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Trial experience, satisfaction and incentive to bring another lawsuit: Does aspiration level influence winners and losers?

Abstract

This paper used individual level data in Japan to explore how a complainant's past trial experience influences their satisfaction and incentive to bring a future lawsuit. Controlling for kinds of incidents and a complainant's individual characteristics, the major findings were: (1) there is a positive relationship between the experience and satisfaction for winners, whereas there is a significant negative relationship for losers, and (2) experience exerts a positive effect on the intention to bring a future lawsuit, not only for winners but also for losers. These results imply that, for losers, a past experience enhances the incentive to bring a future lawsuit, although the experience decreases a complainant's satisfaction.

JEL classification:

Keywords: Trial experience, Lawsuit satisfaction, future lawsuit, winner.

1. Introduction

Individuals appear to adapt to circumstances as time passes (Myers 1992, 2000). That is, experience can be considered to cause adaptation. In terms of welfare, it has been proposed that experience and previous conditions change people's aspiration level through an adaptation process that reduces people's satisfaction (e.g., Frey and Stutzer. 2002a,2002b; Statzer 2004). Change of aspiration level is useful for explaining the finding that economic growth is not associated with the happiness of people in developed countries over time (Easterlin 1974; 1995). Besides the relationship between income and happiness, aspiration change has a significant role in the determination of people's satisfaction about outcomes of various economic behaviors. With respect to human behavior, as presented in habit formation theory, preference change is reflected in demand behavior (e.g., Pollack 1970; Carroll et al., 2000). Hence, aspiration level is anticipated to influence not only satisfaction but also behavior. Such a relationship has not been fully investigated. The first focus of this paper is to explore how and the extent to which aspiration is relevant to behavior.

There appear other channels through which experience has an effect on satisfaction and behavior. People can accumulate know-how through experience, resulting in improvements in efficiency. The more affluent people's experiences are, the lower cost people incur to achieve the same result. Hence, experience leads people to repeat the action. Also, assuming that people can acquire the same benefit from the action, people are more satisfied if the cost for the action becomes smaller. If this is the case, experience is positively related to satisfaction as well as behavior. The second focus of this paper is to examine the extent to which learning from experience has an effect on satisfaction and behavior.

If the positive learning effect outweighs the negative aspiration effect on satisfaction, experience has a positive effect on satisfaction. On the other hand, if the latter outweighs the former, experience has a negative effect. Considering change of aspiration and efficiency improvement together, whether experience is positively associated with satisfaction and behavior is not evident. The effect of experience might depend on the degree of benefit people obtained. This is why, for instance, a negative aspiration effect on satisfaction disappears when the benefit becomes larger than the aspiration level. This paper, therefore, attempts to divide its sample according to benefit, and then to examine how experience affects not only satisfaction but also behavior.

In legal reform in Japan, policy makers aim to encourage people to bring lawsuits and so raise the satisfaction of those involved. For this purpose, a survey of those

bringing civil actions was conducted. The survey data includes variables regarding the past experience of bringing a lawsuit, the result of the present lawsuit, self-rated satisfaction about the result of the lawsuit, and intention to bring a future lawsuit (for the purposes of this paper, “to reuse”). This data is seen as valuable for an analysis of satisfaction and behavior. Thanks to information about the result of the present lawsuit, the sample can be divided into winners and losers according to the relevant benefit from the lawsuit. The present paper uses this survey data since it allows me to compare the experience effect for winners with that for losers in the lawsuit.

The remainder of this paper is organized as follows. Section 2 establishes the setting for the study. Section 3 explains the data and methods used. Section 4 discusses the results of the estimations. The final section offers concluding observations.

2. Setting (Lawsuits in Japan).

The measure by which people choose to solve conflict appears to depend not only on economic conditions but also on psychological and cultural factors. For instance, in Japan, opinions vary about how Japanese people perceive an incident and resolve it. According to the classical work of Kawashima (1963), the harmonious nature of Japanese society discourages people from litigating. By contrast, Ramseyer and Nakazato (1999, Chapter 4) argued that despite the consensual nature of Japanese society, people do not ignore the law and assert their rights. Ginsburg and Hoetker (2006) find no supporting evidence for the hypothesis that cultural factors play a major role in Japan. It has been pointed out that because of the institutional incapacity of the legal system, judges and lawyers are not available in sufficient numbers, resulting in an increased cost of litigation (Haley 1978). In response to these arguments, in 1999, the government of Japan established the Justice System Reform Council (JSRC hereafter) to study basic policies for modifying the legal system. To increase the use of lawsuits, the legal reform presented by the JSRC had three pillars in order (JSRC 2001, Chapter I Part 3)¹. One was to “meet public expectations”². Therefore, the justice system would be made easier to use, easier to

¹ A number of studies examine the Japan’s legal system in the field of economics (e.g., Kinoshita 2000,2002; Ginsburg and Hoetker 2006; Yamamura 2008).

² The other two pillars are “establishment of a popular base” and “the legal profession supporting the justice system”. For establishment of the popular base, the people need to deepen their understanding of the justice system through various forms of involvement including participation in certain legal proceedings, and shall support the justice system (JSRC 2001, Chapter 1). Therefore, the lay judge system was introduced from 2009. For the purpose of supporting the justice system, and

understand, and more reliable (JSRC 2001, Chapter I Part 3).

For the legal reform to be successful, and to significantly enhance people's use of lawsuits, a decrease in the cost of such actions would be necessary. Above all, transaction costs such as those involved in searching for a lawyer appear to be large. If people bring a lawsuit, they are likely to acquire know-how about lawsuits through their experience, resulting in a decrease in the transaction costs. Hence, people with experience of a lawsuit are expected to reuse lawsuits because of the smaller cost of the next lawsuit. On the other hand, a user's satisfaction of the system needs to be investigated to ensure the system meets public expectations³. Therefore, I considered the question of how the experience of a lawsuit influences a user's satisfaction to be important. Satisfaction is thought to be largely due to a decrease in the cost of a lawsuit through past experience, if other things are equal. From the point of view of traditional economics, the learning effect on intention to reuse is expected to be the same as that on satisfaction. This conjecture is, however, not obvious since past experience appears to have other influences on reuse and satisfaction.

Preferences are considered to depend on past experience (Day 1986). Individuals are temporally affected by circumstance changes, though they gradually fully adapt to the circumstances (Myers 1992, 2000). The adaptation is thought to cause aspiration change, which influences one's satisfaction (Easterlin 2001; Stutzer 2004). If this holds in the case of a lawsuit, "adaptation" possibly occurs through the experience of the lawsuit, which affects the aspirations about benefits from the lawsuit. Recently, it has been pointed out that whether aspiration tends to change or not depends on domains (Easterlin, 2005). No speculation has, however, taken place concerning the effect of the past experience on lawsuit satisfaction. Moreover, the existing literature has not examined the question whether aspiration change affects the intention to reuse. It seems interesting to examine how people's aspirations about lawsuits change, thereby making differences in the effects experience have on satisfaction and intention to reuse.

Aspiration level is thought to be affected not only by the number of experiences of a lawsuit but also by the results of lawsuits. Hence, satisfaction and intention to reuse depend on whether one wins or not. From the view point of policy making, the

securing a legal profession that is rich both in quality and quantity. To this end, the new bar examination was introduced.

³ Various kinds of subjective satisfaction were analyzed (Frey and Stutzer 2002a; 2002b). Above all, life satisfaction(e.g., Easterlin 1995, 2001, 2005; Stutzer 2004; Clark et al., 2008; Caporale et al. 2009) and job satisfaction(e.g., Antecol and Cobb-Clark, 2009; Clark et al., 2009; Jones and Sloane, 2009) drew a much attention of researchers.

efficacy of the system, however, should not be affected by whether an individual wins or not. It is necessary to encourage people to reuse even if they have previously been a loser. To provide evidence useful for policy making, it is necessary to investigate how the effects of past experience are affected by whether one becomes a winner or not. Hence, this paper attempts to show past trial experience affects satisfaction and intention to reuse, and to compare the effects of the experience of winners with those of losers in lawsuits.

3. Data and methodology

3.1. Data

This paper uses individual level data constructed from the Survey of Civil Action Users conducted in 2000 (SCAU 2000 hereafter) and that in 2006(SCAU2006 hereafter)⁴. The survey of civil action users was conducted to provide fundamental data to explore “the state of the civil action system which is easy to use for people”. The subjects of the survey are those concerned with incidents that have been settled by a civil-affairs lawsuit in a district court. A total of 4,537 individuals and corporations were invited to participate in the survey. The survey collected data on 1,512 individuals and corporations, a response rate of 33.3%. Respondents for corporations were those in charge of judicial matters; therefore, the data about a corporation could be said to reflect a personal perception. Nevertheless, because of the design of the questionnaire, the information about the characteristics of the respondents for corporations could not be obtained. This is why this paper is limited the sample of individuals.

The construction of samples used in this research is shown in Table 1. The original sample contained 1512 observations; 920 were individuals. The sample size was reduced to 536 when the sample was limited to the complainant⁵. Some observations were deleted because of missing values for satisfaction about the result of the lawsuit and/or intention to reuse. Furthermore, after excluding observations without valid answers for individual characteristics such as age, education, and

⁴ Data for this secondary analysis were from the "Survey of civil action user (Minji Soshō Riyo-sha Chōsa)". The first survey was conducted by Justice System Reform Council (Shiho Seido Kaikaku Shingi-kai) in 2000. The second survey was done by Japan Law Foundation (Nichiben-ren Homu Kenkyu-zaidan) in 2006. These data were provided by the Social Science Japan Data Archive, Information Center for Social Science Research on Japan, Institute of Social Science, The University of Tokyo.

⁵ The definition of a winner is different for complainants and defendants. Hence, for the purpose of avoiding difficulties defining a winner, the sample is restricted to complainants.

household income, the sample size became 360. As shown in Table A1, the data includes individual characteristics such as demographic characteristics (age and sex), household income, and education. In addition, the data contains the kinds of incidents dealt by the lawsuit (money, land, accident, divorce and others)⁶. The observations divided into winners and losers were 267 and 93, respectively. These observations were used for the OLS estimation, and the results are shown in Tables 3 and 4.

3.2. Methodology

Variable definitions and the basic statistics of the key variables used for estimations are reported in Table 2.

The estimated function takes the following form:

$$SATIS \text{ (or REUSE)}_{imn} = \alpha_0 + \alpha_1 EXPE_{imn} + \alpha_2 LAWYER_{imn} + \alpha_3 AMOUNT_{imn} + e_i + f_n + u_{imn},$$

where $SATIS_{in}$ (or $REUSE_{in}$) represents the dependent variable in complaint i and incident n . α 's represents regression parameters. e_i is a vector of a complainant's individual characteristics captured by the dummy variables shown in Table A1. f_n is a vector of the kinds of incidents captured by the dummy variables in Table A1. u_{imn} represents an error term. The dependent variable is the self-rated satisfaction about the result of a lawsuit and the intention to reuse. Self-rated satisfaction was measured using the question "Are you satisfied with the result of the lawsuit?". The responses could run from 0 (dissatisfied) to 5 (very satisfied). The intention to reuse is measured using the question "In a situation where you encountered the same incident in the future, would you resolve the matter by bringing a lawsuit?" The responses could run from 0 (not willing at all) to 5 (willing very much). Following Stutzer (2004), to make the interpretation of the result easier, OLS estimation is employed for the empirical estimations in this paper. As shown in APPENDIX (Tables A2 and A3), the results of the average marginal effects in Ordered Probit estimations are very similar to those of OLS estimations⁷. This suggests that the findings as discussed below are robust with regard to methodology.

A cursory examination of Fig 1 reveals that the degree of a winner's intention to reuse is higher than that of a loser's, consistent with the intuition. As for satisfaction,

⁶ The incidents fall into 15 categories in SCAU2000 and 9 categories in SCAU2006. I then divided them into 5 categories to combine SCAU2000 and SCAU2006.

⁷ Theoretically, because of the ordinal nature of the dependent variables, Ordered Probit analysis or Ordered Logit analysis would be more appropriate and so has been used in the literature concerning satisfaction (e.g., Di Tella et al., 2003; Easterlin 2006; Caporale et al., 2009).

I see from Fig 2 that winners are likely to feel higher satisfaction than losers. What is observed in Figs 1 and 2 leads me to argue that the result of a lawsuit influences not only the satisfaction but also the intention to reuse. To investigate how the result of a lawsuit influences the determinant factors, the sample is divided into winners and losers, and then estimations are conducted using each sample. In this paper, a winner is defined as one who obtains monetary or non-monetary satisfaction. This definition does not vary according to the amount or the degree of satisfaction⁸. The loser is defined as those who could not obtain satisfaction at all.

Independent variables used for the estimation are as follows. The past trial experience is incorporated to capture both the learning effect and the aspiration change effect. Let me begin by discussing the effect of learning on satisfaction and intention to reuse. People with experience are considered to have a greater knowledge about trial procedures and what is needed to be done. Therefore, they are able to improve the efficiency of a lawsuit by reducing costs such search costs for a lawyer and the time-cost for obtaining knowledge about a lawsuit. I thus expect that the trial experience lowers the cost, leading people to reuse when another incident occurs. It follows from this that *EXPE* is expected to take positive signs when estimations of intention to reuse are conducted. Assuming that the result is unchanged, satisfaction about a lawsuit's result seems to increase as the cost of a lawsuit decreases. Hence, experienced people are more satisfied with a lawsuit's result than inexperienced ones when the lawsuit result is the same for them. The anticipated learning effect of experience does not vary as to the result of lawsuit.

Let me turn to consideration of the effect of aspiration change. As shown in Fig 1, winners are more likely to reuse when a similar incident occurs. It follows from this that experienced complainants tend to be winners of previous lawsuits. Following the argument of aspiration change (Stutzer, 2004), winners are expected to raise the aspiration level and their satisfaction depends on difference between the benefit aspired to and the actual benefit. As a consequence, experience raises the benefit aspired to from a lawsuit, leading to a decrease of satisfaction. This relationship between experience and satisfaction is, however, affected by the actual benefit. If experienced complainants can get benefits that are larger than those aspired to, experience results in an increase of satisfaction. The aspiration effect of experience on satisfaction is expected to be negative for losers, since a loser's benefit is 0. As for an intention to reuse, intuitively, dissatisfaction with the result of a lawsuit reduces the motivation to reuse. If this is true, experienced complainants do not intend to

⁸ The definition of a winner is restricted by the limitations of the data, which does not cover the amount and the degree of satisfaction.

reuse when they become losers in the current lawsuit. By definition, the benefits of winners cover a wide range, so that it is not clear whether an actual benefit outweighs the benefit aspired to or not. Hence, the aspiration effect on satisfaction and intention to reuse is ambiguous for winners. The expected effects of experience as above are summarized in Table 3.

Lawyers are trial professionals and so have an important role. If the benefit from hiring a lawyer outweighs the cost to employ one, people who hire a lawyer are more likely to have an intention to reuse. In addition, in the same situation, people who hire a lawyer are more satisfied with the lawsuit result. The contribution made by a lawyer is thought to be large when people become winners. If this is true, winners hiring a lawyer are more likely to reuse and are more satisfied with the result. Nevertheless, if the cost to employ a lawyer is larger than the benefit from a lawyer, winners hiring a lawyer are less inclined to reuse and are less satisfied with the result. Hence, the signs of *LAWYER* are ambiguous for winners in the estimations of satisfaction and intention to reuse. On the other hand, a contribution made by a lawyer is thought to be small when people become losers. If this is the situation, losers hiring a lawyer are less likely to reuse and are less satisfied with the result. These conclusions lead me to predict that *LAWYER* takes negative signs for losers in estimations of satisfaction and intention to reuse.

With respect to *AMOUNT*, the benefit of complainants seems to be mainly derived from the amount of money they obtained. By definition, losers, however, cannot enjoy any benefit from the lawsuit, resulting in dissatisfaction. The larger the dissatisfaction of losers becomes, the larger the expected benefit is. Experience of failure to obtain the anticipated larger amount of money causes complainants to avoid lawsuits. As a consequence, *AMOUNT* is anticipated to yield a negative sign for losers in estimations of not only satisfaction but also of reuse. For winners, the amount of money winner actually obtained is thought to affect the perception of complainants⁹. The amount of money a winner actually obtains is, however, not captured. Hence, the sign of *AMOUNT* is ambiguous in both estimations for winners.

4. Results

Estimation results of intention to reuse are presented in Table 4 and those of satisfaction in Table 5. In both tables, the results of winners and of losers are shown in (a) and (b), respectively. In each table, the result includes all independent

⁹ Even in the case that a complainant wins, it seems plausible that the complainant is discontent if he can only obtain non-monetary satisfaction or a small portion of the amount of money claimed in the lawsuit.

variables in the function as shown in column (1). To check the robustness of the results, results of alternative specification appear in columns (2), (3), and (4). To compare results appropriately, in addition to the marginal effects of *EXPE* and *AMOUNT*, elasticity is reported¹⁰. Elasticity for *LAWYER* is, however, not exhibited since *LAWYER* is dummy variable and so there is no difficulty in interpreting the marginal effect.

4.1. *Intention to reuse*

I now discuss the results concerning intention to reuse. I see from Table 4(a) and (b) that *EXPE* produces significant positive signs in all estimations. I found it interesting that past experience encourages complainants to reuse regardless of whether they are winners or not. This suggests that the positive learning effect on reuse outweighs the negative aspiration effect. Furthermore, it is interesting to observe that its elasticity for losers is 0.02, which is approximately two times larger than that for winners. This implies that the experience has a greater effect on reuse for losers than for winners. The past experience of a lawsuit makes a greater contribution to the enhancement of reuse when complainants cannot obtain any benefit in the current lawsuit. From this I derive the argument that the behavior of experienced complainants is less likely to be influenced by the result of the current lawsuit since their behavior depends not only on the current result but also on the results of any previous lawsuits.

As shown in Table 4 (a) and (b), negative signs of *LAWYER* appear not only for losers but also for winners. This result is in line with the anticipation for losers. Since the pass rate for the bar examination has been very low (Kinoshita 2000, 2002), there has been an insufficient supply of lawyers into the Japanese market. As a consequence, the market for lawyers is not competitive, leading to a decrease in lawyers' incentives to provide good service. This might be the reason why that hiring a lawyer has a detrimental effect on the intention to reuse, regardless of a lawsuit's

¹⁰ See more details for Greene (Greene1997, p.280).

In the linear model, $y = x' \beta + e$ the elasticity of y with respect to changes in x is

$$\gamma_k = \frac{\partial \ln y}{\partial \ln x_k} = \beta_k \left(\frac{x_k}{y} \right).$$

This values can be estimated by them at the sample means as

$$\lambda_k = \beta_k \left(\frac{\overline{x_k}}{\overline{y}} \right).$$

The standard error of the elasticity of y , γ_k , can be calculated by the delta method (Greene 1997, pp. 278-280).

result. That is, the less competitive the lawyer market is the more it deteriorates the quality of lawyers, resulting in an impediment to reuse. *AMOUNT* produced positive signs for winners while being statistically significant. On the other hand, for losers, *AMOUNT* yields the anticipated negative signs and is significant at the 1 % level. As well, absolute values of elasticity for losers are about 15 times larger than those for winners. As predicted, the amount of satisfaction that complainants fail to get, has a detrimental effect on intention to reuse for losers.

4.2. *Satisfaction*

I now turn to the results of the satisfaction estimations. Looking at Table 5(a) shows that the coefficient signs of *EXPE* are positive in all estimations. However, they are not statistically significant in columns (2) and (4). My interpretation is that learning from past experience leads to a reduction of cost, thereby increasing satisfaction for winners. This positive effect of *EXPE* is, to some extent, attenuated by the negative aspiration change effect. As observe in Table 5(b), *EXPE* yields significant negative signs in all estimations, implying that past experience reduces satisfaction for losers. This suggests that a negative aspiration change effect significantly outweighs a positive learning one. Furthermore, absolute values of elasticity for losers are distinctly larger than those for winners. Combining the results of winners and losers shows that the aspiration change effect is remarkably larger for losers than winners. This might be because winners possibly get larger benefits than those involved with aspiration level. Hence, the negative aspiration change effect becomes smaller for winners and so is not reflected in the results.

As for *LAWYER*, its coefficients show negative signs in all estimations, and are statistically insignificant. This is similar to the estimation results of reuse. Consistent with the discussion about the result of reuse, competitive pressure in the lawyer market is low so that lawyers have little motivation to provide good service. As a consequence, because of lawyers' disappointing performances, users of lawyers are dissatisfied with the result of a lawsuit even if they are winners. To improve the performance of lawyers, I found it very important to make the lawyer market more competitive and then to give lawyers incentives. This supports the direction of legal reform to increase the supply of lawyers by introducing a new bar examination.

Coefficients of *AMOUNT* take significant positive signs for winners whereas they take significant negative ones for losers. Absolute values of elasticity for losers are 15 times larger than those for winners. These effects of *AMOUNT* on satisfaction are the same as those on intention of reuse.

4.3. Discussion

What has been observed thus far suggests that, for winners, similar results are presented in estimations of both intention to reuse and satisfaction. On the other hand, for losers, it is interesting that opposite results of *EXPE* are obtained for the estimation of intention to reuse and that of satisfaction. That is, past experience encourages complainants to reuse whereas experience does not always increase satisfaction. It follows from this that experienced complainants tend to reuse even if they are not satisfied with the result of the current lawsuit. This seems to be at odds with the view of policy makers that “meeting public expectations” leads to an increase in numbers of those bringing lawsuits. In my interpretation, the difference of the *EXPE* effect between intention to reuse and satisfaction might be mainly to the result of aspiration change, which is closely related to satisfaction but not to behavior. This is in line with the argument that preference changes have stronger implications for individual welfare than the prediction of human behavior (Hollander 2001). This leads me to argue that aspiration change during the process of adaptation creates a gap between welfare and behavior for those who bring lawsuits.

It is important for legal reform to remove any obstacles that prevent conflict resolution in Japan. These obstacles seem to be caused in part by a lack of people’s knowledge about lawsuits. Hence, it is necessary to increase potential users’ knowledge about how to use a lawsuit. “Making it easier to use” has an important role, especially in encouraging inexperienced people to bring a lawsuit, thereby increasing their knowledge about lawsuits through learning. This leads to increasing people’s choices to deal with conflict when an incident occurs, although whether they resolve it formally or informally depends on individual preference.

5. Conclusion

From the view point of traditional economics, people are thought to acquire know-how through experience, which improves their performance. Whereas, according to psychological economics, people tend to adapt to circumstance through experience and then aspiration level changes, reducing the income effect on satisfaction. That is, experience has a negative effect on welfare, but a positive one on behavior. It seems plausible that welfare is associated with behavior since intuitively satisfaction as an outcome of a behavior leads people to behave more positively. It also seems appropriate that improving performance increases satisfaction. Considering these effects of interaction between welfare and behavior, it is not evident how experience is related to satisfaction and behavior. Thus this paper attempted to analyze the effect of experience by examining users’ satisfaction and

intention to bring future lawsuits in Japan.

What comes out of the individual level data about complainants can be summarized as follows: (1) a positive relationship between experience and satisfaction exists for winners, whereas a significant negative relationship exists for losers, and (2) experience exerts a positive effect on the intention to reuse, not only for winners but also for losers. These results imply that a past experience has the same effect on both satisfaction and intention to reuse for winners, but the experience has an opposite one on losers. It is interesting that the effect of experience on intention to reuse does not vary according to the lawsuit result, while that on satisfaction varies. This might be because a change of aspiration influences satisfaction but not intention to reuse. Furthermore, the negative effect of aspiration change on satisfaction is larger for losers than for winners. This might be because a winner's benefit possibly outweighs the benefit aspired to. I arrive at the conclusion that aspiration change has an influence on satisfaction but not on behavior.

For an evaluation of economic policy, it is necessary to consider outcomes in terms of welfare as well as those of behavior. Legal reform in Japan aims to "make it easier to use" a lawsuit to increase users. In this case, aspiration change through experience leads to a decrease of satisfaction. On the other hand, while the policy improves market conditions by removing obstacle to bringing a lawsuit, whether a person brings a lawsuit or not depends on their individual preference. Even if people acquire sufficient knowledge and know-how about lawsuits, because of the harmonious characteristic of Japanese society, there is the possibility that no drastic change in people attitudes towards lawsuits will be brought about. If this is the case, it is critical to increase peoples' choices to deal with conflict, which will increase the numbers bringing lawsuits in the long run.

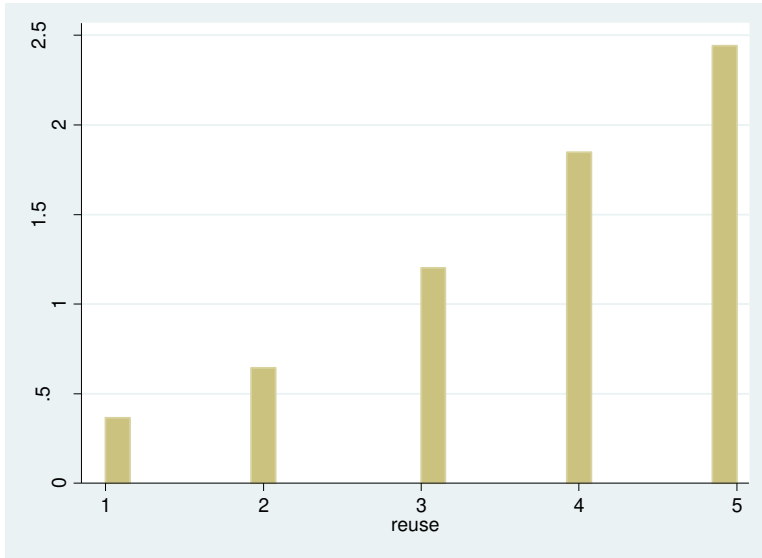
The benefits winners achieve cover a wide range. This paper does not take into account differences among winners so the estimation results for winners suffer from bias. Hence, further research considering this issue is called for. Furthermore, this research is concerned with a specific issue in a specific place. Thus more investigation is needed to examine how aspiration change affects satisfaction and behavior.

References

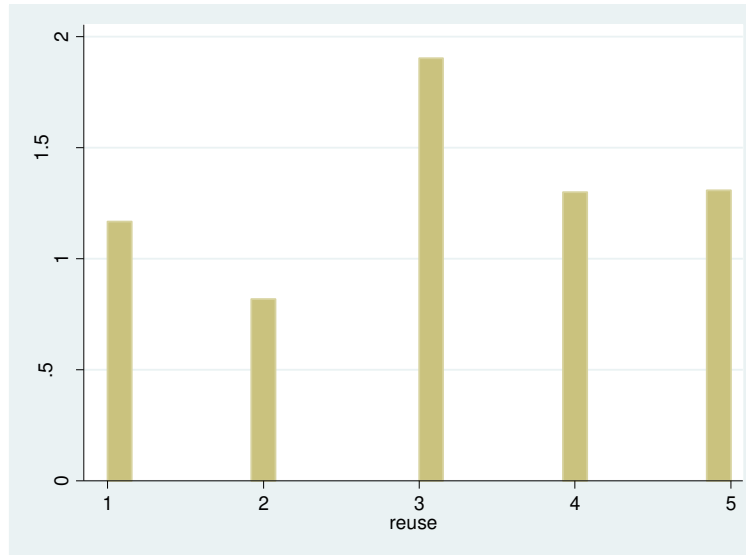
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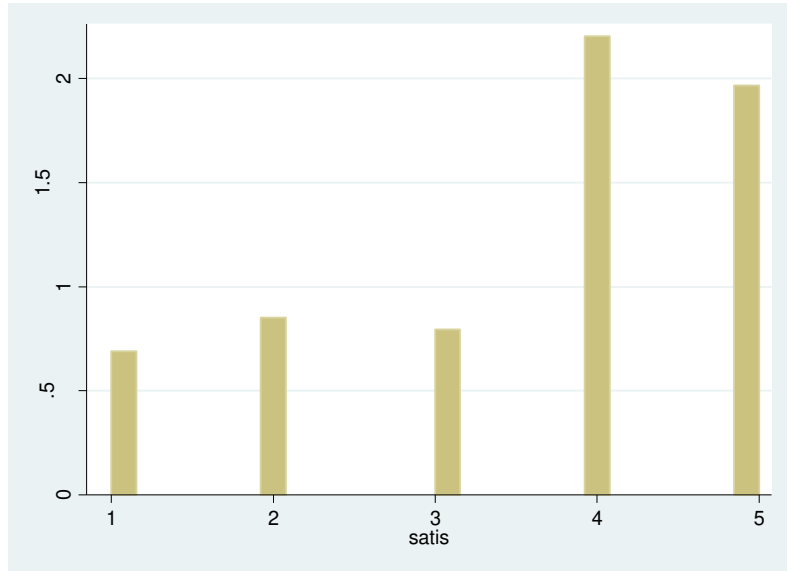


(a) Winners

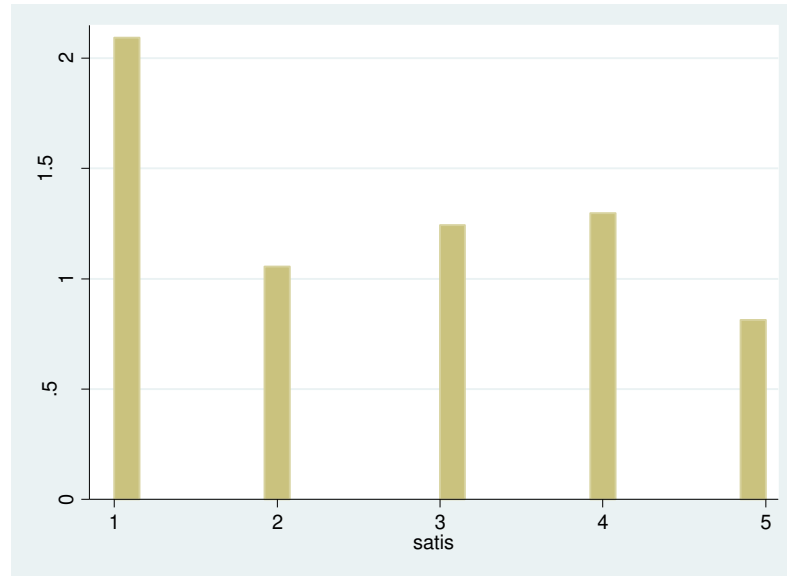


(b) Losers

Fig.1. Distribution of intention to reuse



(a) Winners



(b) Losers

Fig.2. Distribution of satisfaction about a lawsuit's result

Table 1.

Construction of Research Sample

Description	Number Sample	in
Original Sample	1512	
An individual	920	
A complainant	536	
Satisfaction and willingness to reuse (Dependent variables)	490	
Various independent variables.	360	
Winners	267	^a
Losers	93	^a

Note.

a. The samples were used for the full-model estimations.

Table 2.

Variable definitions and descriptive statistics

Variables	Definition	Mean	Standard deviation	Max	Min
REUSE	The degree of self-rated willingness to reuse ranges from 1 (not willing at all) to 5(willing very much).	3.50	1.35	5	1
SATIS	The degree of self-rated satisfaction about a lawsuit's result ranges from 1 (dissatisfied) to 5(very satisfied).	3.18	1.43	5	1
EXPE	Number of trial experiences other than this one.	0.91	3.65	50	0
LAWYER	Dummy variable: 1= employing a lawyer; 0 otherwise	0.81	0.38	1	0
AMOUNT ^a	The amount of money involved in the lawsuit	1.66	23.2	400	0

Note:

^a Billion yens.

Table 3. The expected effect of experience

Channels		Learning	Aspiration
Satisfaction	Winner	+	?
	Loser	+	-
Reuse	Winner	+	?
	Loser	+	-

Table 4

Determinants of intention to reuse (OLS)

(a) Winners

Variables	(1)	(2)	(3)	(4)
EXPE	0.05* (2.22)	0.05* (2.03)	0.05* (2.22)	0.04* (2.05)
LAWYER	-0.29 (-1.55)	-0.25 (-1.38)		
AMOUNT	0.003* (1.74)		0.003* (1.87)	
Elasticity				
$\alpha_1(EXPE/REUSE)$	0.01* (2.21)	0.009* (2.02)	0.01* (2.20)	0.009* (2.03)
$\alpha_3(AMOUNT/REUSE)$	0.002* (1.73)		0.002* (1.86)	
<i>Characteristics of complainant^a</i>	YES	YES	YES	YES
<i>Kinds of incident^a</i>	YES	YES	YES	YES
<i>R-square</i>	0.11	0.11	0.12	0.11
Sample size	267	292	281	307

(b) Losers

Variables	(1)	(2)	(3)	(4)
EXPE	0.03* (1.86)	0.04** (2.50)	0.03** (2.46)	0.05** (3.28)
LAWYER	-0.27 (-0.67)	-0.34 (-0.97)		
AMOUNT	-4.34** (-3.18)		-4.11** (-3.14)	
Elasticity				
$\alpha_1(EXPE/REUSE)$	0.02* (1.82)	0.02** (2.45)	0.02** (2.38)	0.02** (3.18)
$\alpha_3(AMOUNT/REUSE)$	-0.03** (-3.22)		-0.03** (-3.17)	
<i>Characteristics of complainant^a</i>	YES	YES	YES	YES
<i>Kinds of incident^a</i>	YES	YES	YES	YES
<i>Pseudo R-square</i>	0.25	0.20	0.24	0.19
Sample size	93	111	98	116

Numbers in parentheses are z-statistics calculated by the robust standard error. * and ** indicate significance at 5 and 1 per cent levels, respectively. a constant term is included in the estimations but not reported to save space.

^a YES means that dummy variables are included.

Table 5

Determinants of satisfaction about the results of a lawsuit (OLS)

(a) Winners

Variables	(1)	(2)	(3)	(4)
EXPE	0.05* (1.71)	0.04 (1.43)	0.05* (1.78)	0.04 (1.47)
LAWYER	-0.19 (-1.03)	-0.13 (-0.70)		
AMOUNT	0.003* (2.23)		0.003* (2.15)	
Elasticity				
$\alpha_1(EXPE/SATIS)$	0.01* (1.71)	0.008 (1.43)	0.01* (1.78)	0.008 (1.47)
$\alpha_3(AMOUNT/SATIS)$	0.002* (2.21)		0.002* (2.14)	
<i>Characteristics of complainant^a</i>	YES	YES	YES	YES
<i>Kinds of incident^a</i>	YES	YES	YES	YES
<i>R-square</i>	0.09	0.08	0.08	0.08
<i>Sample size</i>	267	292	281	307

(b) Losers

Variables	(1)	(2)	(3)	(4)
EXPE	-0.03** (-2.72)	-0.03* (-2.22)	-0.03** (-2.45)	-0.02* (-2.00)
LAWYER	-0.43 (-0.97)	-0.33 (-0.80)		
AMOUNT	-2.93* (-2.35)		-2.96* (-2.32)	
Elasticity				
$\alpha_1(EXPE/SATIS)$	-0.03** (-2.80)	-0.02* (-2.24)	-0.02** (-2.52)	-0.01* (-2.01)
$\alpha_3(AMOUNT/SATIS)$	-0.03** (2.37)		-0.03** (2.33)	
<i>Characteristics of complainant^a</i>	YES	YES	YES	YES
<i>Kinds of incident^a</i>	YES	YES	YES	YES
<i>R-square</i>	0.18	0.14	0.18	0.13
<i>Sample size</i>	93	111	98	116

Numbers in parentheses are z-statistics calculated by the robust standard error. * and ** indicate significance at 5 and 1 per cent levels, respectively. A constant term is included in the estimations but not reported to save space.

^a YES means that dummy variables are included.

Table A1

List of variables (Those used for regression estimations but not reported)

Categories	Variables	Definition
GENDER	MALE	Dummy variable: 1= a complainant is male; 0 otherwise
AGE	AGE20	Dummy variable: 1= a complainant's age is between 20 and 30 years old; 0 otherwise.
	AGE30	Dummy variable: 1= a complainant's age is between 30 and 40 years old; 0 otherwise.
	AGE40	Dummy variable: 1= a complainant's age is between 40 and 50 years old; 0 otherwise.
	AGE50	Dummy variable: 1= a complainant's age is between 50 and 60 years old; 0 otherwise.
	AGE60	Dummy variable: 1= a complainant's age is between 60 and 70 years old; 0 otherwise.
	AGE70_	Dummy variable: 1= a complainant's age is over 70 years old; 0 otherwise.
EDU	HIGH	Dummy variable: 1= a complainant graduated from high school in the end; 0 otherwise.
	VOCAT	Dummy variable: 1= a complainant graduated from junior college or vocational school in the end; 0 otherwise.
	UNIVE	Dummy variable: 1= a complainant graduated from university in the end; 0 otherwise.
INCOM	INC300	Dummy variable: 1= a complainant's household income is between 3 and 5 millions yens.; 0 otherwise.
	INC500	Dummy variable: 1= a complainant's household income is between 5 and 8 millions yens.; 0 otherwise.
	INC800	Dummy variable: 1= a complainant's household income is between 5 and 10 millions yens.; 0 otherwise.
	INC1000	Dummy variable: 1= a complainant's household income is between 10 and 15 millions yens.; 0 otherwise.
	INC1500	Dummy variable: 1= a complainant's household income is between 15 and 20 millions yens.; 0 otherwise.
	INC2000	Dummy variable: 1= a complainant's household income is between 20 and 30 millions yens.; 0 otherwise.
	INC3000_	Dummy variable: 1= a complainant's household income is 30 millions yens.; 0 otherwise.
INCIDENT	MONEY	Dummy variable: 1=The lawsuit is concerned with money.; 0 otherwise.
	LAND	Dummy variable: 1=The lawsuit is concerned with land.; 0 otherwise.
	ACCID	Dummy variable: 1=The lawsuit is concerned with accident.; 0 otherwise.
	DIV	Dummy variable: 1=The lawsuit is concerned with divorce.; 0 otherwise.

Table A2

Determinants of intention to reuse (Ordered Probit Model)

(c) Winners

Variables	(1)	(2)	(3)	(4)
EXPE	0.05* (1.96)	0.04* (1.71)	0.06* (1.99)	0.04* (1.76)
LAWYER	-0.28 (-1.61)	-0.25 (-1.45)		
AMOUNT	0.002 (1.30)		0.002 (1.42)	
<i>Characteristics of complainant^a</i>	YES	YES	YES	YES
<i>Kinds of incident^a</i>	YES	YES	YES	YES
<i>Pseudo R-square</i>	0.02	0.01	0.02	0.03
Sample size	267	292	281	307

(d) Losers

Variables	(1)	(2)	(3)	(4)
EXPE	0.04* (1.88)	0.05* (2.30)	0.04* (2.17)	0.05** (2.64)
LAWYER	-0.19 (-0.60)	-0.31 (-1.13)		
AMOUNT	-10.38** (-2.56)		-9.40** (-2.49)	
<i>Characteristics of complainant^a</i>	YES	YES	YES	YES
<i>Kinds of incident^a</i>	YES	YES	YES	YES
<i>Pseudo R-square</i>	0.02	0.01	0.02	0.03
Sample size	93	111	98	116

Numbers in parentheses are z-statistics calculated by the robust standard error. * and ** indicate significance at 5 and 1 per cent levels, respectively.

^a YES means that dummy variables are included.

Table A3

Determinants of satisfaction about the results of a lawsuit (Ordered Probit Model)

(c) Winners

Variables	(1)	(2)	(3)	(4)
EXPE	0.05 (1.52)	0.03 (1.20)	0.05 (1.56)	0.03 (1.22)
LAWYER	-0.15 (-0.96)	-0.10 (-0.63)		
AMOUNT	0.003 (1.59)		0.003 (1.56)	
<i>Characteristics of complainant^a</i>	YES	YES	YES	YES
<i>Kinds of incident^a</i>	YES	YES	YES	YES
<i>Pseudo R-square</i>	0.04	0.04	0.04	0.03
Sample size	267	292	281	307

(d) Losers

Variables	(1)	(2)	(3)	(4)
EXPE	-0.07** (-2.39)	-0.06* (-2.21)	-0.05** (-2.52)	-0.04* (-2.13)
LAWYER	-0.35 (-0.97)	-0.35 (-1.11)		
AMOUNT	-7.87* (-2.30)		-7.99** (-2.43)	
<i>Characteristics of complainant^a</i>	YES	YES	YES	YES
<i>Kinds of incident^a</i>	YES	YES	YES	YES
<i>Pseudo R-square</i>	0.08	0.07	0.06	0.05
Sample size	93	111	98	116

Numbers in parentheses are z-statistics calculated by the robust standard error. * and ** indicate significance at 5 and 1 per cent levels, respectively.

^a YES means that dummy variables are included.