

# Labor-Management Communication and Decision-making on Working Conditions in Small and Medium-Sized Enterprises

## Summary

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### 1. Objectives of Research

The objectives of this research are to clarify the current situation of labor-management communication and decision-making on working conditions in small and medium-sized enterprises (“SMEs”) and to provide basic facts for the latest discussions on the system for determining working conditions.

### 2. Scope, Method and Period of Research

A questionnaire survey was conducted by sending a questionnaire by mail (entitled “Questionnaire survey on dialogue between management and employees of small and medium-sized enterprises concerning working conditions”) to companies with less than

1,000 regular employees. The period of the survey was between July 12 and September 11, 2006. The questionnaire was sent to 12,000 companies. There were 2,440 valid responses and the response rate was 20.3%. Companies were requested to have their presidents complete the questionnaires, but the responses for many companies were made by the directors, managers, supervisors or other employees. Questionnaires responded to by presidents accounted for 45.4% of all responses.

The research period was the fiscal years of 2005 and 2006.

### 3. Main Findings

In **Part I** of the Main Report, the basic facts found by the present questionnaire survey are examined by simple aggregation and by company size (i.e. companies with 1 to 9 employees, 10 to 29, 30 to 49, 50 to 99, 100 to 299 and 300 or more). We analyze the survey results in terms of company size because companies with less than 30 employees are not usually covered by this kind of survey, and we want to determine the characteristics among different sizes of SME.

#### [Presidents' thoughts]

When the presidents of companies were asked about their thoughts on working conditions, they replied to the question on recruitment strategy as follows: 65.9% of the presidents "do not care whether the employees are new school graduates or mid-career workers." The larger the size of the company, the more the presidents prefer new graduates. The presidents replied to the question concerning lifetime employment<sup>1</sup> as follows:

37.0%: "lifetime employment will in principle be maintained";

34.8%: "it is inevitable that lifetime employment will be partially amended";

11.0%: "lifetime employment will need to be fundamentally reviewed"; and

15.0%: "lifetime employment has not been adopted and will not need to be adopted."

This shows that 71.8% of the presidents accept lifetime employment (including accepting it with partial amendment). The larger the size of the company, the greater the support for lifetime employment.

In contrast, with regard to seniority-based wages, more than half of the replies from companies (actually 58.4%) show that they "will be partially amended to reflect

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<sup>1</sup> Recently, the terms "long-term employment system," "long-term stable employment," "long-term employment practice," "long-term employment" and other similar words have been used, as well as "lifetime employment (commitment)" and "permanent employment." In the present survey, we use "lifetime employment (commitment)" and "permanent employment," as these terms have been used for a long time and are most characteristic of Japanese employment practice. We also intend to compare the results of a survey of large companies with more than 1,000 employees conducted in 1999, in which the aforementioned terminology was used. Please refer to the footnote of Part II Chapter 2 Section 1 of the Main Report in detail.

employees' capabilities and performance." Other replies are as follows, in descending order:

24.1%: "seniority-based wages have not been adopted and will not need to be adopted";

14.1%: "seniority-based wages will need to be fundamentally reviewed to reflect employees' capabilities and performance"; and

2.7%: "seniority-based wages will in principle be maintained."

#### **[Review of base wages]**

The next subject is a review of base wages and bonuses. In 2006, 46% of companies "raised the base rate (i.e. implemented a pay raise)," and 44.5% of them "kept the base wage at the same level as in the previous year." Only 2.3% "cut the base wage." In reviewing the base wage, 63.7% of companies "did not make reference to Toyota's labor-management negotiations at all," and 24.3% of companies "did not make reference to them in particular." Thus, a total of 88.1% did not refer to Toyota's labor-management negotiations when they reviewed their wages. Only 7.8% of companies responded that "they made reference to them." As for the factors taken into account for pay reviews, the highest 74.7% of companies take "their business performance" into account. The other factors are as follows:

36.11%: "security and stability of workforce";

30.3%: "maintenance of employment";

27.6%: "average rate of pay increase in the industry"; and

10.4%: "employees' wishes"

More of the larger companies take into account the "security and stability of the workforce," "average rate of pay increase in the industry" and "employees' wishes."

Companies' answers to the question about reviews of bonuses are as follows:

27.0%: "the company raised bonuses";

44.5%: "bonuses were kept at the same level as in the previous year"; and

11.7%: "the company cut the amount of bonuses."

The larger the size of the company, the more companies "raised bonuses." It is notable that the percentage of companies that raised base wages (46%) is almost twice that of the companies that raised bonuses (27.0%)

On what occasions do the companies hear their employees' opinions when reviewing base wages? The answers are as follows:

24.7%: "meetings with managers";

12.3%: "business meetings or HR interviews with employees";

10.5%: "meetings with the labor union";

4.9%: “meetings with supervisors”;

4.1%: “meetings with the labor-management consultation body”;

3.9%: “meetings with the employee organization, such as employee social club or social gathering”; and

3.1%: “meetings with employees other than for business purposes.”

The companies that “did not hear” employees’ opinions when they review the base wage amount to 35.9%. More companies of a smaller size do not hear employees’ opinions.

#### **[Work rules]**

Concerning the amendment of the work rules since 1990, companies’ replies are as follows:

73.6%: “the company has amended its work rules”;

20.0%: “the company has not amended its work rules”; and

5.0%: “the company does not have any work rules.”

It is legally required to hear employees’ opinions when the work rules are reviewed. According to the questionnaire responses, companies’ methods of preparing their employees’ opinions are as follows:

41.4%: “the company prepared an employees’ written opinion based on employees’ views heard by the company from time to time”;

17.3%: “a written opinion was prepared by an employee who is regarded as the employee representative”;

15.9%: “a written opinion was not prepared”;

10.8%: “a written opinion was prepared by the employee representative who was elected or trusted by employees”; and

7.6%: “a written opinion was prepared by the labor union organized by a majority of employees.”

#### **[Article 36 agreement]**

In order to enable the companies to order their employees to engage in overtime work and work on days off, a written agreement (Article 36 agreement) should be concluded with the labor union organized by a majority of employees or the employee representative representing a majority of employees, and should be notified to the competent government agency. When asked about the counterparty with whom Article 36 agreement was concluded, 60.1% of companies replied that “it is the “employee representative representing a majority of employees” and 11.4% replied that “it is the labor union organized by a majority of employees.” The companies that do not have any Article 36 agreement amount to 22.4%. With regard to the method of electing employee representative representing a majority of employees, at the time of concluding Article

36 agreement, the companies' replies are as follows:

28.2%: "the company designated the employee representative";

23.5%: "the employee representative is trusted by the employees";

11.2%: "the representative of the employee social club or social gathering automatically fulfills the role of the employee representative for the purpose of the Article 36 agreement"; and

9.6%: "some employee representatives, who are the representatives of each workplace, elect the employee representative for the purpose of the Article 36 agreement."

The smaller the size of the company, the more companies "designate the employee representative."

#### **[Reaction to financial difficulties of the company]**

The companies that replied that they have experienced financial difficulties due to poor business performance since 1990 was 53.1% and 45.6% replied that they have not. Although more than half of the companies have experienced financial difficulties, a smaller number of larger companies have experienced such difficulties. The most common employment adjustment measure taken by companies in times of financial difficulty is "reduction of new hires" (34.9%), and the other measures are as follows, in descending order:

34.4%: "wage control";

32.4%: "bonus cuts";

27.1%: "wage cuts";

24.9%: "downsizing or abolition of unprofitable business or closure of offices"; and

20.5%: "reduction of overtime work."

Companies that were forced to take employment adjustment measures involving direct personnel reduction took the following measures:

15.3%: "dismissals";

13.4%: "offering voluntary redundancy"; and

6.4%: "encouraging voluntary early retirement by offering additional benefits"

By company size, a smaller number of larger companies lay off employees, such companies tend to offer "voluntary redundancy" or "voluntary early retirement." Actions taken by the companies at the same time as these personnel reduction measures are as follows:

77.3%: "the company explained the background of the measures";

41.1%: "the company offered a premium on the retirement allowance";

25.6%: "the company consulted with employees (or the labor union) to reach an

agreement”

22.7%: “the company reallocated employees or reduced working hours to avoid these measures”;

19.9%: “the company published a guideline for choosing the persons to be lay off”; and

19.9%: “the company discussed reemployment or provided outplacement services.”

Of the total number of regular employees 18.6% resigned due to the personnel reduction measures. The smaller the size of the company, the more regular employees left.

### **[Labor-management communication]**

One of the indicators of labor-management communication is what kind of management information that the management of the company passes along to employees. Companies’ answers to the questions on this point are as follows:

85.7%: “management policies”;

72.6%: “sales amount”;

58.8%: “profit”;

57.5%: “business plan”;

36.7%: “production plan”;

28.2%: “personnel plan”;

21.2%: “labor cost”;

9.1%: “entertainment cost”; and

6.2%: “remuneration of executive officers including the president.”

Generally, the larger the size of the company, the more management information is conveyed by the company to its employees.

One of the employee counterparts in labor-management communication is employee organizations, such as employee social clubs or social gatherings. Around half of companies (actually 49.1%) replied that they have such employee organizations. The activities of such employee organizations are as follows:

83.0%: “social activities, such as recreational activities”;

61.2%: “mutual aid activities, such as congratulation or condolence payments and loans to employees”;

22.8%: “consultation with the management on working conditions, such as pay reviews, working hours, benefits and welfare”;

16.0%: “handling of employee grievances”; and

10.2%: “consultation with the management on production plans, management policies, etc.”

The larger the size of the company, the more employee organizations engage in

“consultation with the management on working conditions, such as pay reviews, working hours, benefits and welfare.”

With regard to the companies' perception of labor unions, many companies answered affirmatively to the question of “whether the company considers the labor union helpful in understanding the opinions and wishes of rank and file employees” (answers of “agree” and “more or less agree” accounted for 50.9% of the total), outnumbering those that replied negatively (answers of “do not agree” and “more or less do not agree” accounted for 37.5% of the total). Companies' replies to the question of “whether the company considers the labor union helpful in conveying the management's intentions to rank and file employees” are almost evenly divided between affirmative responses (46.3%) and negative responses (41.7%). However, 62.0% of companies replied negatively about the necessity of the labor union, which is far more than the affirmative replies (27.7%). One of the reasons for this seems to be that “the company is able to understand employees' opinions and wishes without the labor union” (answered affirmatively by 75.8% of companies). The larger the size of the company, the more companies accept the positive roles of labor unions.

How many companies covered by the present questionnaire survey actually have a labor union? The answer is as follows:

13.2%: “there is one labor union in the company”;

1.6%: “there are two or more labor unions in the company”; and

0.5%: “there is no labor union in the company, but some of the employees participate in a joint union.”

Thus, adding all these figures, only 15.3% of the companies have a labor union organized in some form, and 80.6% of companies replied that “there was and is no labor union in the company.” The “organization rate within the company” (i.e. the percentage of the labor union members against the total number of employees of the company, including part-time workers) is 65.5% on average.

#### **[Personnel and human resources management systems and difficulties in management]**

Personnel and human resources management systems introduced by SMEs are as follows:

80.3%: “retirement allowance system”;

73.3%: “bonus system”;

67.4%: “wage table”;

58.2%: “employment extension or reemployment system”;

49.2%: “periodic pay rise system”;

42.6%: “grading system”;

37.6%: “personnel evaluation system”;

25.8%: “disclosure of personnel evaluation to employees”;

18.7%: “training for evaluators”; and

14.6%: “grievance processing system.”

Each of the above systems is adopted more by larger companies. With regard to the wage gap in companies adopting a “personnel evaluation system,” assuming an average salary for employees in the middle of their careers as 100, the highest salary earned by employees of the same age is 123.1 and the lowest is on average 81.4, which indicates 20% up and down from the average.

#### **[Management of non-regular employees]**

With regard to the entrance hourly pay rate for part-time workers in 2006, only 17.2% of companies replied that they raised it and 1.4%, almost negligible, replied that they had cut it. Thus, many companies (56.1%) maintained it at the same level as in the previous year. In reviewing the entrance hourly rate, 66.9% of companies (the most common response) decided it “at their discretion,” and 19.1% decided it “upon consultation with the relevant employees.”

In **Chapter 1 of Part II** of the Main Report, we study the functions of employee representative body in SMEs, which we categorize into the following four types according to the existence of labor unions or employee organizations and the characteristics of employee organizations: (i) “labor-union type,” where the labor union is organized by the company’s employees (14.9% of the surveyed companies), (ii) “social-type employee organizations,” the main activities of which are limited to social gathering (such as recreational activities), mutual-aid activities (such as congratulation or condolence payments, loans to employees, etc.) and handling of employees’ grievances (32.3%), (iii) “advocacy-type employee organizations,” which engage in consultation with the management on working conditions (such as pay reviews, working hours, holidays, annual leave, benefits and welfare, etc.), production plans and management policies (8.8%), and (iv) “unorganized type,” where there is no labor union or employee organization in the company (44.1%). The following is a summary of analysis based on the categorization of these four types:

First of all, with regard to the information-transfer function of these employee representative bodies, all indicators suggest that the four types of bodies can be put into following (descending) order for the volume of information transferred to employees: advocacy-type, labor-union type, social-type and unorganized-type. It is notable that the advocacy-type employee organization conveys more information to employees than the



labor-union type.

Secondly, with regard to their function of gathering employees' opinions, from a quantitative viewpoint, the labor-union type gathers the most employee opinions, followed by the advocacy-type and the social type, with the unorganized type gathering the least. These features shown by these four types are the same at the time of base rate reviews and bonus reviews.

Thirdly, the performance of these employee representative bodies is analyzed from the viewpoints of (i) communication, (ii) employment and (iii) business performance. With regard to communication, it is noteworthy that the highest performance is achieved by advocacy-type employee organizations, both in overall evaluations and evaluations of individual factors. With regard to performance from the viewpoint of employment, the highest performance is achieved by the labor-union type in terms of indicators of the introduction of personnel management systems, followed by the advocacy-type and the social-type, with the lowest performance achieved by the unorganized-type. In terms of the content of the systems, the companies with labor-union type or advocacy-type employee organizations provide a variety of personnel management systems and schemes. The highest performance by the labor-union type is also achieved in terms of employment indicators, which are represented by a lower rate of voluntary resignations by employees, longer average service period of regular employees and higher wage rises. Thus, companies with labor unions demonstrate higher employment effects.

With regard to the impact of the employee representative bodies, firstly, while labor unions have the effect of promoting wage increases, advocacy-type and social-type employee organizations do not seem to have a significant influence on wages. Thus, labor unions are more influential than employee organizations, insofar as wage negotiations are concerned.

Secondly, the survey results reveal that both labor unions and employee organizations have the effect of reducing the turnover rate.

Thirdly, it is observed that the turnover rate becomes lower if new school graduates need a longer period to gain the necessary skills. Thus, the internalization at companies where the employees' acquisition of skills takes a longer period of time lowers the turnover rate.

In **Chapter 2** of **Part II**, personnel management and decision-making on working conditions are analyzed. In **Section 1**, companies are categorized into the following four types, according to their ideas on lifetime employment (which is considered to be most related to Japanese personnel management and decision-making on working

conditions): (i) “conservation-type” (37% of the surveyed companies), where the companies will maintain lifetime employment, (ii) “amendment-type” (32.8%), where they believe that lifetime employment will inevitably be amended in part, (iii) “review-type” (11.7%), where they believe that lifetime employment will be fundamentally reviewed, and (iv) “negative-type” (15%), where lifetime employment is not adopted in the companies and will not be adopted. Basic cross tabulation is made on the basis of this categorization.

The results of the tabulation show, first of all, that the companies that tend to respect the practice of lifetime employment are more supportive of seniority-based wages, and a higher percentage of such companies raised wages in 2006.

Secondly, with regard to labor-management communication, the companies that tend to respect the practice of lifetime employment tend to adopt a basic policy of trying to understand their employees’ opinions and wishes in their business management. When the companies respect the practice of lifetime employment, their management and employees obtain better mutual understanding and the employees are more cooperative with the management. The same applies to ideas about labor unions, i.e. the companies that respect the practice of lifetime employment tend to consider labor unions necessary and thus show a positive attitude toward labor unions.

Thirdly, with regard to the measures taken by SMEs when they suffer from a downturn in their business performance, the companies that respect the practice of lifetime employment try to cope with such situations without detriment to employment. Although fewer companies that tend to respect the practice of lifetime employment have experienced financial crises due to deterioration in their business performance since 1990, such companies showed a tendency to take various employment adjustment measures. These companies tried to mitigate the impact of financial difficulties on employees. The percentage of employees who resigned due to personnel reduction measures (such as lay-offs, voluntary redundancy or voluntary early retirement) against the total number of employees was smaller in the companies that respect the practice of lifetime employment, where more employment was secured.

Fourthly, with regard to the introduction of personnel management systems, more of the companies that respect the practice of lifetime employment adopt a system of periodic pay raises and many other personnel management systems. There is a big difference between the “conservation-type” and “negative-type” in the introduction rate for periodic pay raises, the bonus system, retirement allowance system and personnel evaluation system.

Fifthly, with regard to the current financial situation, the companies that respect the

practice of lifetime employment are in better condition. The financial conditions of “review-type” companies are worse than those of “negative-type” companies. The same applies to current profits since 1990.

In **Section 2** of Chapter 2 of Part II, we analyze the systems for determining working conditions adopted by companies in terms of company size, existence of employee organizations and capital ties. In addition, we analyze the relationship between the existence of such systems and actual decision-making on working conditions, focusing on the relationship between the system of periodic pay raises and pay reviews and the relationship between the existence of bonus system and the status of bonus of payments. As a result of our analysis, it is made clear that more companies that have periodic pay raise systems offered wage rises and that more companies that have bonus systems actually paid bonuses. There are many cases where companies that do not have such systems did not offer wage rises or bonuses, even though their financial conditions were favorable. Although we analyze only these two systems, it is reasonably assumed that the systems for determining working conditions contribute to increasing transparency, fairness and steadiness in deciding employees’ working conditions, and lead to improvement of the working environment.

This indicates to us that the introduction of the systems must contribute to enhancing employee morale, and therefore we analyze this relationship as well. It is confirmed through this analysis that the companies that appreciate their employees’ morale have adopted a wider variety of systems than the companies that do not appreciate their employees’ morale. In particular, the former have introduced various systems concerning personnel evaluation. With regard to the relationship between the systems and the stability of the workforce, the turnover rate in companies that have a wider variety of systems is lower than for companies that do not have many systems.

In **Section 3**, we categorize companies into the following six types according to the status of reviewing base wages and bonuses in 2006: (i) “companies that raised both base wages and bonuses” (24.5%); (ii) “companies that raised base wages but kept bonuses at the same level as in the previous year” (24.1%); (iii) “companies that raised base wages but cut bonuses” (5.1%); (iv) “companies that kept base wages at the same level as in the previous year but raised bonuses” (8.8%); (v) “companies that kept both base wages and bonuses at the same level as in the previous year” (28.8%); and (vi) “companies that kept base wages at the same level as in the previous year but cut bonuses” (8.4%).

We analyze the factors affecting companies’ decision making on base wages and bonuses, categorized as mentioned above. In particular, we focused on the second and

the fourth categories of company, as we want to compare the companies that raised base wages to the companies that raised bonuses. The analysis showed that the companies in the second category raised base wages for reasons of security of the workforce, and the companies in the fourth category raised bonuses for reason of distribution of the company's profits to employees with good performances. In addition, it is observed in the companies' distribution of profits to employees that the companies that positively maintain seniority-based wages tend to put emphasis on base pay and the companies that are negative toward seniority-based wages, on bonuses.

Even among companies that were experiencing poor financial conditions in 2006, 40.5% of them raised either base wages or bonuses. We analyze the reasons for these raises as follows. The companies that raised base wages even in difficult financial conditions pointed out that they are concerned about the "recruitment of regular employees (new school graduates)," "recruitment of regular employees (mid-career workers)" and "low employee stability" in their personnel management. This indicates that the companies that raised base wages intended to solve the issue of "employee stability" and to carry out smooth recruitment of regular employees. According to the companies' replies to the questionnaire, other reasons for having raised base wages seem to be that the companies wanted to respond to "employees' wishes" or the labor union's request. On the other hand, with regard to the reasons for which companies in the fourth category raised bonuses in spite of their tough financial conditions, relatively many of these companies pointed out that they took "the intentions of their parent company" into account in revising wages, since many of these companies' presidents are dispatched by their parent companies. Thus, these companies raised bonuses in relation to their parent companies' situations, regardless of their own bad financial condition.

In **Chapter 3** of Part II, we analyze the influence of labor unions or employee organizations on the company's decisions on employment adjustment measures, choice of actions toward employees. It is obvious from our analysis that labor unions are superior to employee organizations in their power to influence companies' choices of alternative restructuring measures and actions. Employee organizations can exert a limited influence on companies. One essential difference between labor unions and employee organizations is that the former are able to protect employees' interests through collective bargaining backed by the right to strike. In addition to that, the results of the analysis described in this Chapter suggest that there is also an essential difference between these two associations in their power to influence a company's choice of dismissals, voluntary redundancy or early retirement and other actions taken by the company when restructuring. Therefore, it seems unreasonable to say that employee

organizations can be deemed “de facto company-based unions.”

In **Part III** of the Main Report, we study the functions of employee representatives using the results of the present questionnaire survey. In **Chapter 1**, we draw the conclusion that the employee representative system should be legislated, taking into account the basic constitutional principles and coordination with the functions of the labor union. If it is legislated, it should be emphasized that the system is practicable for SMEs. The system will be in vain if SMEs do not utilize it despite it being obligatory. There are similar situations in foreign countries, so this cannot be a negligible problem. Needless to say, the employee representative system should not work to worsen the working conditions of employees of SMEs. It is important that the system will be applied and designed in a flexible manner in accordance with the size of companies, so as to ensure its effectiveness.

In the present questionnaire survey, we look into the reality of employee representatives and their role during work rule reviews and the conclusion of Article 36 agreements. In **Chapter 2**, we examine the actual situation of employee representation in light of the provisions of the Labor Standards Act. The results are as follows. Only 20% of the surveyed companies clearly meet the requirements under Paragraph 1 of Article 90 of the Labor Standards Act concerning the preparation of an employees’ written opinion at the time of work rule reviews. In addition, the most common answer of companies to the question about the employee representative, who is a counterparty to the Article 36 agreement, is that “the company designates the employee representative.” It is regrettable that many SMEs do not fulfill their obligations for employees’ collective consent and collective participation under the Labor Standards Act. Companies with a smaller number of regular employees tend not to meet such obligations.

With regard to the preparation of employees’ written opinions for work rule reviews as well as the election of employee representatives for the conclusion of Article 36 agreements, more companies with labor unions follow the proper procedure than companies without labor unions. Needless to say, this does not necessarily suggest that the labor union ensures the company’s compliance with the law. More than half of the companies, despite having labor unions, do not clearly meet the requirement for the employees’ written opinion for work rules review under Paragraph 1 of Article 90 of the Labor Standards Act, and there are also not a small number of companies that “do not prepare an employees’ written opinion.”

At the time of work rule reviews, companies are neither required to hear individual

employees' opinions nor consult with employees under Paragraph 1 of Article 90 of the Labor Standards Act. However, in replying to the question about the resolution of difference of opinions between the management and employees (if any) at the time of work rule reviews, slightly less than 40% of the companies stated that "there is no difference of opinions with employees," which is the most common answer. In addition, a not insignificant number of companies (20%) replied that "the company does not make any resolution of difference of opinions with employees." When asked how difference of opinions are bridged, the companies replied that the management takes the initiative in settling with employees. The above information leads us to wonder if the employees are really satisfied with the reviews of work rules. However, according to the responses of companies to the question about the percentage of employees who are satisfied with reviews of work rules, they replied and self-evaluated that an average of as high as 83.3% of employees are satisfied.

The companies that gave a lower-than-average percentage of employee satisfaction with reviews of work rules and said that they "do not prepare an employees' written opinion" have a particular tendency not to recognize their own problems in the recruitment and stability of employees and labor-management communication, despite their high percentage of voluntary resignations by employees. In this case, it is not easy to make employers at this kind of company aware of the company's need to take the employees' collective will and reflect it in the company's working conditions. Rather, it is possible to make an improvement in the companies by making them aware of the requirements of Paragraph 1 of Article 90 of the Labor Standards Act if they do not know about such requirements and thus "prepared an employees' written opinion based on the employees' views heard by the company from time to time," in spite of a labor union being organized by a majority of employees.

In **Part IV**, we describe the policy implications obtained through our analysis of the present questionnaire survey. We propose the introduction of an employee representative system that will satisfy the orientation of labor-management communication in SMEs. In order to introduce an employee representative system that is similar in nature to the "advocacy-type employee organization" while respecting the basic workers' rights under the Constitution and the Labor Union Act, it is necessary to take a medium- to long-term approach on a step-by-step basis (e.g. to introduce it in companies with more than 50 employees in the immediate future) if we wish to establish a highly effective and desirable employee representative system.