



。新成長戦略
. The **NEW** Growth Strategy

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Contents

Introduction	... p.2
I. Sustainable Capitalism	... p.3
II. Future Vision for 2030	... p.7
III. Action Toward 2030: Growth Strategy	... p.9
 1. New Growth Through DX	
 2. Transformation of Work Styles	
 3. Regional Revitalization	
 4. Rebuilding the International Economic Order	
 5. Realization of Green Growth	
Conclusion	... p.15

Introduction

The current pandemic has forced the global economy into recession and shed light on the disparities that had been growing wider under capitalism.

Under these circumstances, as a major player in a capitalist society, the business community has a duty to co-create and provide value from interactions with diverse entities through business activities and to actively engage in finding solutions to challenges such as environmental issues and economic disparity.

Declaring a basic philosophy of sustainable capitalism as a new form of capitalism, Keidanren proposes a growth strategy that places emphasis on the following three challenges.

The first challenge, to make capitalism sustainable, is to correct the disparity between nations, between generations, between occupations, and between regions, through expansion of the economic pie and its proper distribution.

The second challenge is the focused expansion of investment in the future to enable sustainable growth into the future. This includes the education of children and young people, support for families with young children, support for young researchers, and investment in next-generation technologies.

The third challenge is to envisage a future vision of the economy and society in 2030, the target year of the SDGs, and, by backcasting from there, to clarify the particularly important actions to be taken.

By starting with those actions that we can put into effect now, we can anticipate economic measures that will return us to a path of strong economic growth.

The title of this policy proposal signifies our strong intention to put a period to conventional strategies and to indicate a new one. We are recommending the major direction we should pursue going forward.

The road ahead will certainly not be smooth, but we are resigned to the fact that the extension of our current path of gradual reform offers no future for capitalism, and we intend to take bold steps to embark on this new strategy.



Chairman, Keidanren

A central globe with green and blue continents and oceans is surrounded by 18 colorful circles in a ring. The circles are in various colors including green, grey, red, gold, pink, orange, yellow, and teal.

I. Sustainable Capitalism

Background

Digitalization and globalization have combined to manifest a sense of remorse about shareholder supremacy and a growing awareness of social issues.

The values that multiple stakeholders are seeking from corporations has been increasingly diverse and complex.

Growing business for the survival of corporation, while also satisfying the needs of multiple stakeholders is becoming a global trend.

Japan's business community must also redefine and reaffirm the business principle of sanpo-yoshi (business should benefit buyer, seller, and society), and work to ensure that Japan becomes a pioneer in updating its capitalism and achieving sustainable growth.



World Economic Forum

- States that corporations must serve not only its shareholders, but all stakeholders



US Business Roundtable

- Major corporations in the US have signed a commitment to all stakeholders

Increasing diversity and complexity of demands by multiple stakeholders

- Corporations are not necessarily fully meeting the demands of their multiple stakeholders
- To realize sustainable growth, corporations need to notice the following changes stakeholders' demands, as well as the gap between those demands and the corporations' approaches, and to resolve them



Changes in Consumers

Digital technologies made it possible to capture diverse needs and deliver various services. Consumers are finding more significance not only in the functions and performance of goods and services, but also in the diverse value that they can offer, including improving their own lives and solving social issues.



Changes in Workers

Workers' lifestyles and values are changing. Young people, in particular, no longer envisage working at a same company until retirement and they are instead placing importance on how rewarding they find their jobs and the contributions they can make to society through their work.



Changes in Local Communities

In some regions, while industry-academia-government collaborations that take advantage of the region's characteristics and strengths are bringing life back into those communities, elsewhere, corporations' competitiveness has declined. This is creating a vicious cycle in which people are leaving the regions, exacerbating their decline.



Changes in the Global Community

US-China conflict is becoming an immutable trend, countries are starting to turn inward and adopt stronger stances of national particularism. The survival of the free trade system is in crisis. Japan is unable to demonstrate its value and abilities to its full potential due to lack of adequate skills in information gathering, communication and negotiation.



Changes in Awareness of the Natural Environment

The development of the human race is endangering the sustainability of the global environment to be passed onto future generations. Under these circumstances, corporations are being called on to be more considerate of the mitigation of and adaptation to climate change as a premise of their activities.

Establishment of Sustainable Capitalism Through Society 5.0

The keys to capitalism being sustainable are to include and co-create the diverse value sought by multiple stakeholders.

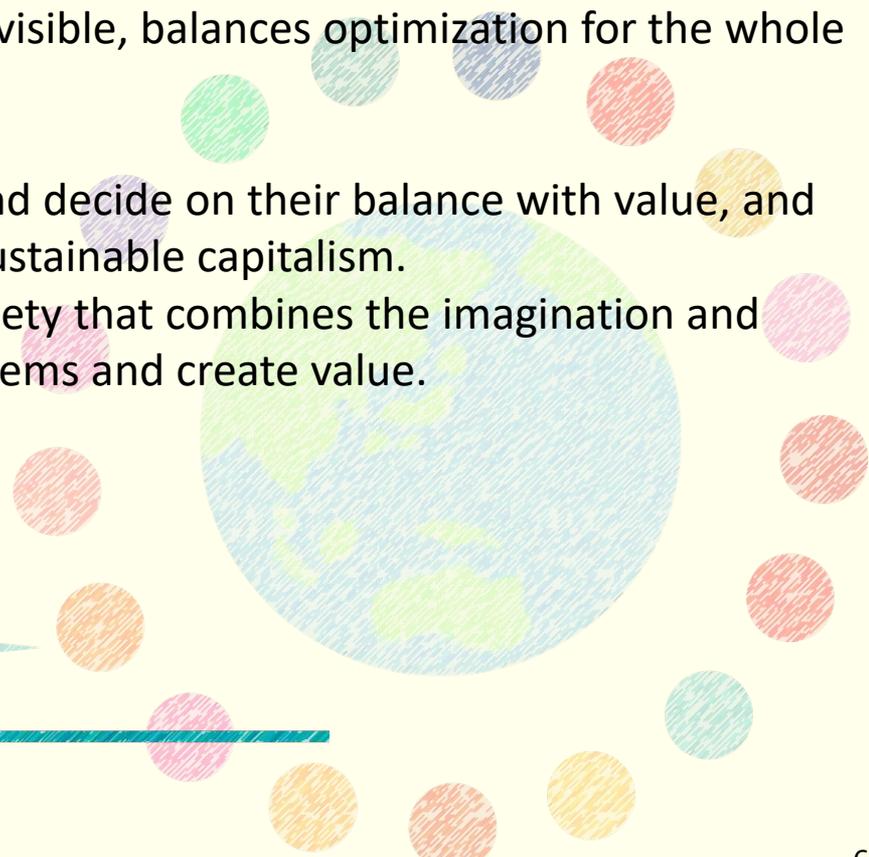
The only way to accomplish sustainable growth is for corporations to embrace the demands of their multiple stakeholders and co-create value with them through dialogues.

The key to this is digital transformation.

Digital transformation, or DX, makes social issues visible, balances optimization for the whole and the part, and creates diverse value.

In this DX, it is humans who will discover issues and decide on their balance with value, and it is human wisdom that will be at the center of sustainable capitalism.

This is none other than Society 5.0, a creative society that combines the imagination and creativity of diverse people with DX to solve problems and create value.



Society 5.0



II. Future Vision for 2030



Future Vision for 2030

Bring together the wisdom of diverse stakeholders and establish **sustainable capitalism** with Society 5.0, which co-creates diverse value through DX

2027 2028 2029 **2030**

Value Co-creation with Consumers

A society that consumers find easy to live in through DX

Maximize consumers' experience value through the digital transformation of healthcare, education, supply chains, and public administration
Realize new growth through deploying business globally

New Growth Through DX

Value Co-creation with Local Communities

A society that leverages the regions' strengths to continually create value

As the flow of human resources to the regions progresses, diverse entities will co-create value in local communities
Ecosystems will become the core of regional growth
Realize resilient and sustainable regional economies and societies

Regional Revitalization

A society that balances the sustainability of the global environment and an abundant lifestyle

Value Co-creation with the Earth's Future

Declare "Carbon Neutrality by 2050" as a vision of society to aim for and take on the challenge of creating innovation as an entire nation
Deploy technology to contribute to the decarbonization of the world

Realization of Green Growth

Realization of Society 5.0
II
Establishment of Sustainable Capitalism

Rebuilding the International Economic Order

A society that collaborates globally through Japan's proactive involvement

Value Co-creation with the Global Community

Lead the expansion and deepening of the free trade and investment system, while proactively ensuring economic security
Realize global sustainable growth by engaging in solutions to global issues based on international collaboration

Transformation of Work Styles

Value Co-creation with Workers

A society that offers flexible work style and opportunities for diverse career paths

Individuals' ability to create value is demonstrated to the maximum and the productivity of society as a whole increases
Realize sustainable growth combined with the recovery of the birth rate through improvements to work-life balance

The future vision we hope to realize in Japan and the world by **2030**, centered on **co-creation of value** with the following five stakeholders



III. Action Toward 2030: Growth Strategy



1. New Growth Through DX

New healthcare that will maximize individual well-being

- Promotion of individual-focused healthcare using life course data
- Digitization of medical and nursing care delivery frameworks, starting with online consultations, etc.
- Development of new data-driven treatments and preventive and recuperation healthcare services

New learning that will unleash future talent

- Promotion of education tailored to the individual using learning data
- Deliver education to cultivate future necessary skills to suit the individual's abilities and characteristics
- Diversification of educational content through online education and digital textbooks; assurance of equal education opportunity

Common Foundations that will Realize New Growth

- Promotion of data use and AI-readiness
- Expansion of investment in young talent and R&D
- Advancement of start-ups
- Deployment into global markets through rules formation
- Promotion of individual inclusion

New public administration that will respond swiftly to diverse needs

- Provision of convenient online services through the thorough implementation of the three principles of digitalization under the Digital Agency
- Provision of new value through the use of the My Number system
- Construction of new regulatory frameworks that will not impede innovation

New supply chains that will create resilience and value

- Digitalization and standard-ization, network development
- Automation and efficiency improvements employing robots and self-driving vehicles, etc.
- Building and optimization of platforms using IoT and AI

2. Transformation of Work Styles

Shift to more flexible work styles that are not confined by time or space

- Create value through flexible work styles, use it for evaluations and compensation/benefits
- Combine online and offline and pursue most productive work styles
- Management that increases engagement and inspires maximum value creation ability
- Establish new working hours legislation appropriate to a creative society



Human resources mobility to enable diverse, multi-stream careers

- Re-examination of simultaneous recruiting of new graduates, life-time employment, and seniority systems. Reskilling workers.
- Concentrated investment in “re-learning” to encourage the smooth shift of labor to growth areas
- Visualization of learning and experience through the coordination and use of educational and professional background data



Promote active participation in the workforce by diverse people

- Actively promote diversity of societies and organizations.
- Re-set targets for women’s active participation in the workforce at higher levels.



- Raise percentage of women in board director positions to over 30% by 2030.



- Conduct full-scale debate about acceptance of foreign workers and establish the environment for them to actively participate in the workforce



Concentrated investment for a society in which it is easy to have and raise children

- Clearly position recovery of the birthrate as a national priority
- Provide insurance cover for fertility treatment. End the problem of long waiting lists for childcare. Prioritize and expand child allowance.
- Recovery from career delays due to maternity and parenting leave. Encourage men to take parenting leave.



3. Regional Revitalization

Promotion of human resources mobility

- Diverse work styles
Remote work, two-region residence, workations
- Degree of satisfaction equal or greater than metropolitan centers
High-quality public administration, education, and medical services; rich natural value

Large corporations

- Joint research, operational tie-ups, equity investment, human resources support, etc.

Regional start-ups

- Create unicorn companies

Business community

- Create matching opportunities between large corporations and other entities

Building of resilient and sustainable social infrastructure

- Reduction of maintenance and replacement costs through DX, disaster readiness
- Local production/local consumption of energy

Regional universities

- Provision of core technologies
- Strengthen competitiveness through mergers and restructuring

Building of Value Co-creation Ecosystem

- New business creation
- Global expansion with unique technologies
- From tourism-oriented MaaS to total lifestyle industry
- Optimization and global roll-out of food value chain etc

Local governments

- Formulate distinctive growth strategies that leverage the region's strengths

Strengthen competitiveness of regional industries, universities, etc.

Tourism industry

- Add value through DX
- Ensure safety and security and provide individualized services

Regional SMEs

- Improve productivity with IoT

Agriculture, forestry, and fisheries Food industry

- Turn into growth industries with DX and regulatory reform

Regional banks

- Supply appropriate funding through improvement of function as regional infrastructure
- Strengthen competitiveness through mergers and restructuring

National government

- Support for DX
- Comprehensive special zones
- Support for global roll-out

4. Rebuilding the International Economic Order

Ensuring proactive and strategic economic security

- Deployment of proactive and strategic diplomacy with the improvement of international competitiveness through innovation creation as the top priority
- Identification of foundational technologies, emerging technologies, and strategic commodities
- Development of mechanisms to ensure the protection of sensitive technologies and the stockpiling and stable supply of strategic commodities
- Strengthen intelligence of economic sector

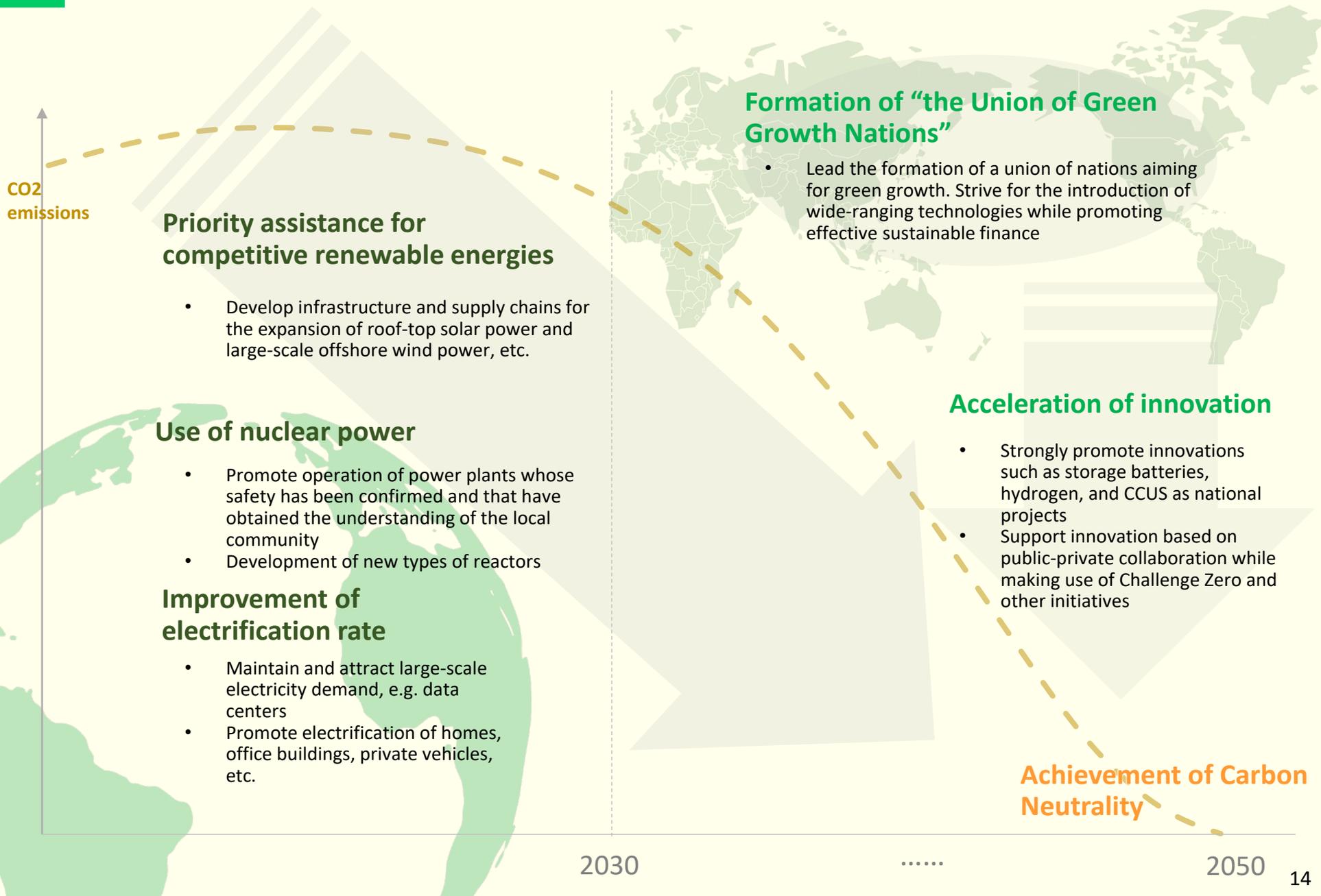
Maintenance, expansion, and deepening of free trade and investment system

- Realization of Free and Open Indo-Pacific (FOIP)
- Expansion and improvement of quality of economic partnership agreements
- Swift formation of rules in response to changes in economic activities
- Development of overseas infrastructure systems
- Capacity building in emerging economies
- Attraction of outstanding global talent and generous funding

Formation of Coalitions for Solving Global Issues

- Promotion of realization of Society 5.0 on a global scale, contribution to solutions to global issues
- Communication and provision of specific problem-solving measures to the global community
- Multilateral private-public sector dialogue
- Active deployment of private-sector diplomacy

5. Realization of Green Growth



Conclusion

The keys to the realization of sustainable capitalism will be the visualization of issues and creation of solutions through DX, or, in other words, the realization of Society 5.0. For the business community to put this into action, **reforms of regulatory systems and public administration** are essential.

Through wise spending that concentrates investment on the key areas described here, the government should recover and grow the economy and **draw up a path that will lead to fiscal consolidation.**

Corporations will **co-create value with multiple stakeholders** through their business activities and **build stories and actively disclose information** to achieve that.

At the same time, investors also need to clarify their investment stances.

The business community hereby declares that, through dialogue, collaboration, and co-creation with diverse entities, it will **steadily implement the actions** stated in this growth strategy, **starting with those actions that can be taken immediately.**

Keidanren

Policy & Action