

Organization and Activities of the Japanese Enterprise Union*

-- A Case of the Automobile Industry --

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Introduction

Next to the All Japan Prefectural and Municipal Workers' Union, JAW (Confederation of Japan Automobile Workers' Unions) with ca. 700,000 members is the second biggest "industrial union" in Japan. Different from European industrial unions, Japanese "industrial unions" are confederations of independent enterprise unions at the industrial level. Unlike "normal" industrial unions, however, JAW is not a confederation of enterprise unions. JAW is a confederation of confederations of enterprise unions. (See Fig. 1). Taking Toyota Motor Workers' Union as an example, it does not join JAW directly, but it joins the Federation of All Toyota Workers' Unions, which is a federation of enterprise unions within the Toyota group of companies including Toyota Motor Co., parts suppliers, transportation service and dealers. Such a federation is the basic unit of JAW. This structure of JAW suggests that two levels of union activities should be examined in order to study Japanese enterprise unionism, namely, at the enterprise union level and at the level of the federation of enterprise unions within the group of companies.

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In the following discussion I will take an automobile final assembler as an example. This company is named Company A, and the enterprise union in this company Union A, and the federation of enterprise unions within Company A's group of companies JAW (All A Workers' Unions). The discussions below are mainly based on interviews conducted in 1987/88 with union officers of Union A and AAW, and managers of Company A.

1 Enterprise Union

1.1 Union doctrines

In 1986 Union A issued two important documents on the union philosophy and the industrial relations vision.

(1) Union Doctrines The new doctrines (Appendix 1) can be summarized in four points: 1. Improvement of working conditions. 2. Industrial relations on mutual trust with Company A. 3. Independent and democratic administration of the union. 4. Development of a free and fair society based on democratic capitalism.

Compared with the old doctrines issued in 1946, two points differ. One is the industrial relations on mutual trust. In the old doctrines mutual trust was not mentioned. The old doctrines reflected the atmosphere immediately after the war. The other point is the independence and inner democracy of the union. In the old doctrines it was not mentioned. In praxis, independence and inner democracy means that Union A should fight against the Communist Party. At political elections Union A usually votes for candidates of the Socialist Party or of the Democratic Socialist Party. But it is a misinterpretation to describe the struggle between Union A and the Communist Party as political strife between the Communist Party and other political parties. From the viewpoint of Union A the activities of the Communist Party are an outside interference in the union. The Socialist Party and the Democratic Socialist Party are not strong enough to force their political opinions on Union A. But the Communist Party wants to manipulate the union into doing whatever it wants. From this second point of Union A the basic philosophy of Union A is expressed. The union should be independent from outside

organizations. The union should be an organization 'of the employees, by the employees, for the employees'.

(2) Industrial Relations Vision On the same day when Union A revised the union doctrines, Union A and Company A jointly issued a "Labor-Management Declaration" (Appendix 2). In this declaration mutual trust and communication between the management and the union are stressed. This philosophy is embodied in various councils and meetings (Appendix 3). In the declaration it is pointed out that both Company A and Union A recognized the importance of mutual trust and mutual cooperation in a crisis such as that which the first oil crisis brought to Company A.

1.2 Union Organization

(1) Membership As usual in the big Japanese company, all regular employees regardless of whether they are white- or blue-collar workers automatically become members of Union A when they are employed by Company A. Irregular employees like part-timers or seasonal workers are not eligible to be union members. Upon retirement from Company A union members lose their membership. The amount of union dues is 1,24224% of the wage excluding various allowances. They are checked off and given to the union by the company. Regular employees who are promoted to managerial positions (Kacho and upward) lose their membership. Membership in the union is settled by collective agreement between Company A and Union A.

(2) Organization The organization of Union A is shown in Figure 2. Though there are several branches at the plant level, each branch does not play an important role in union activities. Union A has been a centralized organization, because the main plants of Company A has been located in close proximity, and it was only recently that Company A established a plant far from the headquarters.

Union officers are composed of shop stewards, delegates, and executive committee members including a president, two vice-presidents and a general secretary. The density of union officers (union members per officer) is as follows: shop steward 1 to 24,

delegate 1 to 166, and executive committee member 1 to 1042. The most important officers are executive committee members who are working for the union as full-time officers. Compared with the full-time union officers density of other automobile companies, Union B is 1 to 327 (in 1984), and Union C 1 to 1107 (in 1986). The density in Union B was extraordinarily high. In Union B, however, the density is decreasing recently as a result of drastic changes in industrial relations in Company B. It can be said that the full-time union officers density in Union A is "normal".

1.3 Full-time Officers

(1) Election of Full-time Officers Needless to say, full-time officers play a decisive role in union activities. They are elected every two years by the union members directly. Only the union members have a right to and eligibility for election. That is, all union officers including full-time officers are regular employees of Company A. While they are serving the union as full-time officers, they are treated as "employees on leave of absence". Naturally the period in which they serve as full-time officers is counted into their length of service in the company.

According to the election rule for union officers, there are two types of candidates for full-time officers, that is, voluntary candidates and recommended candidates. Recommended candidates are listed by the "delegates committee", which is the second important decision-making body of the union and is composed of 151 delegates. In praxis, the delegates committee nominates a "candidates-selection committee" which is composed of 6 members among the delegates. This committee in collaboration with the full-time officers nominates and proposes candidates to the delegates committee. If a union member wants to run as a voluntary candidate, he has to show the names of his supporters. The required number of supporters depends on the post for which he desires. Furthermore, he needs experience as a union officer before he can become as full-time officer candidate. This system was "imported" from Union C, in which such system has been in existence since the beginning of the 1970s. At that time in Union C communist candidates for top full-time officers got about 20% of all votes and surprised the union executives. Immediately after this election Union C changed the election rules

and introduced a new system. According to an explanation by an officer of Union C, it is an unfavorable system for the minority group. In Union A there is a communist group as in Union C.

(2) Characteristics of Full-time Officers Of 24 full-time officers 19 persons are blue-collar workers and 5 white-collar workers. Only one person is a university graduate. Three persons are graduates of university night courses. The others are high school graduates. Most of the full-time officers who are blue-collar workers were foremen. All the members are men. Union A has a policy to rotate full-time officers except top officers every 4 or 6 years in order to vitalize the union. In principle, a person who retires from a full-time officer position returns to the post and the job he had before he became a full-time officer.

Union A employs 13 secretaries (3 men and 10 women) for the union activities. All of them are auxiliary clerks and have no influence on the decision-making, planning or research of the union. These tasks are carried out by full-time officers.

1.4 Union Activities

At the convention in 1987 the following policies for the year 1987/88 were decided upon: (1) Enrichment of management-union consultation, (2) Improvement of wages and other working conditions, (3) Improvement of working environments, (4) Welfare, (5) Administration (6) Activities in the regional communities, (7) Solidarity with upper-level organizations, (8) Political activities. They cover all activities of the union. I will discuss important policies only.

(1) Management-Union Consultation As expressed in the joint declaration, consultation between the management and the union is the most important instrument to foster mutual trust. There are three levels of consultation: explanation, consultation, and agreement. "Explanation" means that the management only explains to the union. To this category belong management strategy, the achievements of the company, and the fundamentals of the production program. "Consultation" means that both the management and the union should make efforts to reach an agreement. But if this is not successful, the management can carry

out the policy in question without the consent of the union. To this category belong the major revision of the production program, safety and health, and welfare. "Agreement" means that the management can not carry out the policy without consent of the union. To this category belong wages, working hours, and conclusion and revision of the collective agreement. In praxis, however, there are issues difficult to classify. An example is "Shukko". "Shukko" is the dispatch of a regular employee to another company for a certain period, while he has status as a regular employee of Company A and is paid by Company A. "Shukko" plays an important role in Company A, because the company has established new affiliated companies recently and has dispatched a considerable number of employees to them. Until now the working conditions of "Shukko" were treated case by case.

According to explanations from both the management and the union, the management gives detailed information on management decisions. It is not seldom that the management 'consults' informally before the decision-making. In my impression, the top union officers are well-informed about the company situation.

(2) Improvement of Working Conditions As to working conditions, two issues are important, that is, wages and working hours.

(a) Wage In Japan, enterprise unions demand a wage increase in the spring of every year. In 1987 JAW decided to demand a 5% increase in wages. JAW decides the common percentage of the wage increase among the affiliated enterprise unions, not the amount. Accordingly, Union A demanded a 5% wage increase from Company A. In Company A a 5% wage increase meant 11,686 Yen. After four negotiation periods a 3.06% increase was agreed upon. Among the automobile makers, the wage increase differed between 3.64% and 2.88%. As to the bonus JAW does not decide the common figure. In June Union A demanded 5,36 months bonus (that is, monthly wage x 5,36). After three negotiations 5,09 months was agreed upon.

Union A evaluated the results of the negotiations on the wage increase as follows: "The result is not completely satisfactory. Taking into account, however, the severe situation of the company

damaged by the rapid rise of the yen exchange rate, we appreciate the result as fulfilling the conditions which JAW settled upon (3.5% if possible, at least over 3.0%). The company negotiated with us sincerely." It is difficult to judge the bargaining power of the union from this result. Generally speaking, there has been no serious discussions on "wage inflation" or "introduction of income policy" except the period immediately after the first oil crisis. Inspired by the drastic price increase cause by the oil crisis, the average wage increase in big private companies in 1974 recorded over 30%. It surprised the employers' association. In the following years the employers' association announced guidelines on wage increases which each employer should observe. Since then wage negotiations have been settled within these guidelines. Judging from this fact, it can not be said that the Japanese enterprise union has strong bargaining power on wages.

(b) Working Hours As is well known, the working hours in Japan are longer than those in other developed countries. In 1984 the actual working hours per year in the manufacturing industry were as follows: Japan 2,179 hours, USA 1,934, Italy 1,712, West Germany 1,671. Reduction of working hours is now becoming a hot issue in Japan.

In Company A the normal working hours for the one-shift employees (mainly white-collar workers) are 1,997.83 hours yearly, for the two-shift employees (production workers) 1,976 hours. According to the Labor Standard Law in Japan, the company has to submit an agreement on overtime with the union to the labor office. In Company A overtime for production workers is limited to 2.5 hours a day, 50 hours a month, and four times working on holidays. This is the official limit of overtime. But the company has another agreement on overtime with the union. This internal agreement is usually observed, but when production is urgently required, the company can order overtime till the limit settled by the official agreement. The internal agreement sets the limit of overtime to 2 hours a day, and two times working on holidays. According to research conducted by JAW, the actual monthly overtime per employee in 1985 was as follows: Company A 32.5 hours, Company B 27.3, Company C 33.6, Company D 15.2.

Every employee has at least 14 paid holidays per year. The unused paid holidays can be transferred into the next year, but they are usable only for one year. In 1985 the utilization degree of paid holidays is as follows: Company A 21,1%, Company B 31,4%, Company C 24,3%, Company D 43,3%.

Being faced with criticism from other developed countries, JAW is regarding reduction of working hours as one of the most important goals of the union movement. Union A proposed to the management to shorten the normal working hours of the white-collar workers by eight hours a year. But the management rejected this proposal. Negotiations will be continued. From the viewpoint of the management, reduction of the working hours means wage increase, because the shortened normal working hours will be covered by overtime and thus the management has to pay overtime allowance. Furthermore, the management believes that human capital is the only resource that Japan has. In the foreseeable future it is not likely that the normal working hours will be reduced rapidly. As to overtime, it is difficult to reduce it, because it means a reduction of income for workers. Union A is not proposing reduction of overtime.

As to the low level of the utilization degree of paid holidays, Union A has been promoting the campaign to use paid holidays for the past four years. Union A has been urged its members: (1) On the average ten paid holidays should be used at the whole company, (2) Every union member should use paid holidays at least one day a year. Until now the union has not succeeded this goal. Union A regards the traditional work ethics and the tight manning as the major reasons for low-level utilization degree.

1.5 Evaluation of Enterprise Union

In my opinion, the case of Union A can be generalized as characteristic of the Japanese enterprise union. There arises a fundamental question on the enterprise union. On the one hand, the management consults with the enterprise union frequently and gives detailed information. On the other hand, the bargaining power of the union is not strong.

I am not suggesting that the bargaining power of the enterprise union is not strong in every field. The enterprise union is very sensitive to securing employment of regular employees. It should be remembered here that major labor disputes after the war were motivated by massive dismissals of regular employees. In fact, Union A also did its best to secure the employment of regular employees when the company fell into crisis in the first half of 1970s. No regular employees were dismissed or were compelled to retire "voluntarily". Because the production volume decreased considerably, many employees regardless of whether they were white-collar or blue-collar workers were dispatched to car dealers ("Shukko"). In total about eight thousand employees experienced "Shukko". Of course, if the crisis had been more severe, the union would have had to accept "voluntary retirement", as actually happened in the shipbuilding industry. But it is noteworthy that the union regards employment security as the most important task of the union. It is for this reason that Company A is launching new business. Therefore, the question is why the enterprise union is eager to consult with the management and to secure employment on the one hand, yet does not have strong bargaining power on working conditions on the other hand.

To answer this question two facts are important. One is that the management wants to maintain the company as a community of employees. The other is that the enterprise union is an organization of the employees.

Undoubtedly the Japanese management eagerly makes an effort to create a common feeling of being a community member among the employees. The following personnel measures are directly connected with this effort: (a) very careful screening at the time of hiring, (b) so-called life-long employment, (c) vocational training program within the company, (d) QC-circle activities, (e) so-called human-relations activities, especially off-duty activities. In order to succeed in these efforts, the management needs some preconditions. To secure the employment of regular employees an employment buffer is required. As such there are peripheral workers and overtime. Furthermore, long working hours also a precondition for maintaining a common feeling among employees, because the longer the working hours are, the more important is an employee's life in the company than that in one's family.

However, there remain factors which block a common feeling among employees. The company has a hierarchical organization with the objective of developing itself by getting profit. The management has to conduct personnel assessment of each employee and reflect it in the promotion and the wages of each employee. It is a delicate problem for the management to which extent the management discriminates between the superior and the inferior employee. If the promotion speed and the wages between them are too large, the inferior employee will lose the feeling of belonging to the company community. If the difference is too small, the working morale of the superior employee will decrease. Thus, the wage difference among employees becomes secret and the wage system is accordingly very complicated.

Furthermore, careers within the company depend largely on the educational background of each employee. Generally speaking, the university graduate has a much larger chance of being promoted to a managerial position than the high school graduate. Indeed the enterprise union is an organization of employees, but on two points it differs from the company organization. First, the union officers can not direct the union members like the managers do. Second, the managers are not union members. For these two reasons it is quite natural that production workers and high school graduates (they are to a large extent identical) are the main supporters of the enterprise union. As employees they accept the management policy to make the company competitive on the world market. It is difficult for them to demand "excessive" wage increases or a rapid decrease in working hours which might endanger the company performance. That many enterprise unions like Union A are hostile to communist employees can be explained from this view. For the enterprise union communist employees are not employees in the true sense, but they are outsiders who aim to destroy the company by demanding excessive working conditions. On the other hand, they demand that the management should make the company activities dear to the employees. By consulting frequently with the union which relays the opinions of employees with less favorable careers (blue-collar workers and high school graduates), the management can realize rational management decisions to maintain work morale among employees. In this sense the enterprise union is at least in big companies an indispensable organization for the management.

2 Federation of Enterprise Unions within the Group of Companies

2.1 Organization of All A Workers' Union

At the beginning of 1988 AAW (All A Workers' Union) consists of 126 enterprise unions (Union A, 38 parts suppliers, 83 dealers, 4 transportation). The biggest union is naturally Union A, which makes up just half of the members in AAW. The second biggest is a parts supplier union (seats) with ca. 1,300 members. The smallest is a dealer union with only 10 members. Since I am interested in the parts suppliers, I will focus on the parts suppliers in the following discussion.

(1) Membership According to the statute of AAW, "AAW organizes unions whose enterprises have a relationship with Company A". In dealers it is not difficult to distinguish which company has a relationship with Company A. But as to parts suppliers, it is not easy to decide which enterprise union is qualified to be a member of AAW. In fact, there are several parts suppliers unions which do not have a close relationship with Company A. These companies previously supplied largely to Company A, but recently they have been supplying to a large extent to other companies. Nevertheless, the unions remain in AAW.

There are two associations of parts suppliers for Company A. One is named "TYK", and the other "YKK". "TYK" organizes parts suppliers in a prefecture where Company A's main plant is located. The other suppliers are organized in "YKK". The dependence degree of companies in "TYK" on Company A is much higher than that of "YKK". As a natural result, enterprise unions in "TYK" are main members of AAW. Of 38 unions in the parts suppliers section, 33 unions are those whose companies are members of "TYK". There are enterprise unions which have joined to the AAW's rival federation of enterprise unions, whose companies are members of "TYK".

In medium-sized and small enterprises usually there are no unions. The main target of AAW is to establish unions in companies of "TYK" and to combine them with AAW. It is difficult, however, to

establish unions in medium-sized and small companies, because employers in these companies tend to regard the companies as their own property and the union as an obstacle to the management. AAW tries to persuade them by arguing, "If you do not accept establishing a union in your company, the employees have no instrument to express their opinion. Possibly they will organize themselves in a union quite secretly and join a class-struggle oriented federation of unions." This insistence is usually not persuasive enough for the employers. Recently AAW has not succeeded in establishing any new unions. Company A is 'neutral' in this field. That is, it neither supports nor blocks the efforts of AAW.

(2) Organization The organization of AAW is shown in Figure 3. Each member union is classified into a section concerned. There are four sections: "maker" (Company A), parts suppliers, transportation, and dealers.

2.2 Full-time Officers

There are 20 full-time officers in AAW. As the overwhelmingly biggest union, Union A dispatches 15 persons to AAW. Each of three parts suppliers unions and two dealers unions dispatch one full-time officer to AAW. All full-time officers are paid by AAW. The wages of each officer are, however, not dependent on the post he works for. He can get the same amount of money as he could get if he worked in his company as an employee. AAW has no wage table for full-time officers. All officers have status as employees of the companies from which they come.

The candidates for officers are determined by discussions among the present officers. There are no rules from which unions full-time officers should be selected. But it is natural that "strong" unions can dispatch full-time officers. Every two years the officer has to be elected, but he can be re-elected. Some full-time officers have worked over ten years, and some only for two years. AAW has no definite guidelines for rotating full-time officers.

AAW employs five women as secretaries. They are an auxiliary labor force for AAW and are not qualified for planning and so on.

2.3 Activities of AAW

The items of AAW activities are almost the same as those of Union A. I will discuss some important activities of AAW.

(1) Consultations between AAW and the Companies Though AAW stresses the importance of consultations between AAW and the companies, it is not easy to realize this on the level of AAW. Since there are no parts suppliers which are listed on the stock markets, their balance sheets are not open. Each company gives information to the enterprise union concerned, but the employer regards AAW as an outsider. At the level of AAW there is a formal "labor-management consultation" between AAW and the employers in each section. It is held at the time of wage and bonus negotiations. On this occasion AAW explains the necessity and the background of the wage increase demand. It is not a consultation in the sense of the usual meaning. For AAW, consultations with Company A are important, because the future of this group of companies largely depends on the strategy of Company A. In the year 1986/87 AAW had 11 consultations with Company A (3 times with the purchase department, two times with the transportation and logistics departments, 6 times with marketing departments).

(2) Wages Corresponding to JAW's decision to demand a 5% wage increase in 1987, AAW also decided upon a wage increase demand of 5% in every company of which enterprise union is a member of AAW. Of course, there were differences of performance among the parts suppliers, but it was not reflected in the demand decision. After the decision AAW gathered the employers whose unions are members of AAW and explained the necessity and the background of the demand of a 5% wage increase. This conference was a one-sided explanation from AAW. AAW requested the parts suppliers to give answers on April 10. In order to create favorable conditions AAW requested Company A to respond on April 8. Furthermore, AAW nominated 9 unions among 38 supplier unions as important unions which AAW should watch carefully. They were nominated as important unions because of the company scale and the union strength. It was the policy of AAW that the important unions would get relatively favorable replies from the management in the morning and propagated them to the other unions which would get replies in the afternoon of

April 10. The negotiations were conducted in each company, in which union officers of AAW did not participate. But they were given detailed information on the negotiations in each company by the enterprise union concerned. Though the final decision was made by each enterprise union, AAW supported and instructed each union.

On April 10, on which AAW had requested the employers to respond, 25 companies answered. By April 21 all companies had given first responses. 22 unions accepted the first answers and 16 unions decided to continue further negotiations. These 16 unions accepted the second answers. The results varied from 3,06% (just same as in Company A) to 1,24%. This result suggests that the wage increase rate of Company A was the goal of unions of parts suppliers with good performance. The average wage increase rate in the suppliers' unions was 2,86%. Compared with the other sections of AAW (transportation 3,07%, dealer 3,61% on the average), the result reflected the severe situation of parts suppliers of Company A.

As to the bonus, AAW had a similar policy as with the wage increase negotiations. For the suppliers unions AAW decided to demand a 5 month bonus. The bonus is paid twice a year (in summer and in winter). AAW decided to demand that the employers should negotiate on the bonus only once a year, that is, not separately summer- and winter-bonus. According to the idea of AAW, the bonus is an important part of the wage. The employers were reluctant to negotiate on the bonus once a year, because they believed that the future of the company performance was uncertain. In June they wanted to negotiate only on the summer-bonus and in autumn they would negotiate on the winter-bonus in order to reflect the company performance directly on the bonus. The result of the negotiations in each company varied considerably. 31 companies accepted the whole year proposal, but 7 unions had to accept the replies supporting biannual negotiations. The amount of the bonus varied from 4,80 months (lower than that of Company A with 5,09 months) to 3,15 months. The average amount of the bonus for the year was 4,44 months. It was slightly higher than that of the transportation section (4,38 months) and the dealer section (4,33 months).

The style of the wage increase negotiations is similar to that of JAW, namely, nomination of important unions, a request for the replies on the same day, a demand for the same wage increase rate. It can be said that such style is the only choice for the federation of enterprise unions, which has no direct right to negotiations.

(3) Reduction of Working Hours Like Union A, AAW also campaigns for reduction of working hours. The present goal for the suppliers unions is to reduce the normal working hours to 2,000 hours yearly. In September 1987 the normal working hours varied from 1,992 hours to 2,088, and 2,021.6 hours on the average (Company A 1,997.5 hours). In this area AAW managed to realize steady progress in 1987.

On the regulation of overtime AAW has no definite policy. It is difficult to regulate overtime, because the overtime allowance is an indispensable part of wages for many employees among the parts suppliers. Instead of reducing overtime, AAW wants to raise the overtime allowance rate to 30%. According to the Japanese Labor Standard Law, the lowest overtime allowance rate is 25%. In AAW 11 companies have an overtime allowance rate of 30%. But in this field the results were not notable.

(4) Conclusion of Collective Agreement In the suppliers section there are 11 unions which have concluded collective agreements with the companies. Corresponding to the policy of JAW to conclude a collective agreement in every company whose union is a member of JAW, AAW also campaigns for conclusion of collective agreement. AAW nominates 13 unions in the suppliers as important unions and supports its conclusion.

(5) Managerial Advice Each company has its own managerial strategy. AAW does not express its opinion on the managerial strategy in each company except regarding the problem of employment.

Company A announced the establishment of a new manufacturing plant in the USA several years ago. As to this problem AAW published its view in which was stated, (a) AAW appreciated the decision of Company A, because production in the USA was the

only choice for Company A to survive, (b) AAW appreciated Company A's decision to negotiate with the UAW, (c) Company A should take note of maintaining the domestic employment stable, (d) AAW had to make efforts for the international solidarity with foreign labor unions including the UAW. That was all that AAW published about its opinion on the problem of the production in the USA. Each parts supplier had to decide whether to establish a plant in the USA or not. AAW said nothing about it.

Recently Company A followed the policy to share one-third stocks of major parts suppliers in order to strengthen the tie between Company A and the parts suppliers. Though it was planned originally to share the stocks of over ten companies, it was suspended after Company A had shared one-third of the stocks of five companies. Also on this problem AAW published no opinion, because according to the view of AAW it was a managerial decision of each company as to whether they accepted the stock sharing by Company A or not.

On the employment of parts suppliers, however, AAW shows a strong interest. Being anxious about the employment reduction because of the rationalization, purchasing parts from abroad and production abroad, AAW obliges each union to report the employment situation in each company to AAW monthly. AAW requests that Company A takes the employment of the group of companies into primary consideration when Company A makes important decisions. Furthermore, AAW requests parts suppliers to consult with the union concerned thoroughly on the management decision. At present the employment of the group companies has been stable for several reasons. Parts suppliers are reluctant to employ new regular workers for fear of future unemployment. The total number of employees in the parts suppliers has not increased. On the other hand, corresponding to the world strategy of Company A, Company A and its parts suppliers send a considerable number of components to the relevant companies in the USA, Korea, Taiwan and Mexico. In four or five years, however, recession on the world car market is expected. Furthermore, the local-content policy will compel Company A to reduce the export of components from Japan. There is a possibility that the Japanese car industry will fall into a

structural depression which will cause a drastic restructuring like in the present ship-building industry. AAW is now discussing the employment policy relevant to this event.

2.4 Evaluation of AAW

The program of AAW consists of four points: (a) To improve economic, social and political conditions of workers, and thus to realize the welfare society. (b) To establish modern industrial relations based on the principle of equality between management and union, and thus to develop the group of companies and the car industry democratically. (c) To establish a free and strong organization based on union democracy by excluding any kind of outside interference. (d) To defend world peace and to promote social progress by strengthening solidarity with workers all over the world.

In my opinion, the most important point of this program is the second point. Not only in Japan but also in other developed countries employers in medium-sized and small firms tend to be paternalistic. They are very reluctant to negotiate with labor unions. The Japanese enterprise union is, as explained above, the association of the employees within a company. From the viewpoint of the employers, however, it is still a "union", because, first, it has right to negotiate on working conditions, and second, it has connections with "outsiders" (AAW or JAW in this case). For these two reasons it is very likely that the labor cost of a company with an enterprise union is higher than that of a company without an enterprise union. In fact, AAW stresses that the working conditions in a company without an enterprise union are less favorable than those in a company with a union, especially in welfare benefits. Their wage level is not so different, because a company offering lower wages has difficulty recruiting workers.

AAW insists that a company without an enterprise union will have unstable industrial relations and thus weaken the competitiveness of the group of companies. In a company without an enterprise union the accumulated dissatisfaction of the employees will explode in an unexpected form (e.g. establishment of a class-struggle oriented union). If a well-informed enterprise union exists, the employer can get better cooperation from the employees if the

company falls into severe recession. It is quite logical for AAW to make efforts to improve working conditions on the one hand, and demand the parts suppliers to make management more effective on the other hand. In the annual convention of 1987 AAW demanded that the parts suppliers: (a) make management more effective and increase productivity, (b) promote the QC-circle activities and to shorten the lead time for production substantially, (c) establish a world-wide system of quality control corresponding to the world strategy of Company A, (d) strengthen the potential for R&D, especially for high-technology, and (e) improve company performance and train human resources.

All in all, AAW wants to be, so to speak, an extended enterprise union within the group of companies. Therefore, the basic characteristics of the enterprise union can be applied to AAW to a large extent. However, as a federation of enterprise unions, AAW does not function the same as the enterprise union itself. The negotiations are conducted at the level of an enterprise union, but not by AAW directly.

Under which conditions is AAW organized? Undoubtedly, the so-called "Shitauke-system" in the Japanese automobile industry is the basic condition for the existence of AAW. Company A and its parts suppliers belong to a community of fate, as Company A stresses. But the "Shitauke-system" does not explain the activities of AAW well enough. It should be noted here that AAW organizes the enterprise unions whose companies belong to major "Shitauke" companies. They can expect long-term contracts with Company A. At the beginning of the 1980s, Company A decided to concentrate its purchasing sources. As a result of this concentration of purchasing, the number of companies from which Company A ordered parts decreased one half. The companies whose unions are members of AAW were not hit by this decision.

Fig.1

1 Trade Union Organization

► Union organization of automobile workers

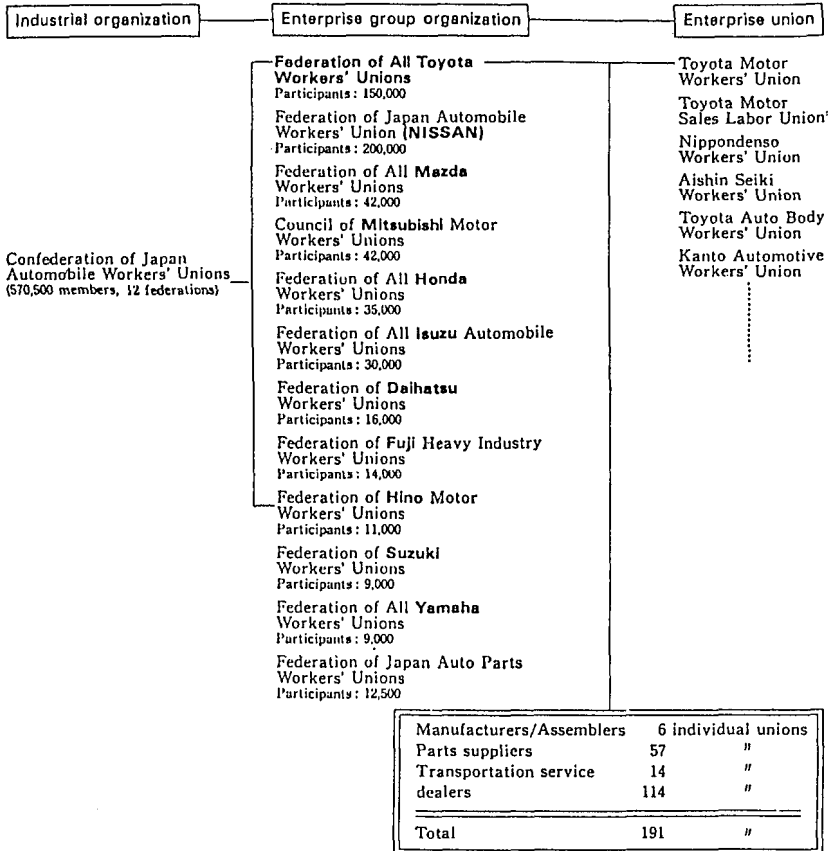
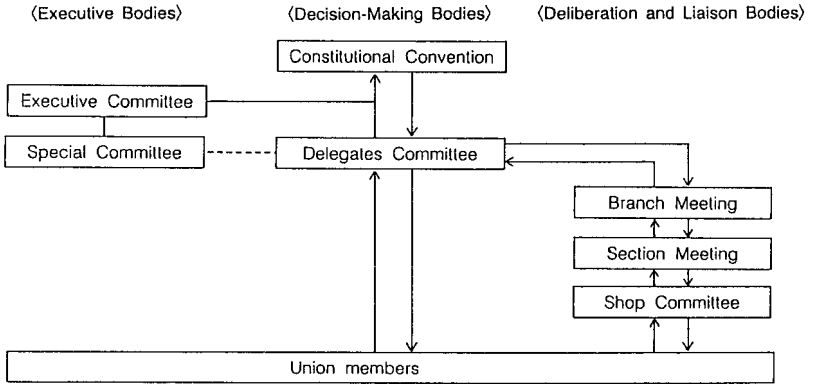
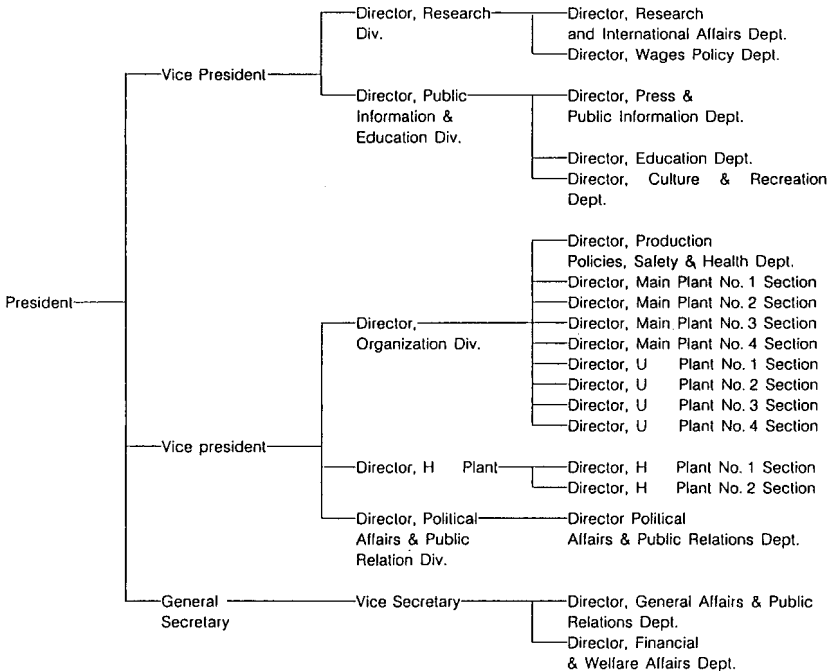


Fig.2 Structure of Union A

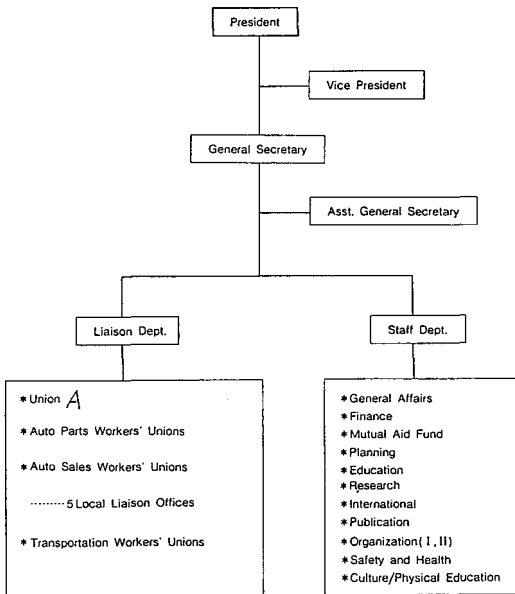
1. Union Organization



1) Overall Executive Body—24 Executive Committees



HEADQUARTERS STRUCTURE



ADMINISTRATION

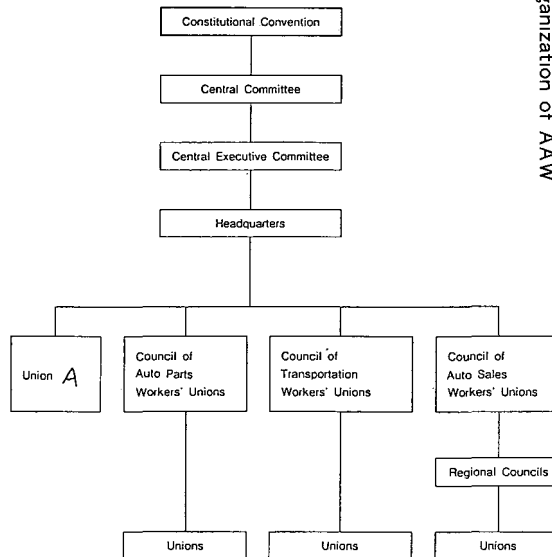


Fig. 3 Organization of AAW

Appendix 1

IV Basic Concept of Union A — Union Principles —

The revisions of these general principles were implemented on the occasion of the 40th anniversary of the establishment of the union on February 1st, 1986. The previous principles, enacted at the time of the union's establishment in 1946, were heavily tinged with the doctrine of class struggle prevalent during the confusing post war period. The new principles have been created to give direction to activities from a new viewpoint in consideration of the greatly changed environment surrounding the workers' union, and changes in the union's social responsibility and the members' consciousness.

Union Principles

1. By joining hands in a broad coalition of workers both in Japan and abroad, we aim for comprehensive improvements in working conditions and to construct an abundant, secure society.

1. We aim for the happiness of the worker based on the democratic development of the industry and enterprises through establishing a labor-management relationship on a firm foundation of equality, trust and respect.

1. We aim to establish a free, strong organization based on independent, democratic management protected against any form of control or interference.

1. Recognizing our social responsibility as a workers' union, we aim for the construction of a free and fair society, the development of culture, and the realization of lasting world peace.

- The Union A works toward enriching the work environment through increased employee security, a more favorable working environment, higher wages, and improved systems in such areas as personnel management and the treatment of employees, lifetime welfare, internal administrative services and mutual aid. The Union's goal is for each worker to lead a fruitful life feeling secure and content in the knowledge that both his work and his life are fulfilling and meaningful.

- Based on the ideals of equality, trust and mutual respect between labor and management, the union encourages worker cooperation in order to strengthen the individual's voice. This participative system insures that industries and enterprises will develop along the principles of democracy leading toward the happiness of us all.

- We start from the premise that union operation must be independent both internally and externally of the pressures of political parties, capital and other powerful and influential forces. In consequence, the union maintains

its vitality and freedom, making decisions by mutual agreement and functioning autonomously.

- Recognizing the influence of our movement on non-union members, we work to display our leadership in the formation of public opinion and in other areas of society. We endeavor to transcend individual points of view in order that our activities may encompass the concerns of the broadest range of concerns.

We wish to realize the existence of a just and non-discriminatory welfare state, based on the principles of equality and freedom exercised within the framework of democratic capitalism. Furthermore, beginning with food, clothing and shelter and throughout our entire way of life including technology, academics, art, and ethics; our concern is not only for the material aspects, but, based on a recognition of the importance of enriching the inner, spiritual life, we strive to serve the cause of peace as we contribute toward the development of culture.

Appendix 2

LABOR-MANAGEMENT DECLARATION

1986 marks the 66 anniversary of the Company A's establishment and the 40 anniversary of the Union A's establishment.

Over the years we have played a role in contributing to the automotive industry which has seen growth as Japan's basic industry. Although both the Union and the Company have worked toward achieving Company A's and employ prosperity, in retrospect the road toward it has not always been smooth.

Having faced the harsh situation subsequent to the first oil crisis and successfully overcome it, both parties have learned from that experience that cooperation and effort founded on respect for the each other's position and mutual respect are truly the elements which ensure the company's business foundation and bring about improvements in employment conditions and living standards. The experience also made us more strongly realize the importance of solidarity with society.

The automotive industry today has been thrust into an era of vicious competition on a global scale. We are placed in a maelstrom of rapid changes associated with internationalization, maturation of the economy, aging population, technical innovation, etc.

In order to successfully ride out such a turbulent period, and make striding progress into the next century, it has become all the more essential to build an environment of trust and cooperation, which form the bedrock of labor-management relations.

Based on this common perception, the Company and the Union confirm that the following keynotes and vision on labor-management relations at Company A will represent the quintessence of future conduct.

Consistent with the principle of fulfilling Company A's mission in society by contributing to the automotive labor and management together will strive to realize the keynotes and vision in accordance with the spirit of these items. They aim at enabling the company to make new great strides and to realize a stable life for employees throughout their lifetime.

I. Keynotes of labor-management relations

1. As partners, labor and management will actively talk to each other to deepen mutual understanding and trust, and act cooperatively and in concert, under any type of environment, to achieve the long term prosperity of Company A and its employees
2. Based on the philosophy of respecting the human being, labor and management will realize a corporate culture full of vitality and creativity.
3. Labor and management will carry out activities to broadly deepen solidarity with society.

II. Labor-management relation vision

1. Strengthening of communication between labor and management
 In order to deepen mutual understanding and trust between labor and management, opportunities for sincere communication will be developed on a timely basis.
2. Realization of a stable life for employees throughout their lifetime.
 Through activities at and by the Company, the health of individuals will be maintained, and a safe and comfortable work environment achieved.
 At the same time the stable life of individuals throughout their lifetime will be maintained, and active efforts made to achieve further improvements.
3. Creation of an environment infused with vitality
 In order to revitalize Company A and its employees, labor policies and union activities which reflect the needs of employees and identity will be promoted.
4. Promotion of better communications with society
 Communication activities providing society with an understanding of Company A's heart and attitude will be implemented.

February 1, 1986

For the Company A
 Representative Director and President
 For the Union A
 President

Appendix 3

Labor-Management Negotiation and Consultation

To improve mutual understanding and maintain and develop labor-management relations, the Union and the Company have been fostering active communication through meeting as follows:

■ **Collective Bargaining**

subject Negotiations for increased wages, bonus, and negotiations regarding other matters which have not been determined by the labor-management council
 schedule..... March to April for wage raise, June for bonus, and others as needed

■ **Labor-Management Council**

subject The company's management policies, the financial situation, the situation in production and sales, the direction of union activities, planning, and the revision of working conditions agreements
 schedule..... Every two months as a rule or as needed

■ **Labor-Management Top Meeting**

subject Explaining and exchanging views on important management policies and plans
 schedule..... Once a month as a rule

■ **Labor-Management Council for Operations**

subject Explaining and exchanging views on business policy, the business plan, the work environment and the allocation of workers within each operation.
 schedule..... Once every six months as a rule

■ **Various Special Committees**

subject Committees are established for each major theme and related subjects are discussed as needed
 Special Committee on Labor Agreements...revision of labor agreements and related rules, etc.
 Special Committee on Wages...revision of various allowances, retirement pension, fringe benefits, etc.
 Production Policies Committee...discussion of production plan, settlement of overtime and off-day duty, etc.
 Safety and Health Committee...improvement of environment, countermeasures against accidents, etc.
 Administrative Services Committee...Food service, parking facilities, etc.
 Others
 schedule..... as needed

■ **Round-table Shop Conference**

subject businessplan, productivity, safety and health etc. are discussed for each shop. Labor-management relations at shop are adjusted and problems resolved.
 schedule..... Round-table Shop Conferences in operations and divisions...once every three months
 Every two months in departments