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Worker Participation in Management Decision Making

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Worker Participation in Management Decision Making

Disciplines

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Comments

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HOT TOPIC
"Future Worker"

Worker Participation in Management Decision Making

A draft prepared for
Conference on International Evidence
Commission on the Future of Worker-Management Relations

prepared by
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I. Introduction

This draft paper explains the structure and types of worker participation in Japanese industry and corporations briefly and discusses benefits of such a system to workers, management, industry, and economy as a whole.

II. The structure of worker participation

Worker participation in Japanese companies is practiced most visibly and formally through the scheme of joint consultation. This is the system where representatives of both employees (usually union representatives) and management participate. The main objective of the joint consultation system is to share information between workers and management on a relatively broad range of issues relating to corporate management and working conditions. This is the place to share information and discuss issues and not the place for bargaining.

The joint consultation system is instituted in many companies. In fact, the majority, more than 70 percent, of Japanese companies are said to have this system in some form or other. The system is spontaneous, and neither required or prescribed by the law. This system coexists in many companies side by side with collective bargaining. The frequency of this system tends to vary with the size of the firm: the larger the firm the greater the likelihood of joint consultation. The coverage of this system seems to be greater than the collective bargaining system. Even in small companies, where no union exists, this system tends to exist although in a somewhat informal form of worker representation.

The joint consultation system (JC) is organized at various levels of corporate organization, and beyond to the industry level. In a large corporation which has a number of plants, the JC is organized at the corporate level, plant level, and workshop level. At the workshop there usually are informal groups, which also perform de facto function of worker participation in an informal way. Beyond the level of individual corporations, there often exist some form of joint consultation for industry and economy, often involving the government.

The historical background of the JC may deserve attention. The JC was proposed in 1950s, most notably by some progressive labor scholars and more systematically the Japan Productivity Center, which started in 1955. Japanese labor management relations in the previous period, the decade in the wake of the end of World War II, was highly conflictive and adversarial. Most major companies suffered from bitter labor strife and losses due to strikes.

Labor movements in those days were dominated by militant leaders who were encouraged by the liberal policy of the occupation authority led by General Douglas MacArthur in the first place, and later by the influence of Communists. Labor management relations were regulated by the Trade Union Law, and Labor Management Relations Adjustment Law, both of which were modeled after the Wagner Act.

Having suffered from bitter struggles, both management and some union leaders sought to create some form of communication and information sharing between labor and management, aside from the system of collective bargaining. Professor Fujubayashi Keizo, of Keio University, a pioneering scholar of labor-management relations, described that the JC represents a cooperative aspect of labor-management relations, while collective bargaining represents a confrontational aspect of labor-management relations. The Japan Productivity Center promoted this system because they thought that productivity improvement could be attained most effectively on the basis of better mutual understanding of the goal and methodology of productivity improvement by labor and management.

III. Types of worker participation

There are as many types of worker participation as organizational levels where worker participation is practiced in some form. Let me explain first three basic forms of joint consultation system within a typical large manufacturing firm, and then proceed to explain more informal systems of de facto worker participation at the workshop, and a formal joint consultation at industry or economy level.

Corporate level worker participation: In a large Japanese corporation, there usually exists a formal system of joint consultation, where union leaders and top corporate executives participate and discuss a broad range of issues relating economy, industry, and management prospects sharing relevant information. The JC is held regularly, say monthly or several times a year.

Plant level worker participation: The system and the way it operates are basically comparable to the one at the corporate level, except that in this case, representatives of both labor

and management are from within the plant, and the scope of issues discussed is more geared to plant specific topics.

Workshop level worker participation: The system of worker participation tends to be less formal, but more closely related to issues of the workshop. Topics to be discussed are more closely tied to day-to-day problems such as transfer, job assignment, training, holidays, shift systems, etc. Workshop union committee men and first-line supervisors play critical roles in resolving workshop issues through de facto joint consultation.

There are more informal forms of worker participation at the workshop. Workers voices are heard and reflected in day-to-day decision making at the workshop. This kind of function is played through a variety of channels: sometimes through informal groups, other times through QC (Quality Circle) activities, and still other occasions through interactions among workers, first-line irregular small meetings and personal consultations at the workshop. Through such activities, many problems ranging from working conditions to production methods which directly affect individual workers are consulted, discussed, and resolved.

On the other side of the organizational ladder, namely, at the level of the industry or economy, there often exist relatively formal schemes of joint consultation or worker participation. Industry association representatives often meet labor union representatives to discuss various matters relating to industry performance, prospects, and policy issues. The government offices in charge of particular industries often organize formal meetings where both management and labor representatives attend and discuss various issues of common interest. This kind of conference or meetings are also organized at the level of total industry or economy, either with or without government representatives. They discuss and share information on more macro economic and industry issues and also macro labor conditions.

IV. Benefits

Productivity and quality improvements: Worker participation of various forms at various levels as described above has contributed greatly to promote productivity and quality improvements at the workshop, company and industry. Productivity improvement has been attained through both cost cutting and introducing new technologies. Quality improvement has been attained by increasing care and control of workers and also implementing new production methods. In either case, the most critical was the understanding, sharing of goals, and active and responsible involvement of workers. Increased productivity and improved quality of products contributed not only to management

but also to workers in the form of higher wages and security of employment.

Labor adjustment: With changes in business conditions, changes in production structure, and introduction of new technology, work loads and work assignments need to be altered. The consequent labor adjustment may require transfer of workers to new jobs, new workshops or to new plants somewhere else, if not dismissals. Such labor adjustment plans are normally discussed first at the table of joint consultation before actually put into practice. Usually, the total plan of adjustment is presented and discussed at the corporate level joint consultation, and after reaching agreement, broken down plans more specific to plants or workshops are discussed at joint consultation of relevant levels. These adjustment plans are often negotiated at collective bargaining. However, these plans are almost always disclosed, explained and discussed at joint consultation tables prior to be picked up at collective bargaining. Through this process, relevant information is shared somewhat more in advance and more in detail also with contextual information so that both workers and employers can prepare and adjust for changes more smoothly.

Adaptation to economic changes: The complex system of worker participation and information sharing of various forms and at various levels, as described above, has served the purpose of moderating shocks of economic changes and provided more room for both management and workers to prepare to adapt such changes. With cooperation of workers, companies, and industries have been able to adjust wages and working hours more flexibly, thereby maintain employment more stably. This has been beneficial both to industry and economy with a long-term perspective, and to workers in the sense of assuring them employment security.