of the workplace, or at least manage it.

A second requirement for Interest Based Bargaining to be effective is a commitment from top management to share control of the work process with workers. Because this can impact the bottom line, top management often is reluctant to make this leap. The key to the success of the Japanese style of management in Japan is worker involvement in managing the work process. However, this is absent in companies that are attempting to implement the Japanese style of management in United States corporations. Because the elements of the two models are similar, cooperation through the use of effective communication skills, it is reasonable to conclude that Interest Based Bargaining will also find the issue of control problematic.

Evidence that control will be at issue for Interest Based Bargaining is the lack of evidence that IBB has been used in the private sector. The literature and investigation of Interest Based Bargaining find little if no evidence of the use of

IBB in the private sector. However, it has been an effective tool in the public sector.

Like Japanese management, Interest Based Bargaining is a tool that will promote cooperation in the workplace. The evidence presented in this analysis indicates that Interest Based Bargaining can be utilized to effectively increase workplace harmony. However, the applications of IBB are limited to public employers because of the issue of control in relationship to the profit motive.

Evidence was presented showing the lack of implementation of the Japanese Management Style. Like Interest Based Bargaining, the underlying assumption of the Japanese Management Style model is cooperation and joint decision making on the part of workers and managers. The clearest conclusion in regard to the lack of implementation of the Japanese Management Style is that top management has not been willing to share control of the work process with workers. In other words, the do not want to empower the worker. Of course, this stems from the notion that if workers are in charge productivity may fall.

Interest Based Bargaining and the Japanese Management Style share common characteristics. Both models use cooperation as a way to guide workers and management to higher productivity standards. It would not be a-typical to suggest that the very models are in fact ways to control the workers, a form of institutionalized control. However, the tendency away from these models is a result of the control dilemma that is faced in the workplace.

Management models that seek to promote cooperation by balancing control in the workplace have good intentions. If fact, if fully implemented, both

models discussed in this paper will most likely effectuate positive results. The stumbling block to implementing these models rests with the issue of control. If top management are willing to share control over the work process, then the team decision making and cooperative efforts can transpire on a daily basis. However, if the control of the work process rests solely with the manager, workers will not participate because they have little to gain from either approach.

Balancing control of the workplace will lessen the adversarial relationship between workers and managers. Models such as Interest Based Bargaining and The Japanese Management Style seek to create a cooperative workplace by providing a balance of the control that governs the work process. Both models will find success difficult because the tendency of American managers is to resist empowering workers because they fear that empowering workers will result in decreased productivity that will effect the bottom line. In the absence of frequent and consistent wage increases, workers desire control over the workplace as a tradeoff, thus creating conflict in the workplace. Therefore, balancing the control in the workplace will result in lessening the adversarial nature of the workplace. Interest Based Bargaining and The Japanese Management Style are sound models to create a balance in workplace control, but not in the context of capitalism.

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