

Current Situation of and Issues in Labor-management Communication

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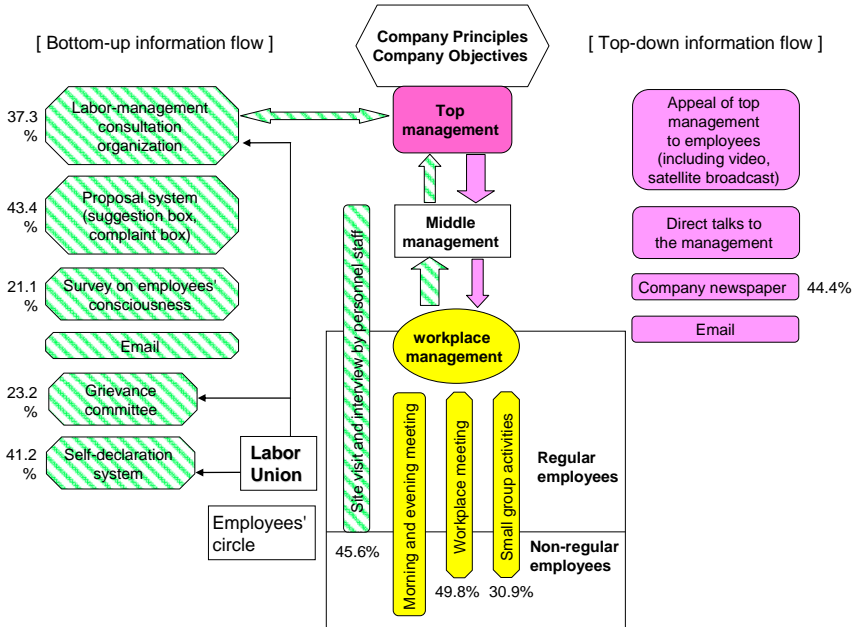
1. Purpose of the Paper and Framework of Analysis

The purpose of this paper is to identify the situation of information sharing between labor unions and management in Japanese companies and to find out what type of issues are found in labor-management communication. Japan is known to have built a stable relationship between labor and management. Top management and labor unions actively share information to contribute to the improvement of the companies' competitiveness. What form does communication between labor and management take now? What is good about their communication system and what issues do they have? To answer these questions, reference can be made to the "Roshi Komyunikeshon Chosa [Survey on Labor-management Communication]," conducted by the Ministry of Health, Labour and Welfare.

Figure 1 shows the framework used to analyze labor-management communication. This figure can be divided into three parts. The right side of the figure shows how information on the company principles and management ideas is conveyed to the workers. Information flows top down for this. In practice, various communication methods are used, such as (1) direct appeal of the management to its workers via company-wide meeting and video/ in-house broadcasting, (2) direct talk with the management, (3) information via company newspaper, and (4) email messages on intranet in the company.

The lower half in the middle of the figure indicates communication that takes place in the workplace. Workers are more attentive to what happens in their workplace and they very often get information on the company through managers directly above them in the workplace. Various types of communication take place in the workplace: (1) formal and informal meetings such as daily morning and evening meetings, (2) workplace meetings, and (3) small group activities. These types of information exchange often include non-regular employees. In particular, meetings may include part-time workers who are shifted to the mainstream workforce, contract employees in charge of important jobs and employees dispatched from other companies, since they are indispensable for operation of the workplace.

Figure 1. Structure of labor-management communication



Note: The figures shown here indicates the percentage of companies that replied "Yes" to the "Survey on Labor-management Communication 2004."

The left side of the figure, indicates a bottom up flow of information. A few types of mechanisms are available to convey information from the workplace directly to the top management. Information can be directly conveyed to the top management via the labor-management conference system, the proposal system (suggestion box, complaint box, etc.) and email. Recently, more companies are allowing direct emails to be sent to the president. Whether or not the president actually reads all the email messages depends on the circumstances in each company, however, having such a mechanism of direct contact with the management is effective to some degree in implementing good communication. Although the survey on employees' consciousness is restricted due to the fact that it is based on a specific format of questionnaire, it can be used as an alternative to the above three methods for directly conveying employee ideas to the top management.

As means of conveying employee opinion to top and senior management, the grievance committee and self-declaration system are available. By going

through messages that are posted with the grievance committee, one can learn what employees are dissatisfied with and what issues are present in the workplace. The self-declaration system provides a means of gaining access to the positive sentiment of employees. In addition to the above two, human resource personnel can have site visits and interviews with individuals to learn about the sentiment of employees. Casual talk is also important as a means of collecting information since the essence of problems in the workplace can be hidden in offhand remarks made during such talk.

Consequently, many different routes are available for expanding labor-management communication. The question is how effectively these routes work in implementation. This issue is reviewed in the next section.

2. Current Situation of Labor-management Communication

(1) Subject of Analysis and Source of Information

It is not possible to examine all the routes described in Figure 1 due to limitations of data and space. Using the "Roshi Komyunikeshon Chosa [Survey on Labor-management Communication]" conducted every five years by the Ministry of Health, Labour and Welfare, three routes that can be analyzed are examined: (a) workplace meetings, (b) grievance committee, and (c) labor-management consultation mechanisms.

The first "Survey on Labor-management Communication" was conducted in 1972, the second survey in 1977, the third survey in 1984, and then every five years after that. Company surveys and individual surveys are both available, making it possible to see how companies see the situation and what ideas individuals have. In this paper, the latest 2004 survey is mainly used and other past surveys are used from time to time for comparison. When comparing the past survey results, care is required since the survey was conducted on companies with 50 employees or more up to 1994 but changed to 30 employees or more from 1999 on.

(2) General Situations

Importance and Evaluation of Communication

In the 2004 survey, companies were asked how important labor-management communication was. 88.8 percent of the companies replied "important," 10.4 percent "neither important nor not important" and 0.9 percent "not important." This question was used for surveys from 1999 onwards, and in 1999 86.2

percent of the companies replied it was "important" (21.2 percent "very important," 20.0 percent "relatively important," and 45.0 percent "important"). Importance has improved since 3.7 percent of the companies replied "not important" in the 1999 survey.

For the evaluation of communication, 61.6 percent replied "good" (16.6 percent "very good" and 45.0 percent "relatively good"), 31.6 percent "neither good nor bad," and 6.7 percent "bad" (6.3 percent "relatively bad" and 0.4 percent "very bad"). When "bad" is subtracted from "good," the evaluation is higher in larger companies (72.6 for companies with 5,000 employees or more, while 38.2 for companies with 30 to 49 employees), and there is a clear difference between companies with labor unions (76.1) and without (44.0).

A similar question is also given to individuals. In the total average, 44.0 percent of the individuals replied "good," 40.1 percent "neither good nor bad," and 15.9 percent "bad." Compared with companies, more "bad" responses came from individuals. Table 1 shows the evaluation of good performance compared with the 1999 survey for each attribute and the following points can be observed. (a) More women replied positively, while men decreased, (b) compared with regular employees, more part-time workers replied positively, but the number of part-time workers who replied positively decreased by approximately 5 points in 2004, (c) the higher the job position, the higher the evaluation of communication performance but the number of department/section managers that replied positively decreased in 2004, (d) production and physical workers

Table 1. Comparison of evaluation by attribute between two surveys

(Gender)	2004	1999	(Job type)	2004	1999
Men	29.0	34.9	Office workers	29.7	27.2
Women	26.3	17.7	Technical/Research	20.4	28.5
(Employment type)			Production/Physical	20.0	34.8
Regular employees	27.8	28.7	Sales/Services	37.4	29.3
Part-timers	32.7	37.7	Others	25.2	25.5
(Job title)			(Service years)		
Department manager or higher	44.1	49.0	Less than 1 year	39.2	39.6
Section manager	35.0	42.3	1 - 5 years	32.8	25.6
No job title	22.9	23.0	5 - 10 years	14.4	20.9
Total average	28.1	29.2	10 - 20 years	25.7	28.2
			20 years or more	39.3	41.7

Note: In the 1999 survey, "divisional manager or higher" and "department manager" were used for job titles. This table shows the figure for the "department manager."

decreased by 14.8 points and technical and research workers decreased by 8.1 points, and (e) those who had either many or few years in service were positive while those who had worked between 5 to 10 years gave the lowest evaluation.

Among all this, it is remarkable to see the reduction by 14.8 points for production and physical workers. The reduction of technical and research workers is not small either. It is possible that the lowered evaluation for jobs in manufacturing industries may be due to the increase of non-regular employees, either dispatched or contracted, and the reduction of the unionization ratio of labor unions. This is an important item needing further clarification in the future.

Important Items

Important items for labor-management communication include, ordered by percentage, (1) personal relationships in the workplace: 66.4 percent, (2) daily improvement at work: 63.1 percent, (3) improvement of work environment: 50.4 percent, (4) working conditions such as wages and working hours: 43.8 percent, (5) education and training: 40.7 percent, (6) welfare, cultural, sports and leisure activities: 34.2 percent, (7) management information, planning, organizational change, new product/service development: 32.8 percent, and (8) human resource management (positioning, dispatch, promotion, retirement system): 31.2 percent. On the other hand, the survey on individuals also shows personal relationships in the workplace (60.5 percent) in first place, but it is followed by working conditions such as wages and working hours (50.9 percent), daily improvement at work (41.0 percent), and improvement of work environment (37.7 percent). In fifth position is human resource management (positioning, dispatch, promotion, retirement system) (30.8 percent), and in sixth is welfare, cultural, sports and leisure activities (20.7 percent), followed by education and training, management information, planning, organizational change, new product/service development (19.0 percent).

This shows that the important items for companies are slightly different from those for individuals. Employees find it important to have better communication for working conditions and human resource management, while companies find communication important for improvements of daily work and work environment. It is natural for individuals to have an interest in their own treatment and therefore, this difference is certainly understood. However, we must note that companies ranked information on business operation at a lower

position.

The 2004 survey clearly shows that 96.8 percent of the companies inform their employees of the business performance and management plans and policies. As means of communication, they (1) use the occasions in which all employees are present (morning meeting, etc.) to give information (68.6 percent), (2) give information only to people who are in specific job positions (64.6 percent), and (3) use company newspaper and notice boards (51.5 percent). As it has been pointed out in section 1, the top management must consistently inform its employees of the company policy and objectives of their activities to bind all together as a force. It is said that general employees do not easily grasp information such as the company policy and objectives even when they are repeatedly told. The top management explains business performance but they do not know to what extent employees understand. The author finds a problem in the fact that items such as business performance are not recognized as important items for communication. Correlation between business performance and this item, if it is analyzed, may generate an interesting result.

(3) Workplace Meetings

Participants

It seems that workplace meetings play an important role in having good communication in the workplace, as it is indicated in Figure 1. In the 2004 survey, 49.8 percent of the companies replied they "have workplace meetings." In comparison to the past surveys, the figure gradually decreased from 55.3 percent in 1999 to 69.8 percent in 1994 and 68.0 percent in 1989. It has decreased by some 20 points in ten years. Although companies with labor unions have a higher percentage of having workplace meetings, their figure has still decreased from 70.5 percent to 56.9 percent in ten years. In the last ten years, there has been an increase in the number of non-regular employees such as part-time workers, contract employees, and dispatched workers and there has also been a change in the way to work, such as reduced frequency of meeting all workers in the same place at the same time. These facts may be indicated in these figures.

The 1999 survey, which includes a detailed survey on attendees, shows 58.8 percent of companies had all members attending and 35.0 percent of them had representatives only in the meeting. Of the companies that had all members attending, 35.9 percent of them had attendance by part-time workers (calculated

based on those that had workplace meetings attending by all members as 100 percent). Calculation using this result indicates that only 11.7 percent of all companies had workplace meetings with attendance by part-time workers. The 2004 survey shows a reduction in the number of companies that had workplace meetings, and therefore it is assumed that the number of workplace meetings with attendance by part-time workers is further reduced. To have a consensus of members working in the same workplace, an alternative method to workplace meetings must be used but it cannot be identified from the survey on labor-management communication.

Items Discussed

The most popular items discussed during the workplace meetings include items related to daily work operations (86.5 percent), items related to safety and health (64.0 percent), items related to business policy, production, sales and other plans (54.7 percent), items related to education and training (39.2 percent), items related to welfare (36.8 percent). Although it is difficult to compare numbers with the past survey since respondents were asked to select up to two items from the list, three items always remain at the top: daily work operations, safety and health, and management policy. We must note that management policy as well as daily work operations is discussed in the workplace meetings. If workplace managers talk about and explain management policy and plans outside of occasions when all employees are present, or in the company newspaper and notice board, employees will gain a better understanding.

Achievements of Workplace Meetings

Let us look at the evaluation of workplace meetings by companies that organize such meetings. Table 2 summarizes the results of four surveys since 1989. "Improved business operation," "Improved working environment" and "Better personal relationships in the workplace" are always the top three achievements made by workplace meetings. In the beginning of this section, important items for labor-management communication were discussed and those items correspond to this result. It can be assumed that organization of workplace meetings improves labor-management communication.

Table 2 also indicates that in the 2004 survey 18.1 percent of the companies selected the item "Better retention of employees." "Workplace meetings provide

every employee with more information on company management and give them opportunities to speak on their own issues. This result reminds us of the situation described in Hirschman's "Exit/Voice Model".

Table 2. Chronological changes of achievements by workplace meetings
(%)

	2004	1999	1994	1989
Improved business operation	65.1	68.9	61.2	60.6
Improved working environment	60.7	36.8	39.3	39.7
Better personal relationships in the workplace	59.5	47.5	40.4	53.1
Improved productivity	33.0	19.2	21.5	20.8
Better retention of employees	18.1	10.1	8.5	6.7
Others	5.9	3.7	1.9	0.8

Note: Multiple answers were allowed for every year asking the respondents to select "up to two main items" while for the 2004 survey respondents were asked to select "all that fit." Thus, the result of the 2004 survey cannot be simply compared with other years.

(4) Grievance Procedure

Necessity and Method of Grievance Procedure

It is desirable to have a method to solve problems that employees face in relation to their treatment or daily operation in the workplace. In the 2004 survey, new questions were introduced to ask the necessity of grievance procedure. As a result, 84.2 percent of companies replied that it was necessary. Furthermore, the 2004 survey also included the question "Where and how should the grievance procedure be performed?" The answers include, in order of the frequency, consultation with the manager directly above (66.9 percent), talking to the human resource manager (40.3 percent), workplace meetings (35.4 percent), self-declaration system (35.4 percent), grievance committee (23.6 percent), labor-management consultation mechanism (21.7 percent), talking to the workers' representative (19.0 percent), collective negotiation (5.0 percent), and others (4.1 percent).

The best way to solve the problems that occur in the workplace is to have them solved by consulting the manager directly above. This is difficult, however, when the manager directly above is the source of the problem and if the problem is related to the human resource system it is faster to talk to the human resource manager. It is convincing that many of them answered for consulting the manager directly above or the human resource manager. The items of "workplace

meetings" and "self-declaration system" share the third position from the top but they have different roles to play. Workplace meetings are more suitable for problems related to operation of the workplace and personal relationships. On the other hand, the self-declaration system is used to explore the possibility of getting out of unsatisfactory conditions by requesting a transfer of position. It can be a negative way to solve the problem but it works well as a means of solving unsatisfactory conditions.

Higher expectation is given to the grievance procedure and labor-management consultation mechanism when the company has a labor union. Comparing those with and without labor unions, 37.8 percent are "with" and 16.2 percent are "without" for the grievance committee, with 44.0 percent and 10.2 percent respectively for the labor-management consultation mechanism. When the company has a labor union, grievance procedure or the labor-management consultation mechanism work as neutral bodies and are presumably recognized with high credibility by employees.

Complaints Reported

Close to 90 percent of the companies replied that the grievance committee is necessary, while such organization is actually provided only by 23.2 percent of the companies. This ratio has not changed from the past (25.2 percent in 1999, 20.3 percent in 1994 and 29.2 percent in 1989). Comparing the ratio of establishment of the grievance committee by size of the company, the larger the company the higher the ratio of establishment. The organization is established by 65.9 percent of the companies with 5,000 employees or more, decreasing to 38.1 percent with 1,000 to 4,999 employees, 27.6 percent with 300 to 999 employees, 17.6 percent with 100 to 299 employees, 11.8 percent with 50 to 99 employees, and 6.7 percent with 30 to 49 employees. Small companies may have other methods to solve problems without a formal grievance committee since people know each other very well.

Let us see what complaints are reported. In the 2004 survey, the top of the list of complaints was issues related to daily work operations (61.4 percent), followed by issues related to wages and working hours (47.5 percent), issues related to personal relationships (46.7 percent), issues related to human resource management (positioning, dispatch, pay raise, promotion, retirement system) (33.2 percent), issues related to safety and health (31.0 percent), issues related to education and training (21.2 percent), issues related to gender discrimination

and sexual harassment (18.7 percent), issues related to welfare (16.1 percent), and others (3.3 percent). Although the number cannot be directly compared since respondents were asked to select "up to three items" from the list in the 1999 survey and before, the top three items are always operation of daily work, working conditions and personal relationship. These items are considered important for labor-management communication. Dissatisfaction is generated in relation to these items only because employees are highly interested in these and it indicates that importance must be placed on communication of these items to improve labor-management communication.

Questions were also asked on grievance procedure in the survey on individuals. 13.7 percent of them reported complaints and discontent during the period surveyed, and the most popular complaint was issues related to operation of daily work (48.2 percent). The second popular complaint was issues related to working conditions (45.7 percent), followed by issues related to human resource management (41.5 percent), and issues related to personal relationships (22.6 percent), showing more complains and discontent related to human resource management compared with the survey on companies. Most people reported their complaint and discontent to the "manager directly above" (77.8 percent), followed with a large gap by "through the labor union" (15.1 percent) and "self-declaration system" (10.2 percent).

Reporting to the manager directly above is the easiest way of stating complaint or discontent, however, 86.3 percent did not report complaint or discontent and 31.9 percent of them did not report because "it does not solve any problem" (calculating those who did not report complaint or discontent as 100 percent). 10.6 percent of them did not report because "no formal route is available for complaint or discontent." Some employees have no complaint or discontent, however in the 2004 survey on individuals, 45.0 percent of them had complaint or discontent but did not report it.¹ It can be said that there is a demand for creating a route to easily solve complaint or discontent.

Solving Complaints

It is important to see how a complaint is solved after it is reported. Table 3

¹ Calculated assuming that 86.3 percent of the individuals did not report complaint or discontent and 47.9 percent of individuals did not report because they did not have any complaint or discontent. Calculation: $86.3\% \times (100\% - 47.9\%) = 44.96\%$

shows a comparison of the status in solving complaints. 40 percent of people answered "many of them are solved in practice" in 2004 and 1989, while it was only slightly higher than 20 percent in 1999 and 1994. Looking at the chronological changes of "many complaints are not solved," it implies the probability of reaching solutions becomes higher when the economy is better. Further examination is required here.

In the survey on individuals, questions were also asked for consequences after reporting complaint and discontent. 48.2 percent replied "not satisfied with the result." This reply ratio has not changed since 1989. It was 48.6 percent in 1989, 42.6 percent in 1994 and 41.7 percent in 1999. On the other hand, 20.2 percent replied "satisfied with the result," also marking the same percentage for other three surveys. The management believes that their employees are satisfied with the results of the grievance procedure, but employees are not necessarily satisfied in reality. This result implies the difficulty of the grievance procedure.

Table 3. Chronological changes of solving complaints

(%)

	2004	1999	1994	1989
Many of them are satisfied through talks	47.4	65.3	65.5	51.7
Many of them are solved in practice	44.0	20.3	22.5	43.0
Many complaints are not solved	3.4	8.1	5.3	3.3
Others	4.0	6.2	6.7	0.9

(5) Labor-management Consultation Meetings

Status of Establishment and Method of Election

Labor-management consultation meetings have been playing an important role in labor-management communication. As shown in Figure 1, they provide opportunities for direct exchanges of information between the top management and representatives of workers, making it possible for them to share information that is otherwise left untouched if the normal route of the organization is used. From this aspect they must be an effective source of information for the top management but the use of this mechanism is in the decline as far as can be seen with the "Survey on Labor-management Communication." In the first survey in 1972, over 60 percent had the mechanism, while it decreased to 58.1 percent in 1989, 55.7 percent in 1994, 41.8 percent in 1999 and 37.3 percent in

2004. 85.0 percent of the companies with labor unions had the labor-management consultation mechanism in 2004, but in companies without labor unions this ratio declined after every survey (38.7 percent in 1989, 17.1 percent in 1999 and 15.0 percent in 2004).

For 57.9 percent of the companies, labor union representatives act as worker representatives for the labor-management consultation mechanism. This ratio was 65.6 percent in 1999, 65.1 percent in 1994 and 58.5 percent in 1989. The ratio of electing representatives by mutual vote (including labor union members) was 40.0 percent in 2004, 32.6 percent in 1999, 35.4 percent in 1994 and 34.3 percent in 1989. With the reduction of union participation, less companies have their labor-management consultation mechanism represented exclusively by labor union representatives and mutual voting is used more to elect the representatives. This trend is also seen in the companies with labor unions. In 1994, 91.4 percent of the companies with labor unions had labor union representatives acting for the workers representatives. However, it went down to 88.6 percent in 1999 and 78.9 percent in 2004. The faded presence of the labor union also affected the election of representatives for the labor-management consultation mechanism.

Agenda

Let us see what is discussed by the labor-management consultation mechanism. According to the 2004 survey, over 80 percent of the companies had the following seven items for their agenda: (1) working hours and holidays: 92.6 percent, (2) change of working style: 88.3 percent, (3) safety and health at the workplace: 88.2 percent, (4) welfare: 87.4 percent, (5) wages and allowances: 86.3 percent, (6) holidays for child raising and elderly care: 81.3 percent, (7) severance pay and retirement criteria: 80.1 percent. Comparing with 1999, two items (holidays for child raising and elderly care, and severance pay and retirement criteria) are added to those over 80 percent and the ratio of other items over 80 percent taken to the agenda also increased. Despite the reduction in the number of companies with the labor-management consultation mechanism, labor-management communication has become more intense in the companies that have the labor-management consultation mechanism.

This is also indicated by the increased number of companies that include management policy in the agenda compared with 1994. In 1994, 53.7 percent of the companies took this subject in their agenda and it went up to 76.0 percent in

1999 and 71.1 percent in 2004. Although there was a reduction of five points from 1999 to 2004, the percentage increased almost 20 points compared with 1994. The fact that business policy is discussed with the labor-management consultation mechanism presumably provides a means of gathering the force of employees in achieving business objectives. In fact, among the achievements obtained by the labor-management consultation, which are discussed later, "Employees are more interested in operation of the company" marked 43.0 percent. Seriously engaged in labor-management consultation, these companies are probably obtaining one of the conditions required to enhance their competitiveness (concentration of the force of employees).

Achievements from Labor-management Consultation

To the question whether or not achievements were made with the labor-management consultation, 61.3 percent of the companies replied "Made achievements" and only 3.3 percent "Made no achievements" (the rest, 35.4 percent, replied "Neither yes nor no"). The ratio of the companies that replied "Made achievements," 63.0 percent in 1999, 69.7 percent in 1994 and 66.2 percent in 1989, remains almost constant throughout the surveys, considering the size of companies (50 employees or more before 1999 and 30 employees or more in 1999 and later).

Then, what achievements did they make specifically? Table 4 summarizes achievements made by labor-management consultation for four different periods. Since respondents were asked differently in selecting answers for the surveys up to 1999 from 2004, the numerical figures cannot be directly compared but the top response remains improved communication with the labor union. Although respondents were asked to select all that fit in 2004, the figures are lower than those in 1999. It is possibly related to the fading presence of the labor union.

In addition, labor-management consultation is evaluated for readjustment of the working environment and improved operation of company activities. The top management of companies finds it positive to the operation of their companies to have a direct exchange of information between the top management and the representatives using the labor-management consultation mechanism. In the survey on individuals, individuals were asked the extent of details that they know of contents of the discussion that took place in the labor-management consultation mechanism. In the total average, 43.6 percent of

Table 4. Chronological changes of achievements by labor-management consultations

(%)

	2004	1999	1994	1989
Improved communication with the labor union	53.2	63.9	64.0	59.9
Useful for rearrangement of working environment	48.9	33.9	35.2	36.3
Employees are more interested in operation of the company	43.0	25.5	29.7	22.6
Improved operation of company activities	35.7	41.0	36.0	43.2
Higher satisfaction of employees for work	17.8	8.3	9.2	14.9
Others	5.4	7.3	0.8	0.6

Note: Multiple answers were allowed for every year asking the respondents to select "up to two items" while for the 2004 survey respondents were asked to select "all that fit." Thus, the result of the 2004 survey cannot be simply compared with other years.

them replied that they know the contents "well" and 45.1 percent "partially." Only 11.3 percent replied "very little." The higher the job position, the higher the degree of recognition. However, of the individuals that were not in the managerial position, only 14.7 percent replied "very little" and 33.3 percent of them replied "well." It indicates that employees also have a certain degree of knowledge on what is discussed in the consultation. For one of the future research subjects, it is important to see the difference in the business performance between companies with and without the labor-management consultation mechanism.

(6) Methods of Communication Being Considered

At the end of this section, let us look at the methods of communication being considered. Table 5 summarizes the results of surveys on individuals for 2004 and 1994 and those for companies for 2004, 1999 and 1994. For the 1999 survey, the results for individuals are not available since this question was not included in that year.

For the chronological changes in the consciousness of individuals, the first and second positions are taken by "workplace meetings" and "survey on employees' consciousness", and other items also remain in the same positions without much change. In terms of the ratio, however, there is a noticeable reduction in the workplace meeting (50.2 percent in 1994 to 36.6 percent in 2004) and the labor-management consultation mechanism (41.6 percent to 27

percent respectively). The ratio of selection is also reduced generally. Adding all items, the ratio is 236.6 percent in 2004 and it is 255.8 percent in 1994. Considering that two items were reduced for the 1994 survey, the figure is relatively much smaller in 2004. Communication between workers and management may be affected by a feeling of helplessness.

Table 5. Chronological changes in methods of communication being considered

(%)

	Individuals 2004	Individuals 1994	Companies 2004	Companies 1999	Companies 1994
Workplace meeting	② 36.6	① 50.2	① 57.2	① 53.7	① 55.7
Self-declaration	⑦ 19.3	⑥ 25.6	② 37.8	② 30.2	⑤ 35.7
Site visit and interview by human resource personnel	④ 23.8	—	③ 36.3	⑧ 19.5	—
Survey on employees' consciousness	① 43.3	② 42.0	④ 34.8	④ 24.4	⑥ 26.0
Proposal system	⑥ 21.2	⑤ 27.3	⑤ 28.2	⑥ 20.5	② 48.1
Labor-management consultation organization	③ 27.0	③ 41.6	⑥ 23.1	③ 28.8	③ 42.3
Company newspaper	⑨ 9.9	⑦ 16.1	⑦ 21.1	⑨ 12.0	⑦ 22.7
Employees' organizations	⑧ 15.4	—	⑧ 20.8	⑦ 20.3	—
Small group activities	⑩ 9.2	⑧ 15.9	⑨ 17.7	⑤ 21.9	④ 36.5
Grievance committee	⑤ 23.7	④ 31.4	⑩ 17.2	⑩ 10.2	⑧ 14.7
Others	⑪ 7.2	⑨ 5.7	⑪ 5.6	⑪ 7.8	⑨ 5.1

Note: In the 1999 survey on companies, respondents were asked to select "up to three main items" from the list. In 2004 and 1994 on the other hand, respondents were asked to select "all that fit."

Let us now look at the surveys on companies. Considering the method of selection used, it is appropriate to compare 2004 and 1994. The positions are changed for four items: the self-declaration system (from 5th in 1994 to 2nd in 2004), the proposal system (from 2nd to 5th respectively), the labor-management consultation mechanism (from 3rd to 6th respectively), and small group activities (from 4th to 9th respectively). The ratio is changed substantially for three items: the proposal system (from 48.1 percent in 1994 to 28.2 percent in 2004), the labor-management consultation mechanism (from 42.3 percent to 23.1 percent respectively), and small group activities (from 36.5 percent to 17.7

percent respectively), while the survey on employees' consciousness increased from 26.0 percent to 34.8 percent. This result indicates that the method of communication has been changing from a collective style to an individual style. Individualistic human resource management has been developed in the last ten years and it is possible that this management style is also affecting labor-management communication.

(7) Summary of This Section

In this section the current situation of the labor-management communication has been analyzed using the result of the recently published 2004 survey on labor-management communication. As a result, the following points are made clear.

- (a) Close to 90 percent of the companies consider that labor-management communication is important and companies believe that they have good communication in general. Employees, on the other hand, do not think it is as good as companies believe.
- (b) Both companies and individuals place the most importance on "personal relationship at the workplace" for communication. The second item and below differ between the two, indicating differences in their recognition.
- (c) Approximately half of the companies have workplace meetings, but it decreased by some 20 percent in ten years. In the workplace meeting, their three main discussion topics are operation of daily work, safety and health, and management policy. As for the achievements of the workplace meeting, they point out three items: improved business operation, improved working environment and better personal relationships in the workplace.
- (d) 84.2 percent of the companies replied that the grievance committee is necessary, while such committee is actually provided only by 23.2 percent of the companies. The larger the company the higher the ratio of establishment of the committee. The three most popular complaints are daily work operations, working conditions and personal relationships.
- (e) Only 13.7 percent of individuals actually reported complaint or discontent to their companies, and 45.0 percent of them did not while they had either complaint or discontent. Complaint and discontent of individuals are more concentrated on personal relationships compared with those of companies. And most individuals reported their complaint and discontent to the "manager directly above."

- (f) As for solutions to complaints, the management believes that their employees are satisfied with the result of grievance procedure, but employees are not necessarily satisfied in reality.
- (g) The number of companies that established the labor-management consultation mechanism is on the decrease, down to 37.3 percent in 2004. The representative of workers for this mechanism was traditionally selected from the representative of labor union, but in 2004, 40.0 percent of them represented by those who were selected by mutual vote with workers (including labor union members).
- (h) The ratio of agenda increased in the companies with the labor-management consultation mechanism, indicating that labor-management communication has become more intense. More than 60 percent of the companies claim that they had achievements with labor-management consultation, believing that they had positive effects in every aspect for the operation of their companies. According to the survey on individuals, relatively a large number of individuals know what is discussed in the labor-management consultation.
- (i) For methods of communication to be considered, individuals point out the survey on employees' consciousness and workplace meeting, while companies point out the workplace meeting, self-declaration system, and site visit and interview by human resource personnel. It seems that the method of communication has been changing from a collective style to an individual style.

3. Issues of Labor-management Communication

Reviewing the Role of Labor Unions

In the previous section, it has been pointed out that the presence of labor unions is fading in the labor-management communication. The union participation ratio was reduced to 18.7 percent as of June 2005, showing no sign of stopping its decline since 1975. There are an increasing number of labor unions that do not represent the majority of workers due to that fact that part-time workers and other non-regular employees are not unionized even when the company has a labor union. For communication in the company, some point out that it is not realistic to depend on the labor union.

A close look at the survey on labor-management communication, however, indicates that labor-management communication is better in the companies with

labor unions. For example, 80.1 percent of the companies with labor union claim that they have good communication, while 52.2 percent of the companies without labor unions claim the same, 30 points lower than the former. As for the grievance procedure, 46.8 percent of the companies with labor union have their committee, while it is 11.0 percent for those without labor unions. The presence of a labor union does improve the quality of communication.

Consequently, the largest issue in improving labor-management communication is to review the role of labor unions again. The situation does not improve just by criticizing that "The labor union is to blame for the falling union participation rate and its weakness." Over 90 percent of the labor unions, in terms of the number of both unions and union members, are company-based unions in Japan. It is a general practice to select union leaders from the employees and it is affected by the situation of the company. The presence of a labor union within the company also gives benefits to the top management. In fact, placing importance on the presence of the labor union, the top management takes special care in their human resource management to allow the union to play a sound role as an organization to talk to. This does not imply a "company-manipulated union." The management takes care in human resource management to have the right people for the labor union because they want union representatives to say "Something is wrong" to the management when something is actually wrong at the workplace.

The presence of a labor union improves the quality of labor-management communication and it often provides a positive effect to the operation of company. Here, we see examples of the labor unions of Ajinomoto and Shiseido.² The labor union of Ajinomoto tries to collect real voices of the workplace and to give them directly to the top management. The labor union of Shiseido, on the other hand, placed importance on the voice of sales staff working in the field and requested the top management for reform of the sales method.

Giving Real Intentions in the Workplace to the Top Management

In the food industry, special care is taken not only in the manufacturing

² Both cases are based on the interviews conducted by the author. For details of activities conducted by the labor union of Shiseido, see the following web site:
URL:<http://www.kpcnet.or.jp/e-union/iincho/shiseido-roso.htm>

process but also for all compliance required since their products feed people. The labor union of Ajinomoto launched the campaign called "A-Program" starting from 2002 to improve and intensify the mechanism to check the management for "Sound Development of the Ajinomoto Group," making suggestions to the company. It is not a simple questionnaire, but it is part of a problem solving program and it has a mechanism to identify the person who submits the suggestion.

In the preparation stage of the A-Program, there was a hot debate among the union leaders for whether the suggestion should have the name identified or whether it should be made anonymous. If it was made anonymous, the location of the problem could not be identified and the labor union would not be able to do anything. The labor union was ready to handle the problem once it was reported, and therefore they decided to have a name and asked union members to seriously collect information. In the beginning, the labor union was not sure if union members would give their real voice back. The quality of information that can be collected depends on the credibility of the union leaders. Having doubt that the information may go to the management through the union leaders, workers would not give their real voice. For the union leaders it was a very strict baptism of fire.

When the A-Program started, however, they received various information on the actual situations from different workplaces. For example, there was a question "Is the Ajinomoto Group heading for the right direction with the three-year management plan?" Respondents were asked to select one of five levels for evaluation and to write the reason why they thought so. From the information received, they discovered that people did things in the workplace that were totally different from what the management was telling. By summarizing such information, they discussed with the management in the labor-management consultation meeting or asked the labor administration staff to confirm the information.

The A-Program is packed with information from real voices that the management would not be able to collect otherwise and it serves the purpose of enhancing the operation of business. Enhanced operation of business improves the company performance and it eventually benefits members of the labor union. In fact, Ajinomoto Co., Inc. makes a good performance.

Achieving a Sound Sales Method

Another example is the case of Shiseido where the sales method was renovated by a proposal made by the labor union. It was in a meeting held to determine the requests to be submitted to the annual spring offensive in 1998. It was started by a woman from the central committee who stood up and complained about the actual situation of the sales field. "To have a high number of the sales for the six-month period, we force retailers to take our products and we get products returned in the next month. Retailers do not like this practice. I do not think we have a bright future for Shiseido, if we keep on going like this. The union leaders should know the problem we have in the field of sales," she said. Consequently, the union leaders examined the situation in the sales field and found this forceful sales practice everywhere. Such a sales system also affects production, research and development. The R&D department is forced to send out new products and the production department manufactures their products using overtime and holiday work.

To demand the top management to correct the sales system, the labor union, based on the idea that the union itself must change, did not demand any increase in the average pay value for the annual spring offensive of 1999 and submitted a "zero increase request" with the intention to talk about achieving sound sales practices. The management was still indurate and persisted that "there was no forceful sales practice."

The labor union leaders determinedly submitted the "zero increase request" again for the annual spring offensive of 2000 to still try to talk to the management. A big change occurred in October 2000. Forceful sales increased more than before in September that year and a huge amount of products were returned in October. The labor union leaders sent 100 sheets of urgent questionnaires to union branch offices to examine the situation of sales practice and they received 172 sheets back. The response was filled with all the difficulties found in the sales field. The management did not receive real voices through its official channel. Therefore, they asked the labor union for information received with questionnaires. Working with the management, the labor union made and executed a plan to achieve sound sales practices.

Without the labor union, Shiseido would have continued their forceful sales and might have gradually lost their competitiveness. The company performance was recovered without falling behind only because the labor union leaders urged the management for a reform by obtaining information on the actual

situation and demonstrating their solid determination. It is a good example of close labor-management communication that enhanced the quality of company operation.

4. Summary - Direction of Solution

Fostering a sound labor union leads to better labor-management communication, as it is indicated by two examples described in the previous section. For the labor union to obtain strength, it needs not only their own efforts but also collaboration of organizations and people around it. Labor unions are based on company-based organizations in Japan. By providing company-based labor unions with good resources and allowing them to talk to the management at an equal level as the management for the mid-and-long-term perspective, Japanese companies will improve their competitive power and it will help Japanese society to proceed with sound development. This topic will be discussed on another different occasion.

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