

## 2 State of Unionization and Labor Union Structure

### Unionization Rate of 17.5%

According to the “Survey of Labor Unions” issued by the Ministry of Health, Labour and Welfare, as of June 30, 2014, there were 53,528 unit labor unions in Japan. The estimated unionization rate is 17.5%, with about 9.849 million out of a total of around 56.17 million employed workers belonging to unions.

The organizational structure of Japan’s labor unions is overwhelmingly dominated by enterprise unions. Craft unions and industry trade unions also exist —though in small numbers— but in Japan where long-term employment is common, over 90 percent of unions are enterprise unions.

### Unionization Rate Peaked in 1949 and Has Been Declining Ever Since

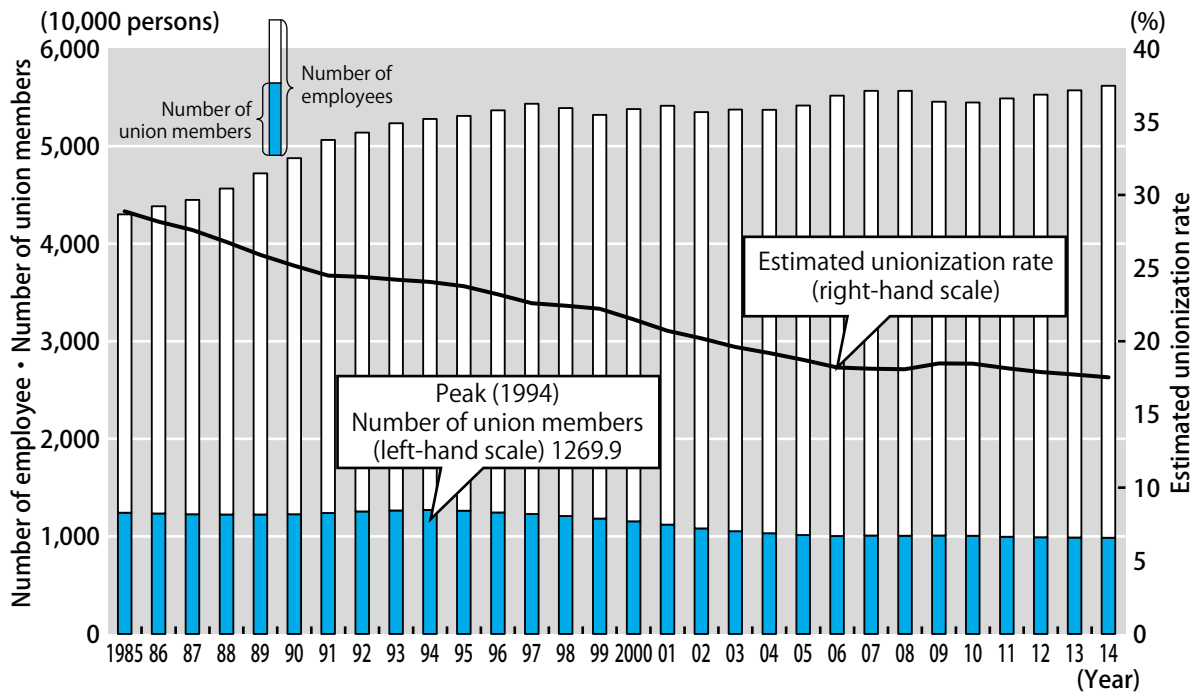
Since its peak in 1949, the estimated unionization rate has continuously declined because the growth in the number of union members has not kept up with the growth in numbers of employees. Not only that, but the number of labor union members has fallen

more or less consistently since peaking at around 12.62 million in 1994 (see Figure IV-2).

By industry, the unionization rate is highest in Electricity, gas, heat supply and water with 66.5%, followed by Finance and insurance with 48.7%, Compound services with 47.7%, and Government with 36.7%. By contrast, unionization rates are low in Agriculture, forestry and fishery with 2.2%, Real estate and goods rental and leasing with 2.9%, Services, N.E.C. with 5.1%, Accommodations, eating and drinking services with 5.4%, and Living-related and personal services and amusement services with 5.7%, among others. In Manufacturing, the industry with the largest number of labor union members, it is 26.7% (see Table IV-4).

Table IV-3 shows the unionization rates of private enterprises by company size, revealing a tendency for the rate to be lower as the company size decreases. The unionization rate is 45.3% in large corporations with 1,000 or more employees, but a mere 1.0% in companies with less than 100 employees.

**Figure IV-2 Changes in the Number of Employees and Union Members, and the Estimated Unionization Rate**



Source: Ministry of Health, Labour and Welfare, *Basic Survey on Labour Unions (2014)*

**Table IV-3 Unionization Rate by Size of Enterprise**

(10,000 persons, %)

| Size of enterprise      | The number of union members | The number of employees | Estimated unionization rate |
|-------------------------|-----------------------------|-------------------------|-----------------------------|
| Total                   | 830.5                       | 5,100                   | 16.3                        |
| More than 1,000 workers | 533.7                       | 1,178                   | 45.3                        |
| 300-999 workers         | 116.3                       | 1,444                   | 12.4                        |
| 100-299 workers         | 62.9                        |                         |                             |
| 30-99 workers           | 20.4                        |                         |                             |
| Fewer than 29 workers   | 3.0                         | 2,416                   | 1.0                         |
| Others                  | 94.2                        | —                       | —                           |

Source: Ministry of Health, Labour and Welfare, *Basic Survey on Labour Unions (2014)*

Notes: 1) "Others" includes members of unions that embrace more than one industry (excluding group enterprises) and unions whose enterprise size is not known.

2) "Number of employees" represents workers employed by private enterprises in Labour Force Survey, and "Total" includes "enterprise size is not known".

**Table IV-4 Unionization by Industry**

| Industry  | Number of union members (1,000 persons) |       | Number of employees (10,000 persons) | Estimated unionization rate (%) |
|---|---|-------|--------------------------------------|---------------------------------|
|   |   | (%)   |                                      |                                 |
| All industries  | 9,777 [3,046]                           | 100.0 | 5,617                                | —                               |
| Agriculture, forestry, and fisheries                        | 12 [1]                                  | 0.1   | 56                                   | 2.2                             |
| Mining and quarrying of stone and gravel                    | 5 [1]                                   | 0.1   | 2                                    | 25.7                            |
| Construction  | 813 [59]                                | 8.3   | 406                                  | 20.0                            |
| Manufacturing   | 2,628 [427]                             | 26.9  | 986                                  | 26.7                            |
| Electricity, gas, heat supply and water                     | 186 [25]                                | 1.9   | 28                                   | 66.5                            |
| Information and communications                              | 387 [82]                                | 4.0   | 196                                  | 19.8                            |
| Transportation and postal services                          | 861 [88]                                | 8.8   | 332                                  | 25.9                            |
| Wholesale and retail trade                                  | 1,282 [660]                             | 13.1  | 954                                  | 13.4                            |
| Finance and insurance                                       | 721 [349]                               | 7.4   | 148                                  | 48.7                            |
| Real estate and goods rental and leasing                    | 29 [9]                                  | 0.3   | 101                                  | 2.9                             |
| Scientific research, professional and technical services    | 151 [29]                                | 1.5   | 168                                  | 9.0                             |
| Accommodations, food and beverage services                  | 177 [88]                                | 1.8   | 326                                  | 5.4                             |
| Living-related and personal services and amusement services | 108 [51]                                | 1.1   | 190                                  | 5.7                             |
| Education and learning support                              | 515 [281]                               | 5.3   | 286                                  | 18.0                            |
| Medical healthcare and welfare                              | 495 [382]                               | 5.1   | 719                                  | 6.9                             |
| Combined services   | 267 [75]                                | 2.7   | 56                                   | 47.7                            |
| Services (not elsewhere classified)                         | 182 [43]                                | 1.9   | 355                                  | 5.1                             |
| Public service (not elsewhere classified)                   | 889 [374]                               | 9.1   | 242                                  | 36.7                            |
| Other industries  | 69 [21]                                 | 0.7   | 64                                   | —                               |

Source: Ministry of Health, Labour and Welfare, *Basic Survey on Labour Unions (2014)*

Notes: 1) The “other industries” category covers members of unions that embrace more than one industry (excluding group enterprises) or whose industrial classification is unclear.

2) Figures in brackets represent female union members.

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

There are two factors behind the falling unionization rate. Firstly, the burgeoning of development in the service economy has increased the proportion of the commerce and service among overall industries, in which the unionization rate have historically been low. Secondly, the diversification of employment has resulted in increasing numbers of part-time workers who are difficult to organize. Another factor is attrition of numbers due to retirement of people who used to be union members and who are not being replaced by new members.

### Labor Union Structure

Japanese labor unions basically have a “triplicate structure”. That is, (1) enterprise labor unions organized at each business, (2) industrial trade unions organized as loose federations of enterprise union members gathered by industry, and (3) national centers (a typical example being the Japanese Trade Union Confederation) made up of the industry trade unions gathered at the national level.

### Enterprise Labor Unions: Asserting Labor’s Basic Rights

Enterprise labor 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 staff, funding, and

other materials 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: activities with management, activities within the unions, and activities outside the organization. First of all, as individual unions, enterprise unions maintain and improve working conditions as in Figure IV-5 and participate in management through collective bargaining and consultation with the management. Next, 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.

Finally, when it comes to activities outside the organization, enterprise unions individually 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.

Incidentally, the enterprise unions are only intended for regular staff employed at the concerned companies, and non-regular staffs are generally not included. The enterprise union is a mixed union organized as a single trade union for all regular staffs, without distinction between white-collar and blue-collar. Recently, there has been progressive unionization of non-regular workers (mainly part-timers). The unionization rate of part-timers increased from 5.3% in 2009 to 6.7% in 2014.

Meanwhile, individual membership unions also exist as an organizational format besides enterprise unions. Though their membership is not large, these have been formed since the second half of the 1980s. When workers are dismissed or otherwise receive unfair treatment from their employers but are unable to solve the problem internally, they have the option of joining an individual membership union. The union will then take steps to solve the problem through collective bargaining with the employer. Some unions actively engage in forming labor unions within

enterprises, positioning them as union branches.

### **Industrial Trade Unions: The Mechanism and Roles**

Enterprise unions are limited by their own resources to engage in the above-mentioned three activities. In order to expand their effectiveness, they have established industrial trade unions. Industrial trade unions support their member unions' actions against business owners by consolidating requests concerning chief working conditions such as wages and working hours on the industrial level, collecting and providing information and basic materials, and coordinating negotiation strategies. 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 so on. In addition, industrial trade unions participate in the formation and decision-making processes of national industrial policies, consult with economic organizations and develop international cooperation among labor unions.

### **National Centers: The Mechanism and Roles**

National centers (mainly Rengo-the Japanese Trade Union Confederation) provide members with support for actions against business owners by, for example, deciding comprehensive standards for requests regarding 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 largest of the national centers, maintains and improves workers' 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.

### **Acts of Labor Dispute Take Place at the Company Level**

Although Japan's industrial relations are harmonious, that is not to say that labor disputes never arise. Over the three years up to 2012, the ratio

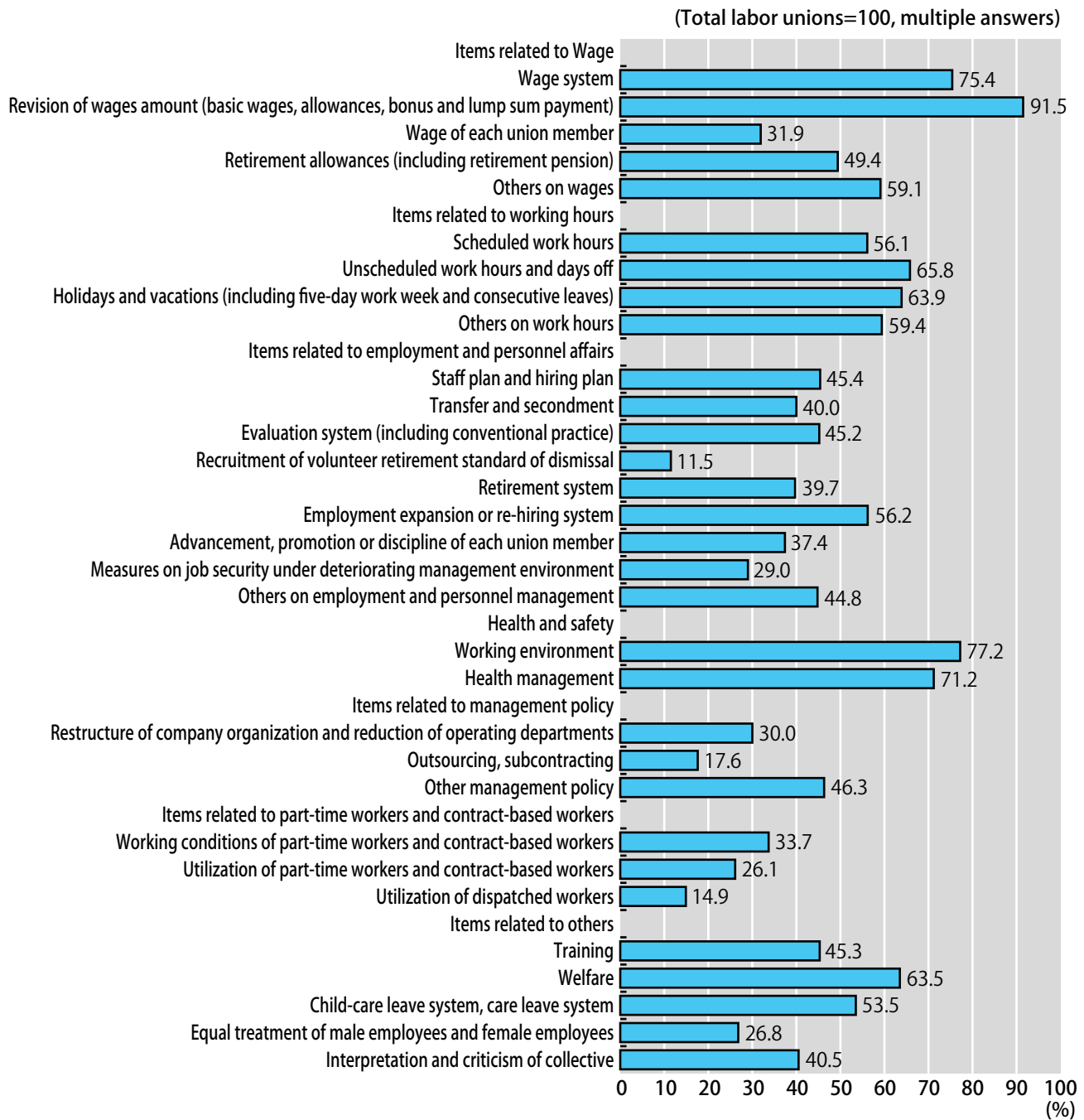
of labor unions that “Had labor disputes” with employers was 3.7%, lower than in the previous survey (2009, 5.4%). Labor disputes mostly occur on an individual company basis.

Above we examined the structure and function of Japan’s labor unions, and labor disputes, but enterprise unions are most familiar to their members and play the most immediate role in maintaining and improving their quality of life. Furthermore, enterprise unions serve as the foundation for relations with industrial unions and national centers. For example, staff and financial resources move from individual enterprise unions to industrial unions in the

form of dispatches and financial contributions, and then flow further from industrial unions to national centers.

Accordingly, most board members of industrial trade unions and national centers are dispatched from enterprise unions, and hold positions at those enterprises. Moreover, union dues of major enterprise unions often exceed those of their affiliated industrial trade unions. Labor disputes occur almost exclusively at the enterprise level. However, there are also cases in which there is a reverse flow of information and policies from national centers, through industrial trade unions, to the individual enterprise unions.

**Figure IV-5 Ratio of Labor Unions by Items regarding Subject between Labor and Management, Whether or Not Negotiation Was Held and Session through Which Negotiation Was Held (in the Past 3 Years)**



Source: Ministry of Health, Labour and Welfare, *Survey Results on Collective Bargaining and Labour Disputes, Policy Planning and Research Department (2012)*