

# Chapter IV Labor Relations

## 1 Labor Unions

### Japanese Labor Unions have a Three-tiered Structure

Japanese labor unions are organized into a three tier structure, comprising unit unions (of which around 90% are enterprise unions), industrial federations, and national centers. Out of this three-tiered structure, the enterprise unions, with their membership based on directly joining individuals, wield the greatest power, receiving just under 90% of union dues and employing full-time staff (Refer to “Characteristics of Enterprise Unions”).

The industrial federations, unlike their American and European counterparts show a strong tendency to have cooperative structures with enterprise unions. Even under the Rengo (Japanese Trade Union Confederation) umbrella there are approximately 70 industrial federations, and there are four which have a membership in excess of 500,000. There are also many industrial federations however that are lacking in full-time staff and financial power. In organizational aspects and the creation and execution of industrial policy, an issue at hand is the strengthening of the industrial federations. Rengo, which has been the largest national center in Japan since its formation, has been instigating action plans towards the formation of integrated industrial federations. During the course of the 1990s, there has been a steady tendency towards increased integration among industrial federations.

### The Three-tiered Structure and Labor-management Negotiations

It is normal for labor conditions to be decided through collective bargaining between labor and management by company. One of the main functions of labor unions is to standardize salary levels and labor conditions and

prevent excessive competition using low salaries and long working hours as their weapons. However, it is difficult to utilize this function in negotiations on a company basis.

In order to compensate for these shortcomings, Japan’s labor movements employs two methods. One of these is the Shunto or spring wage offensive, in which industrial federations organize a cross-lateral unified drive throughout companies, and the national centers coordinate strategies among industrial federations and creates press and media campaigns (Refer to Shunto). Even in such cases, the industrial federations only cover the setting of demands, stipulating a date for a unified response and guiding resolution standards, with the actual negotiations being undertaken by the labor and management of each company. There are very few instances whereby through negotiations by industrial federations and industry management groups, labor conditions have been decided (there are some exceptions, including seamen). It is usual for the theme of labor-management discussions by industry to be executed through exchange of information concerning various issues in the industry concerned and on exchange of opinions on industry policies.

One more method established in Japan is legislation such as the Labor Standards Law and the Minimum Wages Law, designed to enhance competition and achieve improvements in labor conditions. National centers are the main instigators when using the legislation that is available. In this case, strong calls are made upon the political parties with which the national centers are affiliated. In addition, members are sent to sit in on the panels of government committees and councils involved in the formulation of policy, which enables Rengo’s opinions to

be reflected in the policy-making process.

Rengo has also established a forum for regular discussions with the Nikkeiren (Japan Federation of Employers' Associations), and there are instances in which the two organizations jointly make policy proposals on issues that they are in agreement over (this does not include decisions over labor conditions).

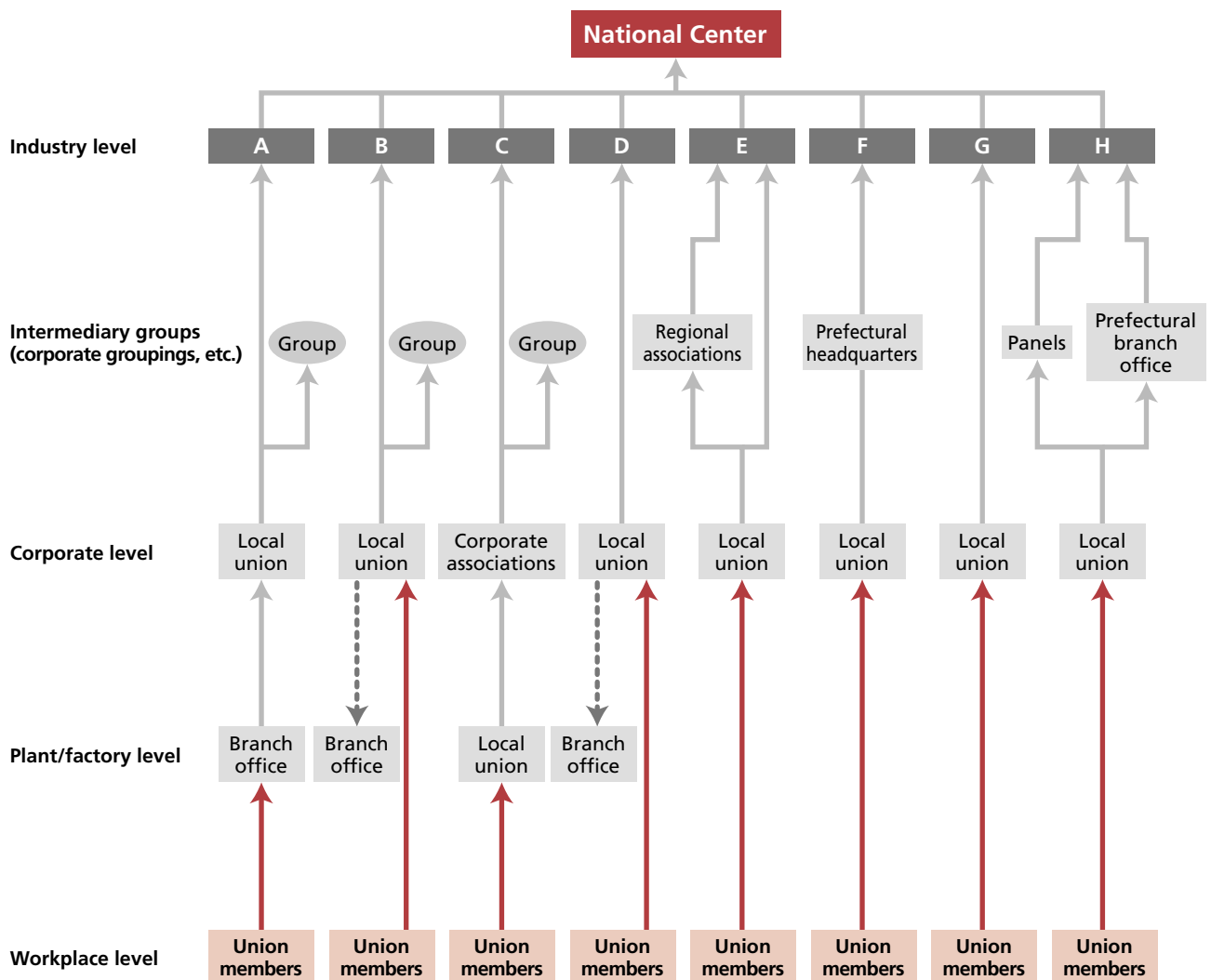
### History of the Break-up and Reorganization of the Post-war Labor Movement

Until the end of the Second World War in 1945, there was no Trade Union Law in Japan. It was in 1946 that

the Trade Union Law was established and in a short space of time a great number of labor unions were vigorously created.

However, ideological conflict pervaded the ranks of the labor movement and immediately after the war the communist-affiliated Sanbetsu-kaigi (Congress of Industrial Unions of Japan) opposed the Sodomei (Japanese Federation of Trade Unions), which was a merger of like-minded social democratic elements. Subsequently, the anti-communist elements within the Sanbetsu-kaigi joined with the Sodomei to form the Sohyo (General Council of Trade Unions of Japan), but

#### IV-1 Collection of Union Dues



Source: *Finances of Labour Unions—Current Financial Situation of Unions and Their Structural Composition*, Japan Institute of Labour, March 1995  
 Note: Individual payment of dues → Payment to higher organizational levels → Grants →

this structure soon crumbled as the Cold War intensified.

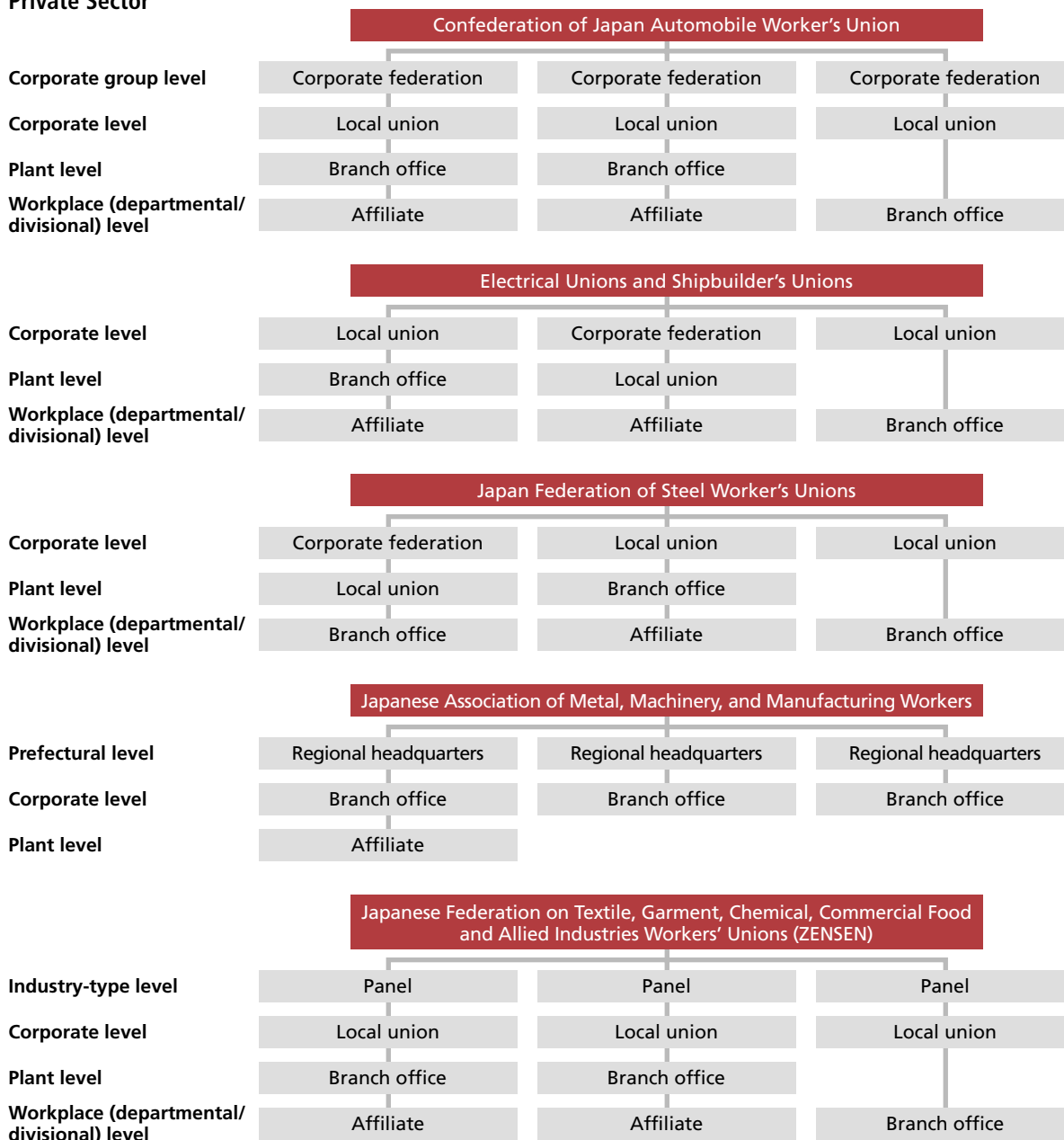
From 1964 a situation prevailed where there were four national centers, but in 1989 these four national centers merged and Rengo was formed. A reform-minded path was opened up that was accepting of the market economy, which was instrumental in the formation of the new organization. In the same year, two

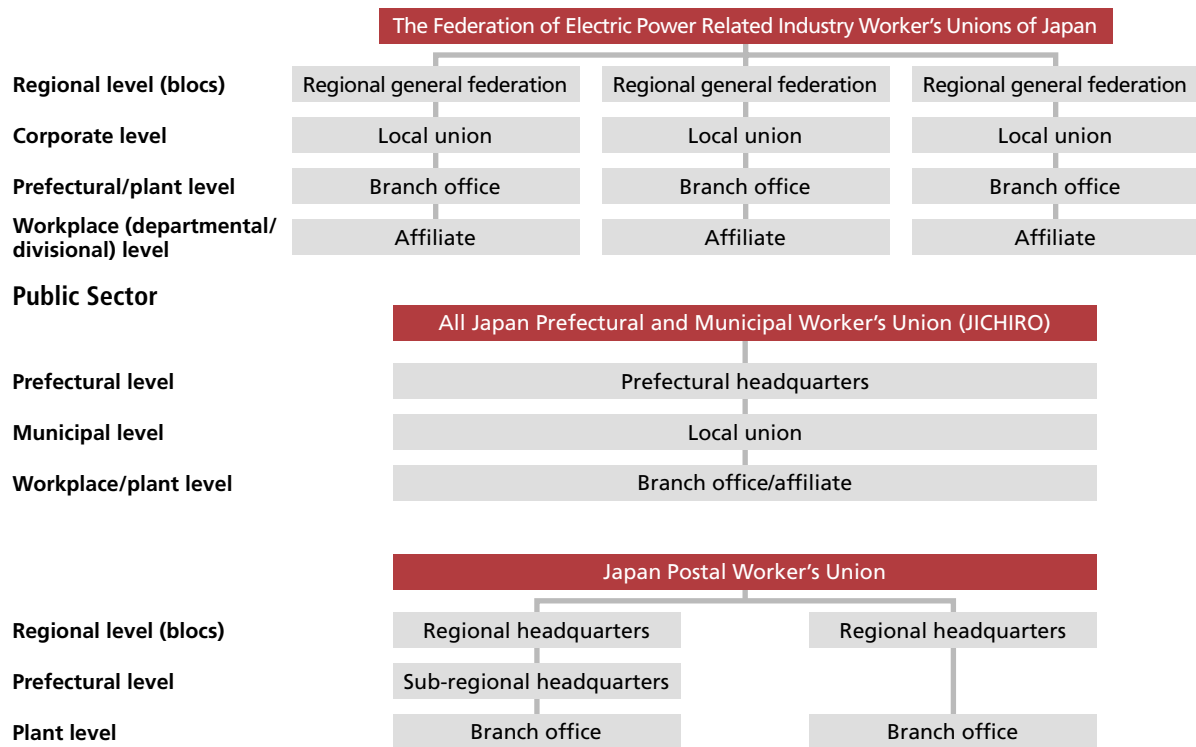
other groups were formed that were critical of Rengo—Zenroren (National Confederation of Trade Unions) and Zenrokyo (National Trade Union Council)—a situation which prevails until today.

Currently in the national centers, Rengo has a membership of 7.31 million, while Zenroren retains 1.04 million members and Zenrokyo has 260,000 members.

## IV-2 Structure of the Main Industry Organizations

### Private Sector





Source: *Empirical Research on the Organization of Japan's Private and Public Sector Labour Unions and Their Functions*, Japan Institute of Labour, March 1997

### IV-3 Overview of Labor Union Dues

	Average amount per union member	Percentage of salary
<b>A Labor union dues</b>		
Monthly salary as an accumulated standard	288,990 yen	
Labor union dues accumulated by local unions	4,959 yen	1.72%
<b>B Monies paid by local unions to larger organizations</b>		
Monies to corporate federations	404 yen	0.14%
Monies to local industrial federations	205 yen	0.07%
Monies to industrial federations	585 yen	0.20%
Monies to local federations	107 yen	0.04%
Monies to the National Center	78 yen	0.03%
<b>C Labor union dues collection standards</b>		
Combined fixed sum and fixed-rate (54.9%)		
Fixed-rate (40.6%)		
<b>D Number of times of collection of labor union dues</b>		
12 times a year (51.3%)		
14 times a year (44.4%)		
<b>E Strike funds</b>		
89.8% of local unions have a system that sets aside monies from member contributions		
Average amount collected from each member by local unions	819 yen	0.28%

Source: *12<sup>th</sup> Report on Labor Union Dues* Asia Social Research Institute, September 1999  
(Reference: Number of unions responding: 534)

## 2 Union Organization

### Organizing Rate of 21.5%

According to the “Survey of Labor Unions” issued by the Ministry of Labour, as of June 30, 2000, there were 67,737 labor unions in Japan. The organizing rate is 21.5%, with 11.426 million out of a total of 53.79 million workers belonging to unions.

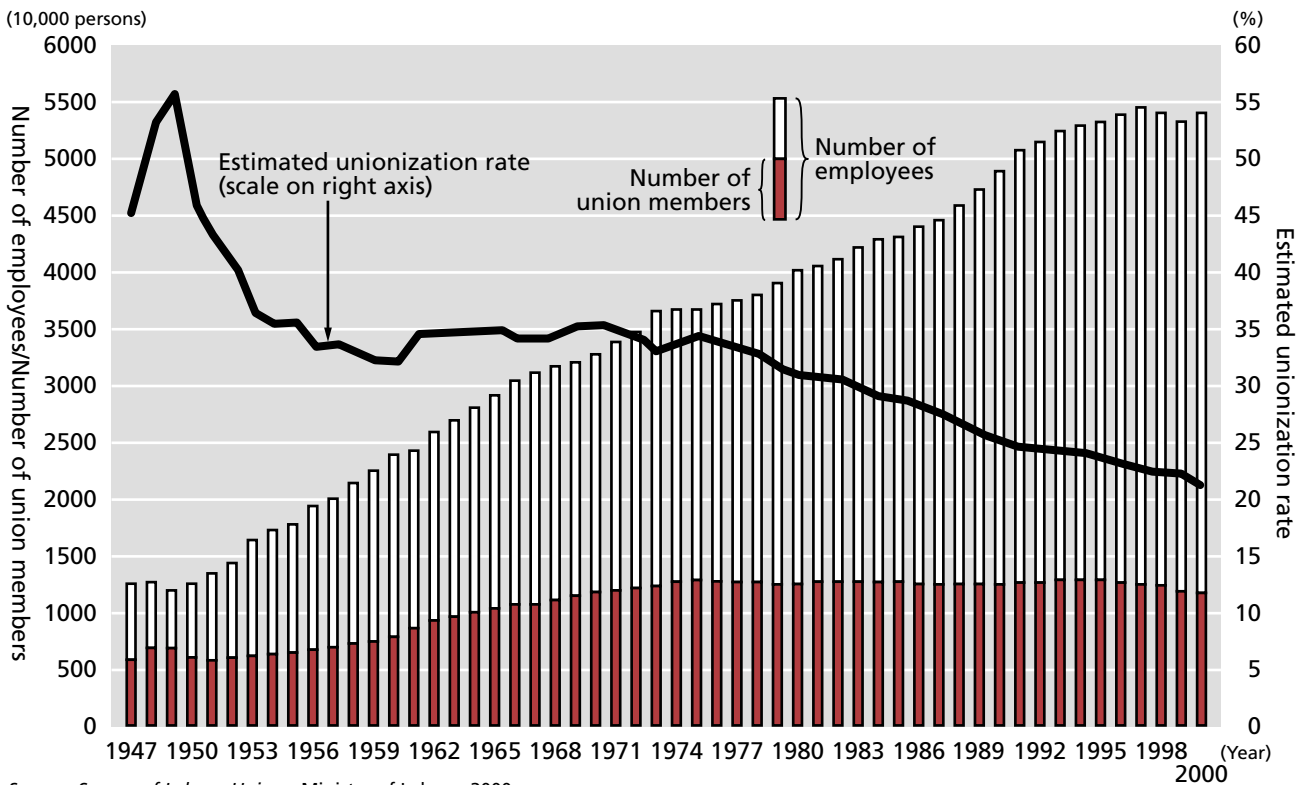
Because of the prevalence of long-term employment in Japan, enterprise-based unions predominate. Over 90% of Japan’s labor unions are enterprise-based-unions or craft unions.

### Organizing Rate has Shown a Steady Decline Since its Peak in 1949

Since its peak in 1949, the unionization rate has continuously declined owing to a fall in the growth of the number of union members relative to the increase in numbers of employees. The organization rate in 2000 under performed its 1999 figure by 0.7% (IV-4).

Industry-specific organization rates are high in government at 61.7%; electricity, gas, heating, and waterworks at 56.1%; and finance, insurance, and real estate at 41.1%. In contrast, organization rates are low in

IV-4 Changes in the Number of Employees and Union Members, and the Estimated Unionization Rate



agriculture, forestry, and fisheries at 5.1%; wholesale, retail, food, and beverage at 9.1%; services at 12.6% and other sectors. Comparing the organization rates of the above industries with the 1999 figures reveals a wholesale decline, except in government and electricity, gas, heating, and waterworks.

### Primary Reasons for the Low Unionization Rate are the Growth of the Service Sector and Increases in Part-time Workers

There are two factors behind the current low unionization rate: (1) the burgeoning of employment in the service sector, where the unionization rate is traditionally lower than in other industries; and (2) increasing numbers of part-time and temporary workers, resulting from the diversification of employment, who are difficult to organize.

### IV-5 Unionization Rate by Company Size

Company size	Percentage of the number of union numbers	Percentage of the number of employees	Estimated unionization rate (2000)
Total	100.0	100.0	18.7
More than 1,000 workers	58.8	20.3	54.2
300–999 workers	15.6	] 25.0	18.8
100–299 workers	9.4		
30–99 workers	3.5	] 54.1	1.4
Fewer than 29 workers	0.5		
Others	12.2	—	—

Source: *Survey of Labour Unions*, Ministry of Labour, 2000

Notes: 1) The total number of unit labor unions

2) "Others" includes members of unions that embrace more than one industry and unions whose size is not known.

3) "Number of employees" represents workers employed by private enterprises, excluding agriculture and forestry.

### IV-6 Unionization by Industry

Industry	Number of union members (1,000 persons)		Percentage (%)	Number of employees (10,000 persons)	Estimated unionization rate (%)
All industries	11,426	[3,209]	100.0	—	—
Agriculture, forestry, and fisheries	23	[3]	0.2	45	5.1
Mining	11	[1]	0.1	4	26.8
Construction	1,050	[76]	9.2	531	19.8
Manufacturing	3,403	[615]	29.8	1,217	28.0
Electricity, gas, heating, and waterworks	224	[30]	2.0	40	56.1
Transportation, telecommunication	1,475	[153]	12.9	395	37.3
Wholesale, retail, food and beverage	1,093	[427]	9.6	1,207	9.1
Finance, insurance, and real estate	934	[510]	8.2	227	41.1
Services	1,878	[874]	16.4	1,487	12.6
Government	1,284	[507]	11.2	208	61.7
Other industries	51	[15]	0.4	—	—

Source: *Survey of Labour Unions*, Ministry of Labour, 2000

Notes: 1) The total number of unit labor unions

2) The "other industries" category covers members of unions that embrace more than one industry or whose industrial classification is unclear.

3) Figures in brackets represent female union members.

## 3 Characteristics of Enterprise Unions

From an international perspective, what distinguishes labor relations in Japan from those in other nations are (1) enterprise unions, (2) Shunto (the “spring wage offensive”), and (3) stability.

### **Labor Unions in Japan are Formed within, Not across Companies**

Since Japan’s labor unions are formed from within, not across companies, negotiations relating to working conditions are usually conducted between enterprise unions and company management. A labor market thus forms at individual companies on the basis of negotiated working conditions, e.g., long-term employment practice and the seniority-based wage system. In this type of labor market, labor and management share the same interests. These factors account for the predominance of enterprise unions in Japan.

### **Full-time Employees are Eligible for Enterprise Union Membership**

Usually, membership in an enterprise union is open only to full-time employees. Both full-time blue- and white-collar workers join to form a single union, and the organization rate among white-collar workers is comparatively high.

### **Trends of Highly Influential Major Corporate Labor Unions**

Although enterprise unions often join industry-specific federations, they maintain a high level of control over personnel and financial matters without interference from the federations. Conversely, industrial federations are often affected by the activities of enterprise unions within large corporations. Enterprise unions are affiliated to national centers through the industrial federations they join, and they also participate in the policy decision-making process by submitting demands relating to policies and systems and sending representatives to governmental committee meetings.

### **Both Collective Bargaining and Labor-management Consultations Take Place Internally in Companies**

Because labor unions are organized at companies, normally there is no clear distinction between matters to be negotiated and collective-bargaining matters within the labor-management consultation system. Instead, both types of discussions usually take place at the same time. The labor-management consultation system allows both sides, labor and management, to resolve any differences of opinion before collective bargaining takes place. It also provides the opportunity to discuss various subjects that cannot be addressed during collective bargaining, smoothing the way for labor and management to reach an agreement during the collective-bargaining process.

### **Spring Wage Offensive Began in 1955 (refer to Chapter 4, section 6)**

Shunto (the spring wage offensive) is an annual event in which many enterprise unions enter into simultaneous negotiations relating to wage increases and other working conditions with management. Industrial federations direct and coordinate negotiations for enterprise unions. The first Shunto took place in 1955, and since then it has become an annual event. There have been deviations recently, however, with unions in some industries launching the spring offensive only every other year.

### **Japanese Labor Relations are Relatively Stable**

Japan enjoys relatively stable labor relations. The strikes and lockouts that occurred frequently in the 1950s, resulting in the loss of many working days, are fewer today. Three factors account for the current level of stability.

1. When labor productivity soared due to higher corporate performance between the mid-1960s and 1973 (the period of high economic growth), better corporate performance meant a favorable

- employment environment and with it steadily improved working conditions.
2. Labor unions took national economic priorities into consideration and gradually adopted a more flexible stance during Shunto.
  3. The labor-management consultation system facilitated collective bargaining by motivating both sides to share information and work toward mutual understanding.

#### IV-7 Changes in the Number of Labor Unions, Number of Union Members and Estimated Unionization Rate (Unit labor unions)

Year	Number of labor unions		Number of union members (1,000 persons)		Number of employees (10,000 persons)	Estimated unionization rate (%)
		Year-on-year change (%)		Year-on-year change (%)		
1995	70,839	-1.2	12,495	-1.0	5,309	23.8
1996	70,699	-0.2	12,331	-1.3	5,367	23.2
1997	70,821	0.2	12,168	-1.3	5,435	22.6
1998	70,084	-1.0	11,987	-1.5	5,391	22.4
1999	69,387	-1.0	11,706	-2.3	5,321	22.2
2000	68,737	-0.9	11,426	-2.4	5,379	21.5

Notes: 1) Figures have been rounded up for unions with less than 1,000 members. Year-on-year comparative figures have been calculated using personnel numbers (This method applies to all other charts and tables).

2) Employee numbers are based on the *Labor Force Survey* of the Statistics Bureau of the Management and Coordination Agency, released in June each year (This method applies to all other charts and tables).

#### IV-8 Changes in the Estimated Unionization Rate of Part-time Workers

Year	Number of labor union-affiliated part-time workers (1,000 persons)		Percentage of total of labor union-affiliated workers (%)	Number of short-time employees (10,000 persons)	Estimated unionization rate (%)
		Year-on-year change (%)			
1995	184	9.6	1.5	864	2.1
1996	196	6.4	1.6	889	2.2
1997	218	11.2	1.8	923	2.4
1998	240	9.9	2.0	957	2.5
1999	244	1.7	2.1	993	2.5
2000	260	6.6	2.3	1,017	2.6

Source: *Report of the Results of the Basic Survey of Labour Unions 2000*, Ministry of Labour, December 2000

Notes: 1) These figures represent the total number of unit labor unions.

2) Part-time workers are those who work fewer hours at their place of employment during a working day than their full-time counterparts, or if working hours are the same on a given day, then those who work fewer hours during the course of a week, or those who are referred to as part-timers in their place of work.

3) Short-time employees are those who among those surveyed in the Survey of Labour Unions who work less than 35 hours per week.

4) The estimated unionization rate among part-time employees is calculated by subtracting the number of short-time employees from the number of members of labor unions among part-time employees.

FYI: "Unit Organization Unions" are those which are organized around a system where membership is on an individual basis, and do not have branches or sub-divisions. For example, these are unions where one office of one particular company have formed a labor union.

"Unitary Organization Unions" are those which are organized around a system where membership is on an individual basis and do have branches or sub-divisions. In addition, unitary organization union operate on a hierarchical system, with a headquarters, under which are a number of independently operating branches, operating as unit labor unions.



### IV-9 Platforms for Negotiations over the Past Three Years (Collective bargaining and labor-management consultation organizations)



Source: *Japanese Labour Unions Today II—Survey Results into Collective Bargaining and Labour Disputes*, Ministry of Labour, 1998, a survey carried out once every five years.

## 4 Structure and Function of Enterprise Unions

### Enterprise Unions: Asserting Labor's Basic Legal Rights

Enterprise unions are Japan's dominant form of labor organization because each enterprise union exercises labor's three primary rights: the rights to organize, bargain collectively, and strike. Each enterprise union has most of the functions and funding necessary to exercise labor's three primary rights.

Labor unions play the role of maintaining and improving workers' quality of life and working conditions. In order to do so, they engage in three primary activities: consultation and negotiation with management, mutual aid efforts within the unions, and making requests concerning labor policies and systems. Enterprise unions maintain and improve working conditions and participate in management through collective bargaining and consultation with the management. As for activities within the unions, enterprise unions not only deal with organizational operations but also provide their members with services through various kinds of mutual aid activities. When it comes to making requests concerning labor policies and system, enterprise unions seek to provide benefits to their members by using their influence for various policies on the regional, industrial, and national levels concerning employment and working conditions as well as quality of life of their members. In addition, recently, more and more labor unions are getting involved with community and volunteer activities in order to improve their public relations.

### Industrial Trade Unions: The Mechanism and Roles

Enterprise unions have only their own limited resources to engage in the above-mentioned activities. In order to expand their effectiveness, they have established industrial trade unions. Industrial trade unions support the activities of their members by consolidating their requests concerning working conditions such as wages and working hours on the industrial level, collecting and providing information and basic data to the local

unions, and coordinating negotiation tactics. In terms of activities within the organization, industrial trade unions provide their members with a variety of services through mutual aid activities, including life insurance, pension, medical insurance and fire insurance. In addition, industrial trade unions participate in the decision-making processes of national industrial policies, consult with economic organizations and develop international cooperation among labor unions.

### National Centers: The Mechanism and Roles

A nation-wide federation of national centers provides members with support by standardizing the requests for working condition issues such as wages and working hours. However, the most important role of the national centers is their participation in national politics. Rengo, the Japanese Trade Union Confederation, the largest of the national centers, maintains and improves labor's quality of life by sending its members to various advisory bodies in the government, participating in the decision-making processes of government policy making, and concluding and maintaining cooperative relations with political parties.

A look at the structure and role of Japan's labor unions reveals that enterprise unions are most familiar to their members and play the most immediate role in maintaining and improving their quality of life. Enterprise unions formulate the basic unit within industrial trade unions and national centers. Human and financial resources flow from enterprise unions to industrial trade unions, and further, from industrial trade unions to national centers. Consequently, most board members of industrial trade unions and national centers are representatives sent by the enterprise unions who are employees of specific companies. Union dues of major enterprise unions often exceed those of their affiliated industrial trade unions. The circle is then completed when information and basic policies flow from national centers back through the industrial trade unions to return to the local unions.

## Labor Disputes Take Place at the Company Level

Japan's industrial relations are basically cooperative, but labor disputes do occur occasionally. In Figure IV-12, 12.8% of enterprise unions "have had labor disputes" and 8.0% "have had labor dispute actions" in the last three years. Both figures represent declines from the those of the previous survey. There have been no labor

dispute actions in large enterprise unions with 1,000 members or more, but more labor dispute actions have taken place in smaller enterprise unions with 30–99 members. In industrial trade unions, more labor disputes have occurred in the service industry than in other industries. Most of the labor disputes and labor dispute actions take place in enterprise unions rather than at the industrial or national level.

### IV-10 Membership of Main Labor Unions (As of 30 June 2000)

Rengo: Japanese Trade Union Confederation		
Number of members: 7.314 million people Change from 1999 in membership numbers: -2.2 (Thousands of People) Percentage of total union membership: 63.4		
Type	Number of Labor Union Members 2000 (Thousands of people)	Change from 1999 (Thousands of people)
Confederation of Japan Automobile Workers' Unions	744	-17
Japanese Electrical Electronic & Information Unions	727	-11
Japanese Federation on Textile, Garment, Chemical, Commercial Food and Allied Industries Workers' Unions (ZENSEN)	584	9
Japanese Association of Metal, Machinery, and Manufacturing Workers	469	*
National Federations of Life Insurance Workers Unions	342	-9
Japan Federation of Telecommunications, Electronic Information and Allied Workers	268	2
The Federation of Electric Power Related Industry Worker's Unions of Japan	251	-3
Japanese Federation of Chemical, Service and General Trade Unions	196	-9
General Federation of Private Railway & Bus Worker's Union of Japan	153	-8
Japan Federation of Steel Workers' Unions	148	-10
All Japan Federation of Transport Workers' Unions	133	-8
Japan Federation of commercial Workers' Unions	119	-1
Japan Confederation of Shipbuilding & Engineering Workers' Unions	117	-4
Japan Federation of Foods and Tobacco Workers' Unions	105	-3
Japanese Federation of Chemistry Workers Unions	95	-8
Japanese Federation of Transport Workers' Unions	85	-4
Japan Railway Trade Unions Confederation	75	-2
Japan Confederation of Railway Workers' Unions	74	-1
Japanese Federation of Chemical Workers' Unions	63	-3
Japanese Rubber Workers' Unions Confederation	50	-2
National Union of General Workers	46	-2
Japanese Federation of Pulp and Paper Workers' Union (JPW)	46	-5
Chain Store Labor Unions Council	45	2
National Federation of Automobile Transport Workers' Unions	44	-3
Federation of Non-Life Insurance Workers' Unions of Japan	44	-2
Japan Federation of Leisure, Service, Industries Workers' Unions	41	+0
All Japan Seamen's Union	40	0
Japan Federation of Electric Wire Workers' Unions	39	-1
Labor Federation of Government Related Organizations	33	-0
The Federation of Gas Workers' Union of Japan	30	-0

Type	Number of Labor Union Members 2000 (Thousands of people)	Change from 1999 (Thousands of people)
All Japan Federative Council of Mutual Bank Laborers' Unions	25	-1
All Japan Federation of Ceramics Industry Workers	24	-3
Federation of Printing information Media Workers' Unions	23	+0
National Federation of Agricultural, Forestry and Fishery Cooperatives' Workers' Unions	22	-1
Japanese Federations of Industrial Materials and Energy Workers' Unions	21	-1
Japan Confederation of Petroleum Industry Workers' Unions	21	-3
Japan Federation of Aviation Industry Workers	24	*
Japan Food Industry Workers' Union Council	18	-1
All Japan Garrison Forces Labor Union	16	+0
The Federation of All-NHK Labour Unions	12	+0
Japan Construction Trade Union Confederation	11	-1
Japan Postal Workers' Union	153	-3
All Japan Postal Labor Union	86	1
Japanese Federation of Forest and Wood Workers Union (FWU)	12	-1
All Japan Prefectural and Municipal Workers' Union	1,007	-9
Japan Teachers' Union	350	-8
All Japan Municipal Transport Workers' Union	40	-1
All Japan Water Supply Workers' Union	32	-1
All Japan Racing Place Workers' Unions	23	-2
Japan General Federation of National Public Service Employees' Unions	40	-1
Japan Confederation of National Tax Unions	40	-0

**Zenroren: National Confederation of Trade Unions**

Number of members: 1.036 million people  
 Change from 1999 in membership numbers: -2.4  
 Percentage of total union membership: 9.0

Type	Number of Labor Union Members 2000 (Thousands of people)	Change from 1999 (Thousands of people)
Japan Federation of Medical Workers' Unions	155	+0
Japanese of Federation of Co-op Labor Unions	75	-1
All Japan Construction, Transport and General Workers Union	58	*
National Confederation of Trade Unions	30	-2
All Japan Automobile Transport Workers' Unions (ATU)	29	-1
National Union of Welfare and Childcare Workers	11	+0
All Japan Mental and Information Machinery Workers' Union	10	-0
Japan Federation of Prefectural and Municipal Workers' Unions	241	-5
All Japan Teachers' and Staffs' Union	138	-3
Japan Federation of Public Service Employees Unions	118	-5

Zenrokyo: National Trade Union Council		Number of members: 0.261 million people Change from 1999 in membership numbers: -2.9* Percentage of total union membership: 2.3	
Type	Number of Labor Union Members 2000 (Thousands of people)	Change from 1999 (Thousands of people)	
National Railway Workers' Union	24	-1	
Federation of Tokyo Metropolitan Government Workers' Unions	165	-3	

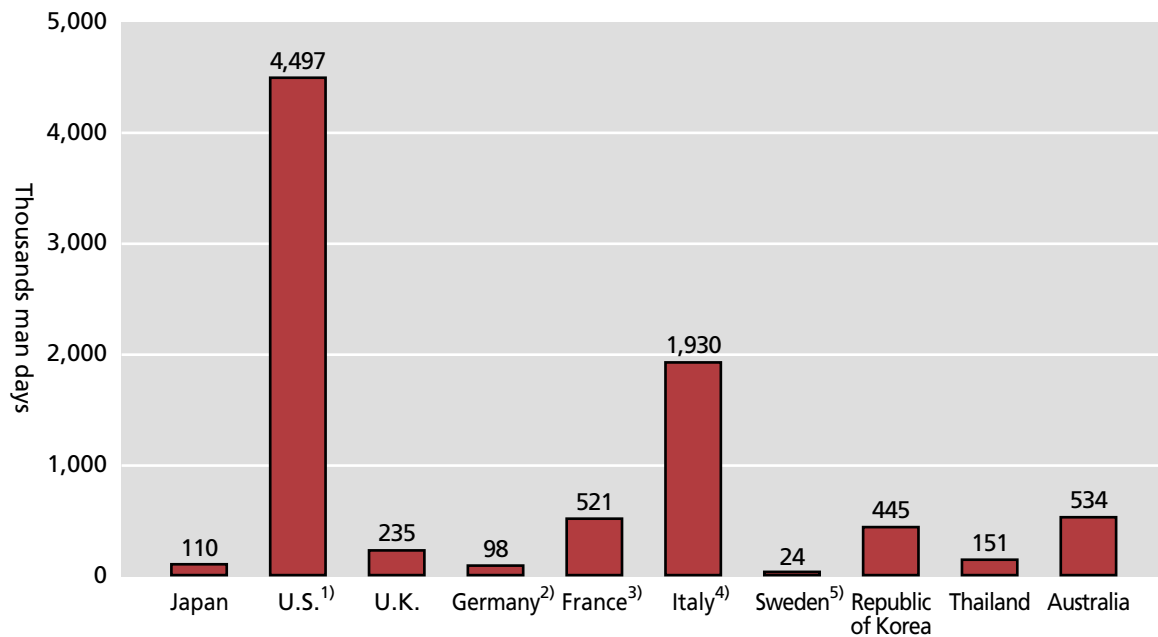
Others		Number of members: 1.298 million people Change from 1999 in membership numbers: — Percentage of total union membership: —	
Type	Number of Labor Union Members 2000 (Thousands of people)	Change from 1999 (Thousands of people)	
National Federation of Construction Workers' Unions	697	-8	
Federation of City Bank Employees' Unions	116	-3	
Nikkenkyo	56	-4	
National Federation of Agricultural Mutual Aid Societies Employees' Union	49	-2	
Council of Chemical Workers' Unions	42	-2	
All Japan Council of Optical Industry Workers' Union	40	-5	
All Aluminium Industrial Workers Union	38	-2	
All Japan Non-life Insurance Labor Union	36	-4	
Japan Federation of Newspaper Workers' Unions	35	-1	
Japan Federation of Aviation Workers' Unions	25	-3	
National Federation of Trust Bank Employees' Unions	21	-1	
Hokkaido Kisetsu Rodokumiai	20	+0	
Council of Light Metal Rolling Workers' Unions	18	-1	
Japan Federation of Aviation Worker's Unions	16	-1	
All Japan Dockworkers' Union	14	-0	
National Brewery Worker's Union	12	-1	
National Printworkers' Union	12	-0	
Japan Federation of Commercial Broadcast Workers' Unions	10	-0	
The National Teachers Federation of Japan (NTFJ)	25	-0	
Japan Senior High School Teachers' and Staff Union, Kojimachi	16	-0	

#### Definitions of industry-specific union membership

- 1) In principal, unions with more than 10,000 members are displayed. The numbers are for either unitary or consolidated membership, whichever is the greater.
- 2) The figures for status of membership for the major groupings are from 30 June 2000.
- 3) Others refers to major industry groupings not affiliated to Rengo, Zenroren and Zenrokyo.
- 4) Membership figures for unions with less than 1,000 persons are rounded up, but annual change figures are calculated exactly.
- 5) All Japan Construction, Transport and General Workers' Union and the Japanese Association of Metal, Machinery and Manufacturing Workers were established in September 1999, and the Japan Federation of Aviation Industry Workers was established in October 1999, hence \* represents a comparison with the previous year's figures.

Source: Report of the Result of the Basic Survey of Labour Unions 2000, Ministry of Labour

## IV-11 Number of Working Days Lost (1997)



Source: *International Labour Comparisons 2000*, Japan Institute of Labour

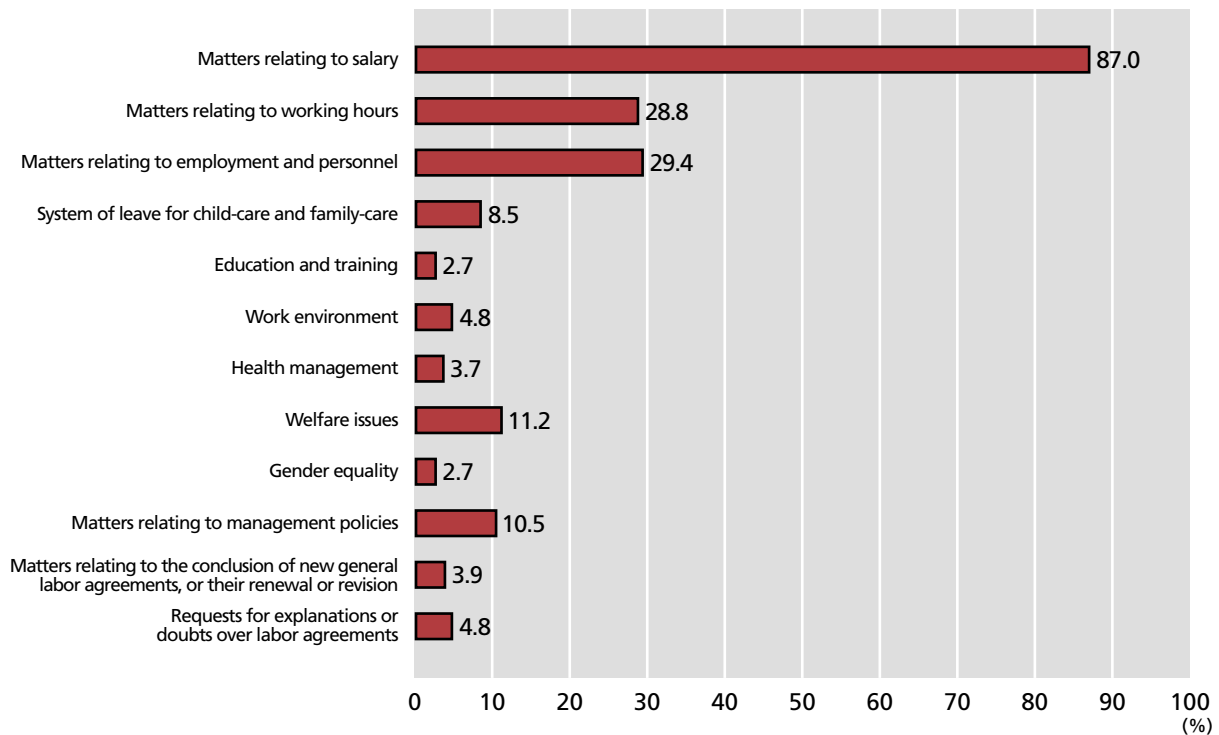
Notes: 1) Excluding disputes involving less than 1,000 persons resulting in less than one lost day of labor

2) Figures for 1996, excluding the public sector

3) Figures for 1994, excluding localized disputes (within a single company) and disputes within the agricultural and public service sectors

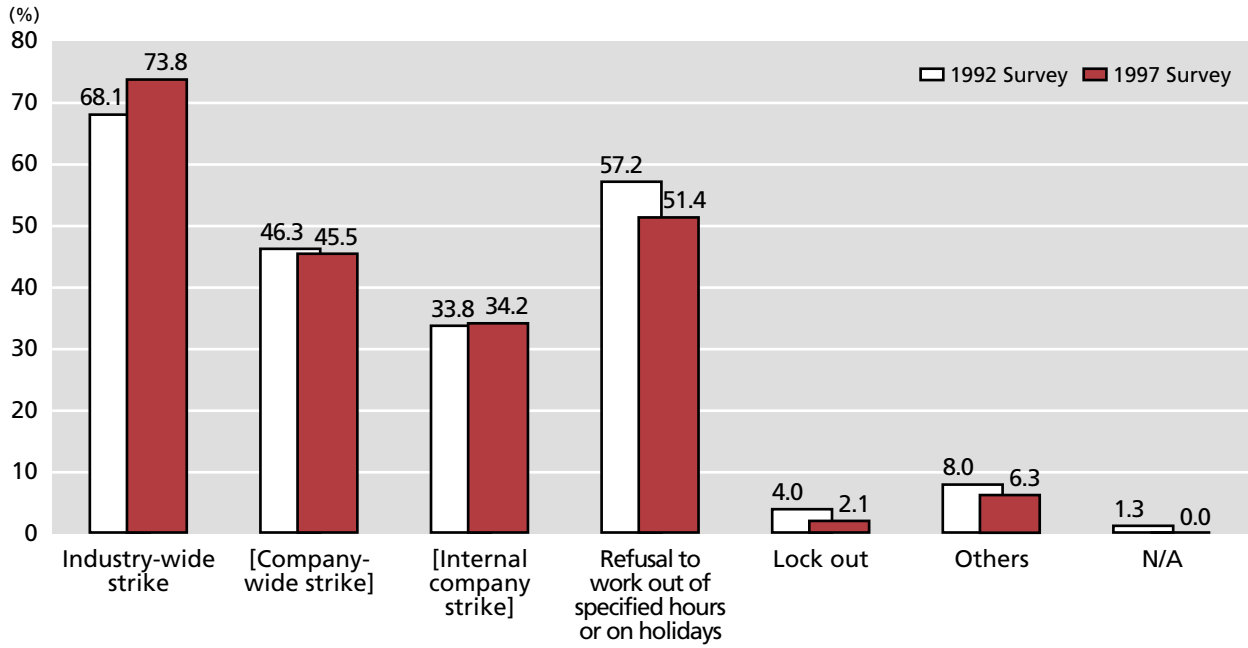
4) Figures for 1996, calculated on seven hours constituting one lost day of labor

5) Excluding disputes that lasted for less than eight hours

IV-12 Causes of Dispute in Labor Disputes over the Past Three Years  
(Where number of unions in dispute = 100)

Source: *Japanese Labour Unions Today II—Survey Results into Collective Bargaining and Labour Disputes*, Ministry of Labour, 1998  
A survey carried out once every five years.

**IV-13 Form of Action Taken in Disputes over the Past Three Years  
(Where number of unions that took action = 100)**



Source: *Japanese Labour Unions Today II—Survey Results into Collective Bargaining and Labour Disputes*, Ministry of Labour, 1998  
A survey carried out once every five years.

## 5 Collective Bargaining and Labor-Management Consultation System

### Collective Bargaining and the Labor-Management Consultation System

Collective bargaining and labor-management consultation cover different issues. According to Figure IV-14, 85.6% of labor unions with labor-management consultation organizations differentiate between the topics that are dealt with in collective bargaining from those in consultation between labor and management. When deciding which forum to direct the issue, 70.8% of these labor unions use “direct classification,” 9.0% utilize “classification by probabilities of changing labor dispute into labor dispute action,” while 41.4% choose to “deal with the disputes in labor-management organizations first, and if necessary, shift the issues into collective bargaining.” Consultation between labor and management can be divided into two categories: (1) separation from, unification with, or blending with collective bargaining; and (2) consultation between labor and management prior to the initiation of formal collective bargaining or as a substitution for collective bargaining. According to the 1999 “Labour Management Communication Survey” by the Ministry of Labour, 65% of employee representatives in labor-management consultation organizations are also representatives of labor unions.

Figure IV-15 indicates ratios of consultation cases on different topics involving labor unions with and without labor-management consultation organizations. Even for the same topics, labor unions with labor-management consultation organizations more often use consultation between labor and management than collective bargaining.

According to the same 1999 survey, 63.0% of establishments with labor-management consultation organizations replied that the establishment of the organization “has made substantial achievement” in improving communication between labor and management. Among these establishments that had labor-management organizations, 63.9% indicated that they had “better communication with labor unions.” A relatively high number of establishments also replied that “the management of company activities has become more smooth.”

### There is No Legal Basis for the Labor-Management Consultation System

Japan’s labor-management consultation system originated in joint management councils that were established after the war for the purpose of inviting labor participation in management. Later, in order to deal with innovations and to improve international competitiveness under high-speed economic growth, the Japan Productivity Center encouraged the establishment of the labor-management consultation system. Moreover, because of the challenges facing corporations during the oil crisis, the labor-management consultation system became popular throughout industry. In spite of its widespread use, there is no legal basis for the labor-management consultation system; it is supported entirely by the self-governance of labor and management.

### Many Corporations with Labor Unions have Established Labor-Management Consultation Organizations

According to a survey of establishments and workers in 1999, 41.8% of establishments with 30 or more employees had labor-management consultation organizations. 84.8% of these establishments had labor unions. The more employees the establishment has, the higher the ratio of labor-management consultation organizations (60% or more of medium-sized corporations have labor-management consultation organizations). The fewer employees the establishment has, the smaller the ratio of labor-management consultation organizations (20 to 30% of small-sized corporations have labor-management consultation organizations). However, according to “Japanese Labor Unions Today II,” published in 1998 by the Ministry of Labour, between 60 and 70% of small-sized corporations with labor unions also have labor-management consultation organizations. Consequently, a high ratio of corporations with labor unions also has labor-management consultation organizations, regardless of the size of the corporation.



Figure IV-16 indicates the range of topics discussed in labor-management consultation organizations. While the level of consultation differs greatly from a simple explanatory report to consent, labor-management consultation organizations deal with a wide variety of topics such as concrete labor conditions, personnel systems, and participation in management.

### Discussions Concerning the Employee Representation System

There are currently heated discussions about whether an employee representation system should be introduced into law. Employee representatives function to coordinate working conditions on behalf of all the employees in a corporation without a labor union. Labor-related laws already allow the introduction of legal working conditions when agreements between management and representatives of the majority of employees are concluded. Labor-related laws also stipulate measures to reflect employee's opinions for working conditions through the negotiation with representatives of the majority of employees. However, since no Japanese law provides a legal

basis to organizations that represent employees, as is the case in Germany and France, discussions on the development of a law are quite heated.

The Japan Institute of Labour disclosed in 1996 a survey about the format of employee organizations and their activities. The survey was targeted at 17,980 corporations that did not have any organized labor unions. According to this survey, 63.6% of these corporations had some kind of employee organization. See Appendices 8 through 11 for their characteristics.

Source: *Report on Results of Labour-Management Communication Survey 1999* (Ministry of Labour)

FYI

"Labor-Management Consultation Organization" refers to a permanent organization in which labor and management consult various issues that are related to management, production, working conditions, and welfare programs. It is usually called a labor-management consultation council or a management consultation council.

"Employee Organization (Employee Meeting)" refers to a permanent organization for employees that holds social gatherings and employee meetings. It normally has a set of rules or similar ordinance.

### IV-14 Method of Classification of Matters Relating to Labor-management Consultation Organizations, and Collective Bargaining (Labor unions with labor-management consultation organizations = 100)

Type		Total (%)
Labor unions with a labor-management consultation organization		100.0
Collective bargaining and labor-management consultation organizations are classified and dealt with separately		(100.0) 85.6
(Method of classification M.A.)	Direct classification	(70.8)
	Classification by deducing whether a labor dispute is likely to erupt or not	(9.0)
	First dealing with labor-management consultation organizations, after which moving to collective bargaining, if necessary	(41.4)
	Other methods of classification	(4.3)
Collective bargaining and labor-management consultation organization matters are not distinguished.		14.4

Source: *Japanese Labour Unions Today II—Survey Results on Collective Bargaining and Labour Disputes*, Ministry of Labour, 1998, a survey carried out once every five years.

**IV-15 Percentage Share of the Platforms for Negotiations over the Past Three Years (Collective bargaining and labor-management consultation organizations) and Whether These Took Place Inside or Outside Labor-management Consultation Organizations**

(%)

Type	Negotiations through labor-management consultation organizations	Negotiations through collective bargaining (labor-management consultation organization exists)	Negotiations through collective bargaining (no labor-management consultation organization exists)
Matters relating to salary	52.0	58.9	63.1
Matters relating to working hours	61.5	45.6	57.1
Matter relating to employment and personnel	63.8	32.1	43.4
System of leave for child-care and family-care	31.9	23.3	25.7
Job training	32.7	9.0	12.5
Work environment	57.2	17.0	31.3
Health management	41.8	8.6	19.3
Welfare issues	53.0	18.4	30.7
Equal treatment between men and women	24.6	9.7	14.0
Matters relating to management policies	49.7	15.5	20.6
Matter relating to the conclusion of new collective agreement, or its renewal or revision	31.6	19.6	18.0
Requests for explanations or doubts over labor agreements	25.3	11.7	14.4

Source: *Japanese Labor Unions Today II—Survey Results on Collective Bargaining and Labour Disputes*, Policy Planning and Research Department, Ministry of Labour, 1998

## IV-16 Matters for Discussion and the Percentage of How Each Matter was Handled

(%)

Matters	Labor-management consultation organization exists	Matter brought up in this organization					Matter not brought up for discussion	N/A
		Written explanation	Exchange of opinions	Labor-management discussion	Agreement			
Working hours/days off/leave	100.0	87.3	12.7	3.9	55.4	28.0	9.9	2.8
Change in working conditions	100.0	84.9	14.1	6.0	57.8	22.1	12.2	2.9
Health and safety in the workplace	100.0	83.1	14.3	16.4	57.9	11.4	14.1	2.8
Welfare issues	100.0	81.9	20.0	15.6	51.4	12.9	15.3	2.8
Wages and lump sum benefits	100.0	80.4	14.3	3.7	55.3	26.7	16.9	2.8
Child-care and family-care leave plan	100.0	78.6	21.6	6.4	48.3	23.7	18.4	3.0
Basic management policies	100.0	76.0	79.3	9.0	7.6	4.1	21.2	2.8
Overtime increment for after-hours work	100.0	75.6	16.0	2.6	54.6	26.8	21.6	2.8
Retirement plan	100.0	75.0	21.1	3.5	47.1	28.3	22.2	2.8
Temporary lay-off/ collective redundancy and dismissal	100.0	73.3	16.4	11.4	49.2	23.0	23.7	3.0
Retirement benefits and pension standards	100.0	73.3	16.5	3.3	54.5	25.6	23.9	2.9
Restructuring or abolition of corporate organizational structure	100.0	70.3	61.8	11.7	19.2	7.3	26.8	2.9
Basic plans for production and sales, etc.	100.0	68.8	72.5	12.1	11.7	3.6	28.3	2.9
Cultural and physical activities	100.0	65.3	15.0	26.5	47.0	11.5	31.8	2.9
Change of assignment and temporary transfer	100.0	64.0	37.7	14.5	30.6	17.1	33.1	2.8
Promotion and its criteria	100.0	60.6	54.6	13.8	20.3	11.2	36.6	2.8
Job training plans	100.0	58.2	48.8	22.7	22.5	6.0	38.9	2.8
Recruitment and assignment criteria	100.0	57.0	64.8	12.6	15.8	6.9	40.1	2.9
Introduction of new technology and peripheral equipment, etc. Rationalization of production	100.0	54.1	49.6	17.9	27.3	5.2	42.9	3.1

Source: Report on Results of Labour-Management Communication Survey 1999, Ministry of Labour

## 6 Shunto: Spring Wage Offensive

### The Spring Wage Offensive Began in 1955

Shunto, the spring wage offensive, is a united campaign, mainly for higher wages, launched each spring by labor unions representing a variety of industries. In 1955, unions in the private sector established the Eight Federated Unions' Joint Struggle Council, whose membership consisted of the Japanese Federation of Synthetic Chemical Industry Workers' Unions, Japan Coal Miners' Union, General Federation of Private Railway Workers' Unions of Japan, Electric Power Workers' Union, National Federation of Paper and Pulp Industry Workers' Unions, National Trade Union of Metal and Engineering Workers, Japanese Federation of Chemical Industry Workers' Unions, and the All Japan Federation of Electric Machine Workers' Unions. The National Council of Government and Public Workers' Unions joined the organization in 1956. Thereafter, spring negotiations for wage increases took place annually throughout Japan. The procedure during Shunto remains largely unchanged: leading labor unions hold negotiations with corporations over wage increases for workers until a compromise is reached.

### The Objective of Shunto Is Standardization of Wage Levels Across Japan

The main objectives of Shunto are to compensate for enterprise unions' lack of bargaining power as individual entities and to distribute wage increases proportionately across companies and industries through simultaneous negotiations. During Shunto, the leading firm in a major industry, or pattern-setter, offers an initial proposal for a wage increase. This increase affects the wage increases granted by other leading firms in the same industry, their counterparts in other industries, government agencies, smaller businesses, and workers who are not union members. Wage increases are thereby standardized nationwide.

### The Pattern Setter Constitutes the Shunto Market

Initially, the pattern-setter role rotated among private railways, public corporations, and firms in the coal and steel industries. After 1964, when the IMF-JC (Japan Council of Metal Workers' Unions) was formed, its four member industries (steel, shipbuilding, electric machinery, and automobiles) became the new pattern-setters. Electrical equipment and automobile manufacturers are still key participants in Shunto, but the influence of steel and shipbuilding companies has faded somewhat due to low economic growth in those industries. However, the four IMF-JC industries that manufacture goods for export still wield an important influence in Shunto negotiations.

### Surge of Debate on Shunto Reforms

During the era of rapid economic growth, labor unions won substantial wage increases, setting new industry and company standards. Shunto was instrumental in raising wages in industries and sectors that paid poorly. Annual negotiations between labor and management helped determine an appropriate wage level in the context of changing economic conditions. Consequently, management was able to adjust to those changes rather painlessly, and Japan's economy flourished.

Today nominal wages in Japan are among the highest in the world because of slow economic growth and the strong yen. Workers can no longer count on Shunto for sizable wage increases. Moreover, discrepancies in the state of health of Japanese companies, even companies in the same industry, is a phenomenon that hinders the industry wide wage increases that could be expected in the past, rendering Shunto a controversial issue.

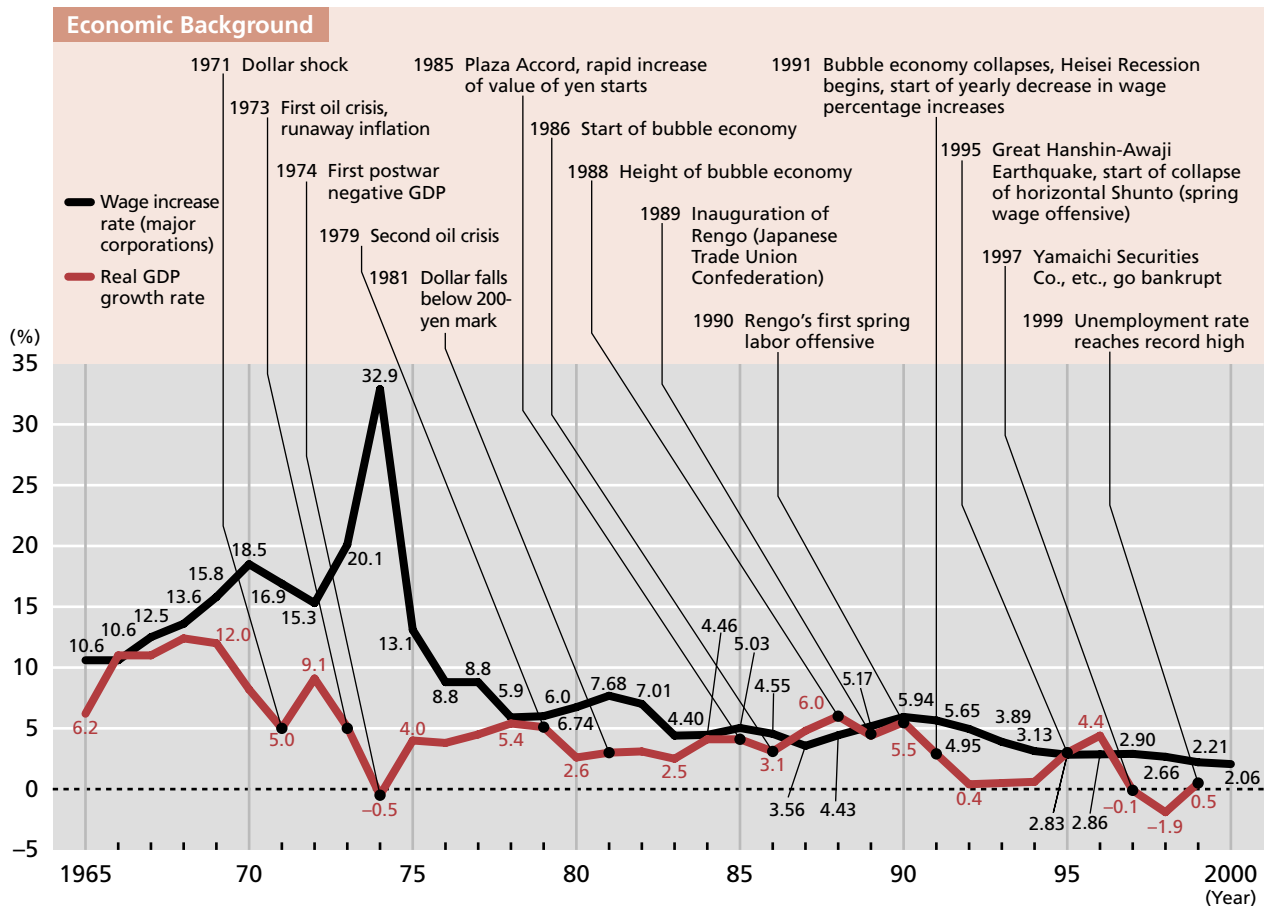
Since the huge amount of time and money devoted to Shunto yield only minor wage increases, some unions, e.g., Tekko Roren (Japanese Federation of Iron and Steel Workers' Unions), have agreed to negotiate for wage increases every other year, rather than annually.

## From Demands for Wage Increases to Job Security

Given today's austere economic climate, companies are finding it difficult to agree to demands for wage increases. The focus of Shunto is shifting from wage increases to job security. The introduction of job-sharing

as part of job security is a matter of concern and interest to management and labor, and Rengo (Japanese Trade Union Confederation) and Nikkeiren (Japan Federation of Employers' Associations) have agreed to carry out joint research on the modalities of job-sharing appropriate to the current situation in Japan.

### IV-17 Economic Growth and Wage Increases (Major private corporations)



Sources: Labour Relations Bureau, Ministry of Labour; Economic Planning Agency

Notes: 1) GDP (in 1990 prices)

2) Corporations considered "major corporations" are those listed on the first section of the Tokyo Stock Exchange or Osaka Securities Exchange that have a labor union and 1,000 or more employees with more than two billion yen capitalization.

## IV-18 Elements Considered Most Important in Determining Wage Increase

(%)

Year, size of corporation	Total	Corporate performance	Socially acceptable wage rates	Securing and maintaining labor	Rising prices	Stable labor relations	Other
<b>1999</b>							
Total	100.0	81.5	10.6	1.4	0.1	1.7	4.7
Over 5,000 employees	100.0	69.9	22.8	0.5	1.0	3.6	2.1
1,000–4,999 employees	100.0	80.5	14.0	0.3	0.2	2.3	2.7
300–999 employees	100.0	86.6	9.5	1.1	0.4	1.0	1.4
100–299 employees	100.0	80.1	10.5	1.6	0.0	1.9	6.0
(Reference) Ranking total	100.0	92.5	52.4	20.9	5.4	27.8	10.1
<b>1998</b>							
Total	100.0	76.5	14.0	2.9	1.2	3.2	2.2
Over 5,000 employees	100.0	68.4	24.7	—	0.6	5.7	0.6
1,000–4,999 employees	100.0	72.5	19.2	1.0	—	3.8	3.6
300–999 employees	100.0	74.8	17.7	3.2	0.5	1.9	1.9
100–299 employees	100.0	77.5	12.3	3.1	1.6	3.5	2.1
(Reference) Ranking total	100.0	89.8	58.4	25.3	11.2	30.8	7.2

Sources: *Survey on Wage Increase*, Planning and Research Department, Minister's Secretariat, Ministry of Labour, 1999

Notes: 1) Figures represent corporations that have carried out wage increase, etc., as well as corporations that plan to carry out wage increase, etc., and are determining amounts.

2) Ranking total represents the number of all corporations that considered the element important (Up to three responses were accepted from each corporation: one for the most important, and an additional one or two for other important element(s).) divided by the total number of corporations surveyed.

IV-19 Types of Corporations Most Often Looked At in Determining Wage Increase  
(Corporations that consider socially acceptable wage rates important)

(%)

Year, size of corporation	Total	Top corporations in same industry	Corporations of same status in same industry	Other industries	Corporations in same region	Affiliated corporations	Other
<b>1999</b>							
Total	(52.4)100.0	11.3	44.9	3.8	12.1	20.6	7.3
Over 5,000 employees	(80.3)100.0	33.5	47.1	9.7	1.3	5.2	3.2
1,000–4,999 employees	(63.6)100.0	20.6	54.7	7.6	3.1	12.0	1.9
300–999 employees	(58.6)100.0	15.5	50.5	3.8	6.1	21.0	3.2
100–299 employees	(49.1)100.0	8.2	41.7	3.2	15.6	21.9	9.4
(Reference) Ranking total	(52.4)100.0	36.6	62.7	17.4	31.4	34.0	12.6
<b>1998</b>							
Total	(58.4)100.0	9.4	45.1	6.0	14.7	19.8	5.0
Over 5,000 employees	(84.5)100.0	28.6	51.7	10.9	1.4	4.8	2.7
1,000–4,999 employees	(76.9)100.0	30.3	46.7	5.4	1.9	11.8	3.9
300–999 employees	(66.9)100.0	12.1	52.3	4.8	5.5	20.3	5.1
100–299 employees	(54.0)100.0	5.6	42.1	6.4	19.9	20.9	5.2
(Reference) Ranking total	(58.4)100.0	33.6	63.4	18.3	38.4	32.5	15.3

Sources: *Survey on Wage Increase*, Planning and Research Department, Minister's Secretariat, Ministry of Labour, 1999

Notes: 1) Figures represent corporations that consider socially acceptable wage rates important in determining wage increase, etc. Up to three responses were accepted from each corporation: one for the most important choice, and an additional one or two for other important choice(s).

2) Figures in parentheses represent the percentage among all corporations that consider socially acceptable wage rates important.

3) Ranking total represents the number of all corporations that considered the element important (Up to three responses were accepted from each corporation: one for the most important, and an additional one or two for other important element(s).) divided by the total number of corporations surveyed.