of facilities to a minimum. Such a policy is indispensable if one is to continue to raise productivity in a period of slow growth, while at the same time introducing further automation. Thus the raising of workers' ambition and morale is rooted firmly in the company organisation. It takes a concrete form, combined with the development of skills and the improvement of managing work conditions, and it is pursued on the level of the workplace.

For these reasons, a revision of the assessment system and the wage system were indispensable.

*The wage system*

The basic framework for deciding wages at Nissan was established in the 1950s, and although the wage system experienced some adjustments, the old system was still in place in 1986. The change in the union leadership in this year enabled the company to revise the wage system fundamentally.

First of all, we will point out some characteristics of the mechanism for deciding wages at Nissan. First, wages are set during the industrial group negotiations that take place on a yearly basis in the spring (*shunto*). In car manufacturing, the various companies conduct these negotiations simultaneously, but this does not mean that negotiations or agreements cover the entire industry; wages are invariably set within each separate company. Secondly, negotiations deal with the general wage increase rate only, and do not touch upon wage increases for individual employees. This is because individual wage increases are decided on the basis of performance assessments. In this sense, wages have become increasingly linked to individual ability. Thirdly, wage levels do not necessarily correspond to a worker's job or his classification within the company. This is because, owing to frequent internal transfers (as discussed above), it is not possible to fix wages for individual jobs. Fourthly, wages are based on the premise of long-term employment at the company, and they are expected to allow workers to maintain their living standards throughout their career. This expectation is expressed by the age-linked portion of the wage, which amounts to 25% of the total, by the yearly regular wage rise, and by the family allowance which is based on the number of family members. Finally, wages have a built-in incentive in order to enhance involvement with production and work within the company. Moreover, this is implemented in such a way that it relates to the