

JAPANESE INDUSTRIAL RELATIONS DURING THE COVID-19 PANDEMIC PERIOD —WITH FOCUS ON THE CURRENT SITUATION AND CHALLENGE OF SHUNTO—

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Abstract

The three major elements of industrial relations (IR) system in Japan are lifetime employment, seniority wages, and enterprise unionism. This system is said to be based on the idea of integration of labor-management within an enterprise and that the labor union movement is to be organized predominantly within the enterprise with the least involvement of outsiders and is popularly called enterprise unionism. These enterprise unions had (have) been an integral part of Japan's economic success, had relatively stable labor-management relationship, were satisfactory for both employers and workers, and were highly appraised as one robust element shaping the competitiveness of Japanese companies. However, in course of time and with changes in economic and social conditions, the union participation rate of workers have fallen drastically, and the presence of labor union has become diluted not only in the society but also within companies. Lately, COVID-19 and consequent proclamation of a state of emergency have restricted the movement of workers and have seriously impacted their income and life standard. Under these circumstances, labor unions have demanded support from employers and the government for those who lost incomes and employments during the emergency and confinement. The government has introduced COVID-19 emergency packages to bolster the economy and retain workers' jobs. This paper makes an examination of the whole industrial relations system in Japan, its functioning and current condition, and lastly assesses the latest status quo and impact of the *shunto* (spring wage bargaining) on industrial relations in this country.

Key words: Collective bargaining, COVID-19, enterprise union, industrial relations, Japan, *shunto*.

I. INTRODUCTION

Industrial relations (IR) in Japan is generally called “Japanese-style management” and have three major elements, namely ‘lifetime employment’, ‘seniority wages’, and ‘enterprise union’. Enterprise unionism is a system whereby all employees of a company or enterprise belong to a single union with no differentiation by skills or job categories (Abegglen and Stalk, 1985, 199, 205). The term “labor relations” is also known as industrial relations, and refers to the system in which employers, workers, and their representatives directly or indirectly interact to set the ground rules for the governance of work relationships. There are other key elements, involving the government, employers, workers, and their respective organizations, which are to be considered for an accurate comprehension of IR in Japan (Deyo, 1996, 21–22). The Japanese Constitution guarantees the right to organize and bargain collectively by workers and employees up to a certain level. According to Japanese labor laws, workers can organize their union organizations and undertake collective negotiation and bargaining on employment conditions with their employers, and if such activities fail, the law gives them the right to organize a strike. Employers are in general responsible for unfair labor practices but have rights of locking out companies/facilities as “defensive” mechanism (Hanami, 1979, 73).

Recently, the IR activities have decreased considerably in Japan, and labor-management relationships have become increasingly incident-free. This has led labor unions to face diverse challenges that they have not experienced before, and consequently they have changed and undertaken various techniques to solve different labor issues (Fujimura, 2012). IR conditions such as a continuous decline of the union density, employer associations’ increasing cooperation with unions and thereby working people, increase of union membership of the non-regular employees, changes of job-related issues, and inertia in spring wage offensive (春季賃上げ闘争 or 春闘 or *shunto*) negotiation have created IR concerns completely different from those in the 1950s through the 1970s.

As a result, the national level labor union organizations have gone through a process of reorganization during the late 1990s to the early 2000s. The three national labor union organizations at present are Japanese Trade Union Confederation (*Nihon Rōdōkumiai Sōrengō-kai*) or RENGO, National Confederation of Trade Unions (*Zenkoku Rōdōkumiai Sōrengō*) or ZENROREN), and National

Trade Union Council (*Zenkoku Rōdōkumiai Renraku Kyōgi-kai*) or ZENROKYO.

This paper draws upon research carried out in the context of Japanese IR. The discussion is organized as follows. Section II gives a brief general overview of industrial relations in Japan. Section III examines some historical facts about IR in this country. Section IV highlights the *shunto* annual wage offensive. Section V addresses *shunto* in the COVID-19 years of 2020 and 2021. Finally, Section VI gives some concluding remarks summarizing the success factors and strategies implemented to overcome COVID related work and IR issues.

II. GENERAL CONDITION OF INDUSTRIAL RELATIONS IN JAPAN

The IR and/or labor union movement emerged in Japan in the second half of the Meiji period as the country underwent a period of rapid industrialization. During this period labor movement remained weak impeded by lack of legal rights, anti-union legislation, management organized factory councils, and political divisions between cooperative and radical unionists. However, the development and expansion of the labor union movement occurred after World War II (Flath, 2000). American occupation was gradually stopped, Japanese fascism collapsed, and democratic reforms had occurred under the Commander of Allied Powers (SCAP) with the General Headquarters (GHQ) exercising supreme commands in many respects.

In view of the GHQ's policy to support labor unions, the Japanese government legislated three major labor laws, the Labor Standards Law (LSL), the Trade Union Law (TUL), and the Labor Relations Adjustment Law (LRAL). The LSL regulated (s) firstly working conditions and secondly the workplace safety and hygiene was adopted on 7 April 1947 and was amended on 30 September 1998. The TUL was adopted on 1 June 1949 and was last amended on 12 November 1993. The TUL immunized union members from civil and criminal liabilities and guaranteed the worker's right to organize and to bargain collectively, whereas labor management adjustments and means of dispute settlement were specified in the LRAL, which was adopted on 27 September 1946 and was last amended on 14 June 1988. These three labor laws protected labor unions for the first time in Japan. Moreover, the government passed the Workmen's Compensation Law, the Employment Security Law, and the Unemployment Insurance Law in 1947 (Deyo, 1996, 28). These changes enabled the spread of the labor union movement in this country.

The enterprise unions originally coordinated their activities at the enterprise level. Japanese labor union movement was that labor unions developed predominantly inside enterprises and was (is) called enterprise unionism. Labor unions were originally craft unions consisting of blue-collar workers of the same profession. Due to ideological discords, the labor movement split up and created three National Centers: *Sodomei* (the Japanese Federation of Trade Unions), *Sanbetsukaigi* (the Council of Industrial Unions) which were established in 1946, and the *Churitsu Roren* (the Federation of Independent Unions of Japan) established in 1956. The Labor Relations Commissions (LRC) also created as a quasi-judicial tripartite administrative organization that consisted of members representing public interests, employers, and employees for resolving collective labor disputes. The LRCs handled both the private and public sector and played important roles in dispute-prone IR until the 1980s.

In addition, the Japan Federation of Economic Organizations, *Keidanren*, was created in 1946 and *Nikkeiren* (the Japan Federation of Employers' associations) in 1948. These organizations were merged in May 2002 and became *Nippon Keidanren*. The main role of *Nippon Keidanren* consists in guiding enterprise members in their decisions on the policies concerning IR.

In Japan, the organization of trade unions follow a vertical principle, in which most enterprise unions belong to federations and most federations belong to confederations (national center). Federations and confederations have neither right to bargain collectively nor to conclude agreements with the employers. But federations coordinate the bargaining policies at the time of the *shunto* (Spring Wage Offensive). Especially, the confederations try to keep and increase unions rights and strengths at the national level and thereby they try to avoid politics.

In 1982, the National Council of Trade Unions in the Private Sector (*Zenmin Rōkyō*) was formed with 41 industrial federations and 4.25 million members and was recognized by the four national level confederations, namely (i) *Sohyo* (the General Council of Labor Unions of Japan), (ii) the Japan Confederation of Labor (*Domei*), (iii) the Federation of Independent Unions (*Churitsuronen*), and iv) the National Federation of Industrial Organizations (*Shin-sanbetsu*). In 1987, the Japanese Trade Union Confederation (RENGO) was formed to unify union movements at the private sector, and it was merged with several public-sector federations in 1989 and is sometimes known as Shin (new) RENGO with eight million members, 61 affiliates, and 47 local organizations (Fujimura, 2012). Consequently, the four constituent

confederations were dissolved.

The RENGO is at present the largest umbrella organization of labor unions (Dore, 1990, 55). The triplicate administrative structure of the RENGO is: (i) enterprise labor unions, (ii) industrial trade union federations, and (iii) national center. Enterprise unions collect union dues and use about 90 percent of those, and the rest are paid to the industry federation of unions. However, certain groups of unions refused to be affiliated to the RENGO due to differences in ideological position. The unions in favor of communist ideas established *Zenroren* (the National Confederation of Trade unions). In addition, a leftwing faction close to socialism founded *Zenrokyo* (the National Union Trade Council). Although, there are three national centers at present, it can be deduced that there was a unification of the labor union movement in the country as RENGO became the major national center numerically.

In the bargaining process of wages hikes, the leaders of certain moderate unions are engaged in informal consultations with management and government. These consultations pave the way for the formalization of tripartite dialogue on a more regular basis (Suzuki, 2004). The Round Table Discussion Meeting of Industrial Labor Problem (*Sanrokon*) was created in 1970 as a tripartite forum enabling representatives of labor, management, and government to exchange information and opinion on labor and industrial issues. This council played an important role in wage negotiation. Other types of advisory tripartite councils were also founded and those also played a passive role in negotiation, consultation, and agreement.

Although many labor-management committees were permanently set up, their resolutions, like the labor-management agreements concluded by an employee majority representative, do not replace collective agreements. Hence, the non-union representation systems did not compensate the lack for labor unions in Japan. Although a recent bill of the government proposes changes in this regard, it is doubtful that it will be adopted due to the fierce criticisms from the RENGO and *Nippon Keidanren*.

In the current situation of IR in Japan, the role of RENGO is very important in building forward better strategies to promote activities of unions for workers and their organizations. It might shape crisis response policies and adapt internally to provide vital services to workers and fulfil societal roles as an advocate of social justice and workers' rights. Indeed, the current COVID-19 crisis can be an opportunity for the revitalization of RENGO policies, activities, and movement.

In times of this huge transition, labor unions and RENGO need to extend their support to all workers for the labor movement to keep and build on its position and relevance. The recent employment and job-related transitions include environmental changes, growing digital economy, heightening automation, and technological change, to name a few, and these might determine the capacity of the trade unions and federations to organize and provide essential services to workers.

III. SOME HISTORICAL FACTS ABOUT INDUSTRIAL RELATIONS IN JAPAN

The industrial relations (IR) in Japan were an integral part of its economic success and was relatively stable and satisfactory for both employers and workers. An OECD report in 1975 mentioned Japanese industrial relations as “a product born from the combination of various systems enforced from outside during post-war period of occupation and behavioral patterns peculiar to Japan”, and of “behavioral patterns peculiar to Japan”, which had (has) three pillars of “lifetime employment”, “seniority wage”, and “enterprise unionism” (OECD, 1975).

The Labor Union Law (*Rodo Kumiai Ho*) of 1949 created a democratic environment for organizing an enterprise union, which had contributed to increase in the numbers of labor union members. The number of unionized workers increased from only 1,000 in September 1945 to more than 450,000 1945. In 1946, about 500,000 workers were unionized anew each month in January, February, April, and May, and one million alone in March 1946. The union member was 3.7 million in 1946 and increased to 6.7 million members in 1948 and the unions density was 56 percent (Doeringer *at.al.*, 1990, 303). At the time, the unionization rate was extremely high, reaching 55.8 percent in 1949. However, it subsequently went into a gradual decline, dropping to 30.8 percent in 1980, 21.5 percent in 2000, and, most recently to 17.1 percent in 2020 (Table 1). The Ministry of Health, Labor and Welfare released the results of its annual “Basic Survey of Trade Unions” for 2020 on December 16 which reported that the number of workers who were union members stood at 10,115,000. That was up by 28,000 or 0.3 percent from the previous year of 2019. Union membership fell below 10 million in 2011 and continued to decrease until it increased again in 2015. While this was a slight increase from the 16.7 percent in 2019, in fact, it was merely a minimal rise resulting from the decrease in the total number of workers during the COVID-19 pandemic (Hamaguchi, 2021, 23).

Table 1 Labor Union Density, Labor Dispute, and Strikes in Japan

Year	Union Density (percent)	Labor Disputes (collective)	Labor Disputes with Actions	Strikes	
				Half Day	Shorter than Half Day
1960	32.2	2,222	1,707	1,053	—
1965	34.8	3,051	2,359	1,527	871
1970	35.4	4,551	3,783	2,256	2,356
1975	34.4	8,435	7,574	3,385	5,475
1980	30.8	4,376	3,737	1,128	3,038
1985	28.9	4,826	4,230	625	3,834
1990	25.2	2,071	1,698	283	1,533
1995	23.8	1,200	685	208	549
2000	21.5	958	305	117	216
2005	18.7	708	129	50	99
2010	18.5	682	85	38	56
2015	17.4	425	86	13	49
2020	17.1	320	58	—	—

Notes: (—) data are not available.

Source: Ministry of Health, Labor and Welfare (MHLW), several issues.

However, the Japanese government has historically guaranteed the right of workers to organize union activities, engage in collective bargaining, and conduct strikes and other dispute actions under the three major labor laws mentioned above, namely the Labor Standards Law, the Trade Union Law, and the Labor Relations Adjustment Law.

Sohyo, one of the then biggest and most active national trade union centers, provided national leadership and support for the strikers (Howard, 2004). As a result, strikes had been very common at factories all over the country. The general strike of February 1947 had damaging consequences for the mass workers' movement in Japan. It was the time of one strike after another, most prominently Mitsukoshi strike in 1951, Japan Federation of Coal Mine Workers' Union and All Japan Electric Workers Union Strike in 1952, Nissan, Toyota and Mitsui Miike strike in 1953, and Amagasaki Seiko, Omi Kenshi, and Nikko Muroran strike in 1954 were organized (Ebisuno, 2014, 86). It is to be mentioned here that, one of the most severe labor disputes in postwar Japan occurred at the Miike coal mine in Omuta,

Kyushu in 1959–1960. As part of a national restructuring in the coal industry in 1959, the Mitsui company announced plans to close the Miike mine, which had put thousands of miners out of work. The miners went on strike to protest the planned closures, because of which the dispute continued for over a year and attracted nationwide support.

Strikes are said an effective means of negotiating with management when the economy is good, but when the corporate performance is poor, strikes please only management. The decline in the number of strikes since the 1980s is partly due to the fact that relationships of trust between labor and management in Japan had improved, and it has become possible to reach labor-management agreement without resorting to force in the form of a strike, but one could also say that the stagnation of the economy since the 1980s has also had an impact.

Strikes declined considerably and some companies began to experience dramatic increases in productivity. Table 1 shows that in 1975, there were 3,385 strikes lasting for more than half a day and 5,475 strikes lasting shorter than half days. Thereafter, disputes and strikes decreased constantly until 2020; in 2015 there were a total of just 62 disputes, and this has gone down to 58 in 2020. In Japan, workers can strike for higher pay or fewer hours at work but not for political goals, social movements, or religious activities. The strikers should have the legal right to engage in political strikes on issues that have enormous economic impact on workers, such as consumer prices, taxes, and social security. The motive for a strike must be in accordance with social norms. This means a union cannot strike all on a sudden over demands that have not even been negotiated. Workers also cannot strike for exorbitant demands that are impossible for the company to comply with or with the sole purpose to damage the company or to interfere with its operations. Strikes must relate to workers' employment conditions or the union's relationship with the company (Japan Times, June 28, 2015).

However, labor unions have been encountering problems after the 1990s as well as in the 2000s and the 2010s especially in organizing workers in the tertiary sector and also new generation of workers. Moreover, the labor unions had to undergo many conflicts and schisms which fostered the decline of trade unionization rate. Labor unions have made weak attempts to unionize in companies. National characteristics of peace lovingness may also give additional explanations to the declining of labor union movement. As the traditional employee representation system of labor unions is facing challenge with the decline of trade unionization

rate, it is interesting to see the way the IR system is trying to solve this issue.

Lately, since the first confirmed COVID-19 case in Japan on January 16, 2020, there were many companies either going bankrupt or closing business. This was a matter of grave concern as the employment at small- and medium-sized companies were impacted. Many contingent workers, including part-timers, were forced to work at low wages and faced pay cuts comparable to the minimum wages nationwide.

IV. SHUNTO — THE ANNUAL WAGE OFFENSIVE

Shunto or ‘spring wage offensive’ is a united campaign by labor unions, led by industrial federation of unions, and coordinated nationally by national centers of unions. The annual and the associated process of collective bargaining are launched every year between February and March, the main aim of negotiations being higher wages. Collective bargaining plays a key role in industrial relations. These collective bargaining in Japan over wages and other working conditions have developed a unique form since its inception in 1955 under the slogan of “spring struggle for better life”. Groups of unions lodge their wage demands and if these are not met, they simultaneously stage repeated, short industrial actions. This system is known as the spring wage offensive or ‘*shunto*’ and leads to a system of industrial and national level coordination of enterprise wages (Sako, 1997). During economic high growth times, *shunto* was a highly ritualized affair with banners and sloganeering aimed more at being a show of force than organizing a crippling offensive. At this time of the year, serious discussions take place between the union officers and corporate managers to determine pay and adjust benefits and other job conditions. The outcome of these negotiations is influential in determining wage adjustments for members of smaller unions and for non-unionized government employees.

Indeed, the *shunto* was very successful in raising the wages of employees during periods of economic growth. Wages increased in consecutive years in commensurate with increase in cost of living and increase of productivity and profitability. Despite the many success stories, debates surrounding the role of the *shunto* have emerged in the last few years. After the two consecutive oil crises in the 1970s the economy entered into slower growth, annual wage increased moderately, and labor relations turned out mostly conciliatory. In the 1980s,

workers received wage hikes that on the average closely reflected the real growth of GNP in the preceding year. In addition, the collapse of the bubble economy by the end of the 1980s resulted in falling into a recession which was known as the “lost decade”. Employers argued that since wage increase rates were higher than the real economic growth and productivity increase rates, it was becoming difficult for them to compete in domestic and international markets. Negotiations during the *shunto* increased due to differences in the performance among enterprises, and *shunto* lost effectiveness due to the fact that unions and enterprises had to premise continuous economic growth. Under these circumstances, the *shunto* shifted from its earlier policy of seeking wage increases as the highest priority to job security and maintenance.

Given today’s austere economic climate in which wage increases are difficult, *shunto* is also making a large shift from its former policy of wage increases as the highest priority matter to job security as the matter of utmost importance. Japan Business Federation (*Keidanren*) had advocated work sharing as an important element in job security. The contents of the work sharing program consisted of such things as reduced working hours along with lower wages and the introduction of hourly wages for permanent employees and this was being discussed in many fields. Further, to confront the step-by-step increase of the age to begin receiving pension benefits at 65 started in April 2001 and requests such as an extension of the employment after age 60 were made by many unions at the 2000 *shunto*. There were negotiations on these requests and consequently many agreements were made between labor unions and management for things like the introduction of a re-employment system.

With the beginning of the 21st century, *shunto* found it difficult even to maintain the so-called annual pay increases of 2 percent impacted by the long recession, permeation of performance-based pay system, the persistent deflation in the economy, and the hollowing out of industries, among other factors. The *shunto* was being used to put forward various demands on the government for social and economic policies and institutional reforms on issues such as price stabilization, employment security, and social security and was thus to improve the living standards of workers. Therefore, unions were seriously rethinking on the traditional role of enterprise unions. The huge amounts of time and money that were devoted to the *shunto* were only yielding minor wage increases. From 2002, the Japan Council of Metalworkers’ Unions (IMF-JC) ceased to make a

unified request for hikes in the base pay (which is popularly called base-up) and eventually the phenomenon of *shunto* was ceasing to seek continued wage hikes. Therefore, management assumed that *shunto* was dead in that industrywide settlements for hikes in base pay had come to an end (Ogino, 2021, 19–20). Under these circumstances, there remained a risk that the economy would be affected tremendously, and a wage led recession would likely have a significantly negative effect on labor, job market, and nation.

Also, workers' lifestyles and values have changed over time and the young generation no longer envisages working at the same company until retirement. Some of them nowadays, when choosing their places of employment, place importance on how rewarding will be their jobs and the contributions they would be able to make to the society through their jobs (Keidanren, 2020). There would be a greater demand on the employer business enterprises to offer an environment in which diverse personnel can demonstrate their value creation capabilities to the fullest. There would be a time when Japanese corporations would consider the assurance of long-term stable employment, not the traditional lifetime employment, for their workers to be the top priority (Keidanren 2020). However, opposed to the above view of the Keidanren, the progression of the greying society, shortage of employment in some sectors, declining birth rate, and the still prevailing crave among many school graduates to work in the same employment for a long time would not influence much the nature of "lifetime" and/or at least "long-term employment" in a different way in the short future. Even though the traditional job-hunting process and the current employment system may cease to exist due to changes in the nature of the job market and labor-management negotiation for job safety, it may not bring any dramatic change in lifetime or long-term employment in a near future.

V. SHUNTO IN COVID-19 YEARS OF 2020–2022

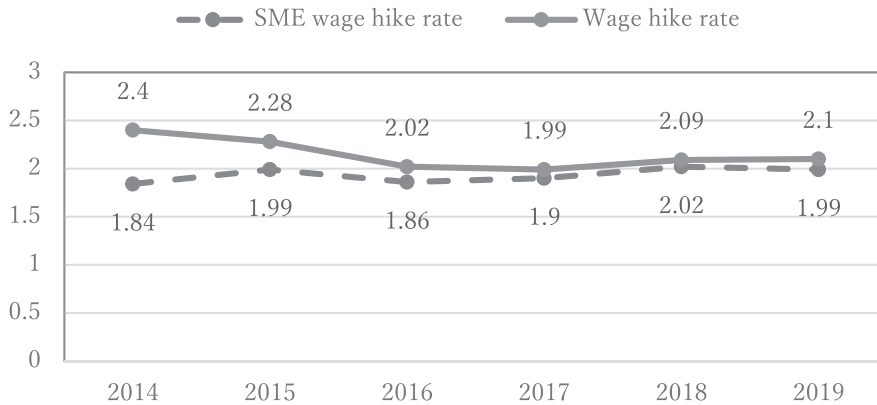
The COVID-19 pandemic, a rise of the consumption tax, a stark drop in trade with China, and a devastating typhoon Hagibis (October 12), all in 2019 have contributed to minus economic growth in 2020 in Japan. The COVID-19 is a stark a major blow all over the world, and Japan is no exception. The pandemic has impacted both aggregate demand and aggregate supply, though the supply shock is much greater in some sectors—such as tourism and hospitality—than others.

It had enormous impact on the jobs, lives, and livelihoods of workers across the country. Japan did better than other economies during a fifth wave of infections, its health care systems were not overwhelmed, and new cases have started to decline since the Olympic 2020 event.

Under these circumstances, the RENGO have faced challenges in protecting workers during COVID-19, including unemployment and underemployment as well as the women workers in the country. It is possible that the situation will transit from one based on the taking of emergency measures in the face of the pandemic toward an economic recession accompanied by a worsening employment situation. As in past economic crises and recessions, especially during the 2008 financial crisis, the Employment Adjustment Subsidy program was largely relaxed and included non-regular workers whose weekly scheduled working hours were fewer than twenty hours (Nakai, 2020).

A perception gap between the employers, *Keidanren* and the RENGO over pay-hikes turned out to be wider than in usual years. The RENGO claimed that pay-scale hikes are needed at a time when social and economic environments are changing rapidly due to the spread of coronavirus infections, while the *Keidanren* expressed its eagerness to put a priority on job satisfaction. The *Keidanren* emphasized that it was unrealistic to expect companies to consider an industry-wide or across-the-board wage increase. It pointed out an increasingly mixed picture of corporate earnings due to the pandemic. Base pay increase was an option for companies whose earnings were increasing or remained stable at high levels (Asahi Shimbun, February 12, 2021). The coronavirus pandemic has dealt a blow particularly to service-sector firms such as restaurants, transportation, hotels, leisure, and tourism, forcing them to prioritize job security over annual base pay increases. There were many companies relying on the government subsidies to retain jobs amid slumping profits (Asahi Shimbun, February 12, 2021).

In January 2019, *Keidanren* published an annual report and proposed a comprehensive policy of ‘job-based employment system’. Recommendations in this policy to abolish work hour rules and establish a pay system exclusively based on job evaluation was thought to impose on workers excessively long working hours and heavy workloads. Under this policy, workers may face the risk of death from overwork and employers can evade their responsibility to protect workers’ health. In addition, *Keidanren*’s taking the COVID-19 crisis was an opportunity to promote neoliberal policies. The COVID-19 crisis contributed to poverty and economic



Source: Ogino, 2019.

Figure 1 Wage Hike by Management in Response to *Shunto* Demands

inequality as well as shed light on the vulnerability of the socio-economic system (Japan Press Weekly, January 26, 2021).

The *shunto* demanded a substantial wage hike, the realization of a nation wide uniform minimum wage of 1,500 yen, and the measure to ensure employment security. To establish a society where everyone can live a decent life with an 8-hour workday that needs to be taken in relation to building an economy which shows resilience in COVID-19 crises situations (Japan Press Weekly, January 26, 2021). In 2020, *shunto* negotiations took place amid uncertainty over the spread of COVID-19. From fiscal 2016, the minimum wage had been raised more than 2 percent for four consecutive years (Figure 1). But because of the coronavirus in 2020, the national average was raised by just 1 yen to reach a weighted average of 902 yen per hour. At 902 yen an hour, 40 hours a week, the amount of wage workers earn in a year would be under 2 million yen. By international standards, the minimum wage in Japan is low, whereas the cost of living is higher than many Western countries. In Britain, Germany, and France, even amid the outbreak of the coronavirus, the minimum wages have risen by around 1 percent to 2 percent a year (Mainichi Shimbun, July 12, 2021).

However, RENGO has adopted three key demands: *sokoage* (raising the level), *sokozasae* (supporting the level), and *kakusa zesei* (rectifying disparities). The main goal in 2021, *shunto* negotiations is a 2-percent annual wage hike combined with a base-pay increase of around 2 percent. Small- and midsize labor unions have set targets for wage levels to narrow the gap with employees at the large companies. RENGO sought an agreement with employers for minimum hourly wage of 1,100

yen or more, covering all types of workers, such as fixed-term workers, part-timers, and contract workers. Disparity among regions was also a problem in Japan. Tokyo had the highest minimum wage in the country at 1,013 yen per hour, which was more than 200 yen higher than the hourly minimum wage in some other prefectures, such as Akita. Even considering in price differences in those regions, the delay in improvements in regional areas was clear (Mainichi Shimbun, July 12, 2021).

In *shunto* of 2022, Prime Minister Fumio Kishida suggested a target of more than 3 percent wage increase in order to overcome the problem of prolonged stagnation in the economy. The wage talks began in October 2021 with the Prime Minister urging companies to increase wages to the pre-pandemic levels. The Rengo chief Tomoko Yoshino also urged for a combined pay hike of about 4 percent with a 2 percent increase in basic pay based on seniority (Mainichi Shimbun, January 25, 2022). Corporate executives, the Keidanren, and labor unions began this year's spring wage negotiations in January, 2022, with focus on whether companies will move toward hikes as urged by the Prime Minister amid economic uncertainties caused by the coronavirus pandemic. Many companies have posted strong earnings despite higher material and other costs. In response to labor demands announced on January 18, 2022, the Keidanren urged its member firms with solid earnings to offer wage hikes along with basic pay increases to help the nation moving toward "new capitalism". The Prime Minister continuously urged both management and labor sides to agree on wage hikes at 3 percent, which in his opinion was crucial to implement the new form of capitalism (Asahi Shimbun, January 20, 2022). Finally, companies raised wages by 2.07 percent or ¥6,004 per employee and this figure was up by 0.29 percentage point or ¥824 from the previous year's *shunto* and topped 2 percent for the first time in three years since 2019. Companies with 300 or less unionized workers raised monthly wages by 1.96 percent, or ¥4,843 per employee, which is up by 0.23 point or ¥555 (Japan News, July 7, 2022). This signifies a recovery of the Japanese economy from the COVID-19 pandemic.

VI. CONCLUSION, ISSUES, AND REMARKS

The above sections describe the current situation of enterprise unionism in Japan, the issues that it is facing, and the status of labor-management relations.

The general trend in labor and industrial relations system is that the conflict among unions and management has reduced and cooperation during *shunto* has increased substantially. Labor unions have left their rigid political stands and gradually begun to cooperate with the employers and the economic and political systems. *Shunto* has served as a platform for wage talks that has been practiced throughout the industry, and unions have performed the function of representing employees at the enterprise level.

However, the major challenge is whether labor unions would be able to make their activities more visible, thereby prompting non-union members to develop a higher regard for the necessity of labor union and in turn translating union into the organization of such workers (Oh, 2021). As mentioned above, union density has been declining since the mid-1970s and the number of non-regular employees has increased significantly since the mid-1990s. The unionization rate was only 17.1 percent in 2020, that the overwhelming proportion—over 80 percent—of the workers were not union members. Even there are many enterprises that have no labor unions; wages are unlikely to rise as workers lack the capacity to negotiate wage increase. Furthermore, *shunto* bargaining power of unions has been on a constant decline, making annual talks more symbolic. This trend has also resulted in the absence of union representation in many companies, especially the SMEs.

The cooperation of the RENGO with management in working jointly to overcome hardship of the COVID-19 and its subsequent economic recession is certainly appreciable. *Shunto* accepts wage hike which barely compensates for the lost purchasing power, reassignment to different jobs, work groups, or even different firms, and works earnestly with management to increase productivity and improve quality of life. However, Prime Minister Kishida should enhance his income redistribution policy for the creation of a “new capitalism”. As an immediate measure, the government had considered providing cash relief (¥10,000 yen) for those who are suffering financially due to this prevailing pandemic. The target of government was to bring the economy back to pre-pandemic levels with help from stimulus measures in the fiscal year 2022. It was projected to grow 3.42 percent in the fiscal year 2022 after shrinking 5.37 percent in fiscal year 2021. But economists have cautioned that such a view would be too optimistic and that a recent resurgence of infections with new virus variants could even stall the recovery in the first quarter of 2021 (Japan Times, January 4, 2021). The severe surge in the COVID-19 infection rate in July 2022 may downgrade the optimism

of growth in 2022. However, Japanese trade unions may embark on a new outlook of coexistence with the COVID-19 and adopt measures and activities that protect workers' rights during this and similar unpredictable crisis.

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