

**Statement by Kengo Sakurada, Chairman of Keizai Doyukai
on “Shunto” Spring Wage Negotiations 2021**

1. Most Japanese companies have settled the annual labor-management wage negotiations today for Shunto 2021. While COVID-19 has seriously impacted the overall economy, the business performance substantially differs from one company (or business sector) to another, some improve and others worsen, when viewed from a micro-economic perspective. Against such backdrop, we deem that the outcome reflects the utmost efforts having been made—in the conditions of each company or business sector—to maintain the momentum for job retention, wage hikes, and overall compensation improvements.
2. There is a pressing need to overhaul Shunto’s traditional negotiation practices of creating industry-standard requests to the management for pay scale hike and seeking replies. In the environment of labor shortage and escalating competition for high-skill human resources, each company is requested to demonstrate its own creativity in measures and compensation, to be an employer preferred by job seekers under the principle of autonomous labor-management relations. A key here is personnel assessment based on each employee’s job and his/her performance, as well as a system that allows for diverse and flexible working styles.
3. COVID-19 has accelerated an array of reforms such as (1) more use of teleworking and web conferencing, (2) a drastic review of requirement for documents, face-to-face meetings, and seals, and (3) job retention by introduction of a new secondment scheme for regular employees and more personnel exchanges. It is important for businesses to realize corporate growth that allows for wage hikes and employment increase, by turning the COVID-19 induced momentum to a full-fledged move, leading to a productivity-orientated work style reform and a business model reform.