Section 2 Responding to Changes in the Structure of the Labour Supply

When employees are in the early stage of their careers, they should receive training in company and thereby build the foundation for their future working lives. Companies should be committed to educating young employees and retaining them. Though many companies find it difficult to enable all that hope to work until 65 to do so, they should respond proactively to such a need. Firms also need to provide their employees with information on not only work but also on many other aspects of life.

Companies also feel regular employees' long working hours are a problem. While increased numbers of non-regular employees are engaged in key operations, it is important to treat employees fairly. The new modes of working, such as telecommuting, may offer a solution to a wide range of problems. In addition, quite a lot of companies have already seen the effect in the increased use of female workers. In terms of optimal placement of human resources, companies foresee an increased use of non-regular employees; however, they should not be so focused on promoting efficiency that they disregard such factors as employee satisfaction, etc.

(Development of Young Employees)

When employees are in the early stage of their career, they should receive training in company and thereby build the foundation for their future working lives. However, companies are cautious about recruiting young people. At the same time, a number of young workers quit their jobs soon after joining a company, which creates a grave social concern because they are losing the opportunity to develop vocational skills. This is a problem not just for employees but one that also influences the future growth of companies. Therefore, companies should be committed to educating young employees and retaining them (Figure 57). In particular, Japan should make every effort to avoid the situation where the skills of baby boomers, who are fast approaching retirement at 60, are lost along with their departure from work life (Figure 58).

(The Second Life of the Elderly: Ongoing continuous employment)

The background, behind which some companies decided to extend the retirement age beyond 61 years old, show their position to actively utilize the skills of elderly workers. However, there are many who find problems with retaining all the staff that wish to work until 65. On the other hand, some companies, whose policy it is to include all employees who want to work until 65 in the candidate list for continuous employment, are responding to the situation proactively and gradually solving the problems associated with this move. These companies seem to feel that the problem arising from including all that wish to continue working in the target group of continuous employment, was not as much of a concern as they had initially expected. Companies must address continuous employment proactively if they are to develop in a way that meets the needs of society, where declining population and aging/declining birthrate and as baby boomers approach retirement are expected to come about.

In terms of the forms of re-employment and extended employment, a number of companies answered that they hire former employees as "non-regular employees" or hire them "on a lower wage".

Additionally, most companies currently do not provide employees with information that may be useful for post-retirement life planning including continuous employment, other than on work. However, in order for business to progress and for the employees to realize their aspirations, companies should offer a wide range of information covering areas outside work.
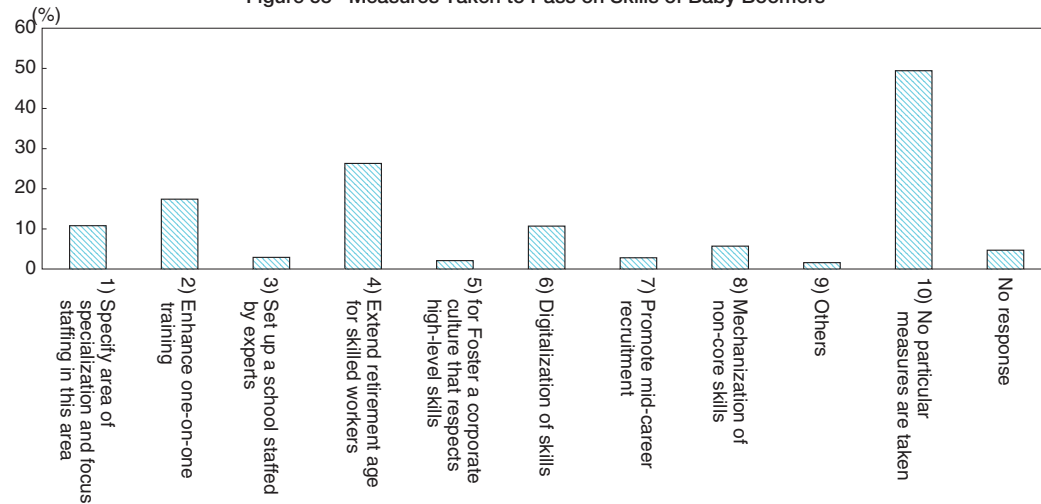
Figure 57　Approaches to Retain Young Employees
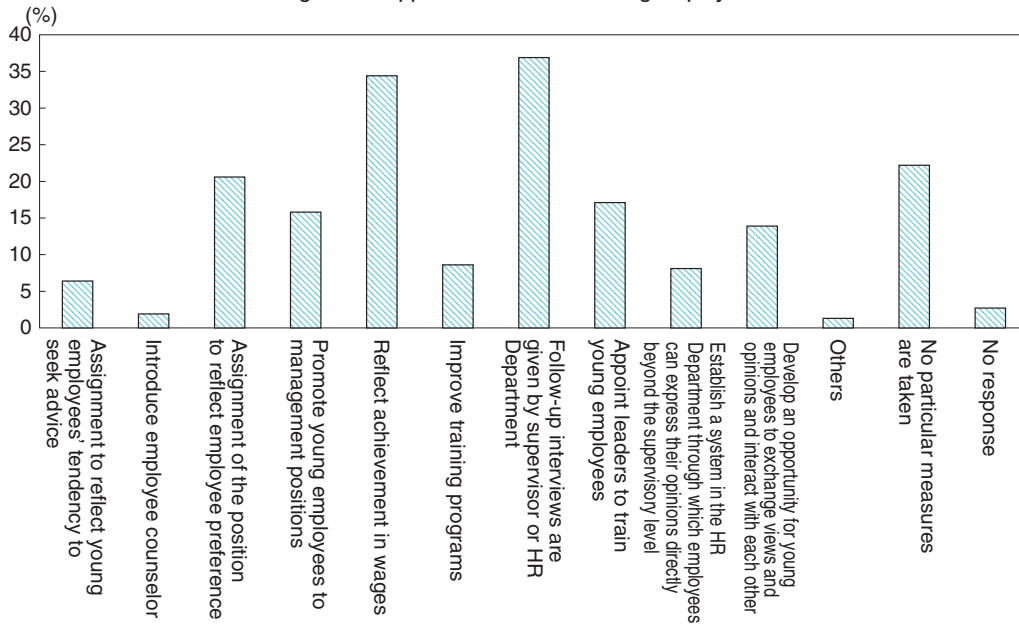
Source: The Japan Institute for Labour Policy and Training, "Study on the Personnel Strategy and Vocational
　　　　Awareness in a Society Experiencing Declining Population" (Corporate Study, 2004)
Note:　　The above result reflects multiple responses.

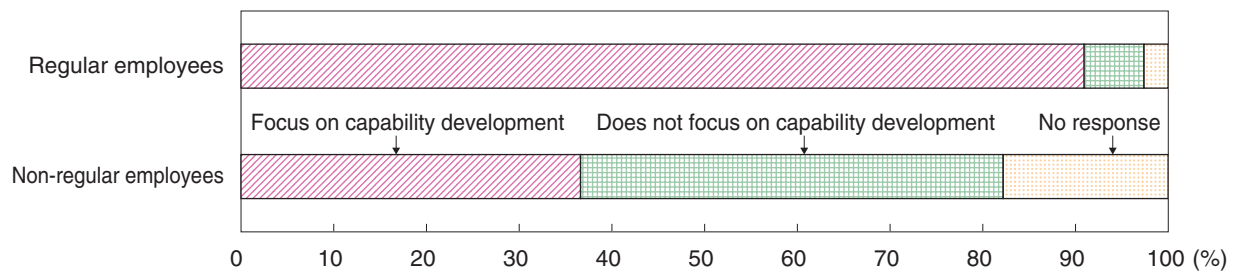**Figure 58　Measures Taken to Pass on Skills of Baby Boomers**

Source:　The Japan Institute for Labour Policy and Training, "Study on the Personnel Strategy and Vocational Awareness in
　　　　a Society Experiencing Declining Population" (Corporate Study, 2004)
Note:　　The above result reflects multiple responses.　The exact wording of the selective answers are from left to right:
　　　　1) Specify area of specialization at risk of diminishing and focusing staffing in those areas; 2) Enhance one-on-one
　　　　training through OJT; 3) Set up a school staffed by experts where skilled workers train successors through Off-JT;
　　　　4) Make full use of skilled workers through extended retirement and continued employment; 5) Foster a corporate
　　　　culture that respects skilled workers by establishing and applying the "Meister" title; 6) Digitalization and
　　　　documentation of skills; 7) Employ skilled workers from other companies, without training successors;
　　　　8) Mechanization, simplification, and outsourcing of non-core skills; 9) Others; 10) No special measures are taken.

Figure 59　Capability Development Policy

Source: The Japan Institute for Labour Policy and Training, "Study on the Personnel Strategy and Vocational
　　　　Awareness in a Society Experiencing Declining Population" (Corporate Study, 2004)

(Diverse Approaches to Job Assignment)

In terms of job assignment, there is a pattern in which the regular employees are assigned to core tasks, while most of the non-regular employees are assigned to routine jobs. However, companies have found that there are some problems associated with this orthodox personnel strategy, including long working hours and lack of balance between work and personal life.

Furthermore, amid the increase in the active utilization of non-regular employees and their expanding role in core tasks, there is a possibility that they are not treated appropriately for the work they do. The opportunity to develop skills may not be offered to non-regular employees as often as to regular employees (Figure 59). It is an important issue for companies to treat both regular and non-regular employees in a fair and appropriate manner.

Other forms of work, such as work at home, etc, enable workers to work while having contact with family and the community, and offer a key to solving various problems.

While some companies are still cautious about active utilization of female workers, many companies see the advantage of using them (Figure 60). Company support for women to help them to maintain a balance between work and family life is critical if these women are to remain in the workforce. High expectations are held that business will explore this issue in the future.

(Optimum Assignment of Human Resources)

Turning to employment patterns, a majority of companies responded that they will "focus on long-term employment but expand the proportion of part-time employees and dispatched workers, etc." A large percentage of companies expect an increase in the employment of direct-contract employees, part-time employees (short hours, and other work modes), and dispatched workers. The reasons for employing non-regular employees are explained as follows. Contract employees and dispatched workers are seen as an adaptable fighting force that can potentially be used to fill professional posts or become part-time employees (short hours and other work modes), and can be used to save wages and to respond to fluctuations in employment that depend on business and economic trends. As such, it is apparent that companies try to ensure optimal placement to increase productivity by modifying the employee structure in accordance with the nature of employment patterns and work requirements (Figure 61).

As discussed above, companies are trying to ensure optimal placement to increase productivity, but in terms of the number of employees by type of employment, they expect the total number of employees to remain unchanged with a slight decrease in regular employees and some increase in non-regular employees. They also consider it preferable for the wage difference among regular employees to widen. As for non-regular employees, non-routine job assignment may increase. Firms consider it appropriate to have a modest reduction in the wage difference among regular employees.

The optimal placement and streamlining of operations undertaken only from a company viewpoint, without taking into consideration the satisfaction, motivation and aspiration of employees, makes employees unhappy and has a serious impact on business productivity. For example, a high proportion of existing employees at a company that reduced the number of employees responded, "they cannot feel optimistic about their work life".

It is important for employees to have role models at work or someone to consult with about their job if they are to lead an enjoyable professional life. In particular, it is essential to have a superior as a role model and as someone to consult with (Figure 62).

**Figure 60   Reasons for Promoting Positive Actions and Their Impact**
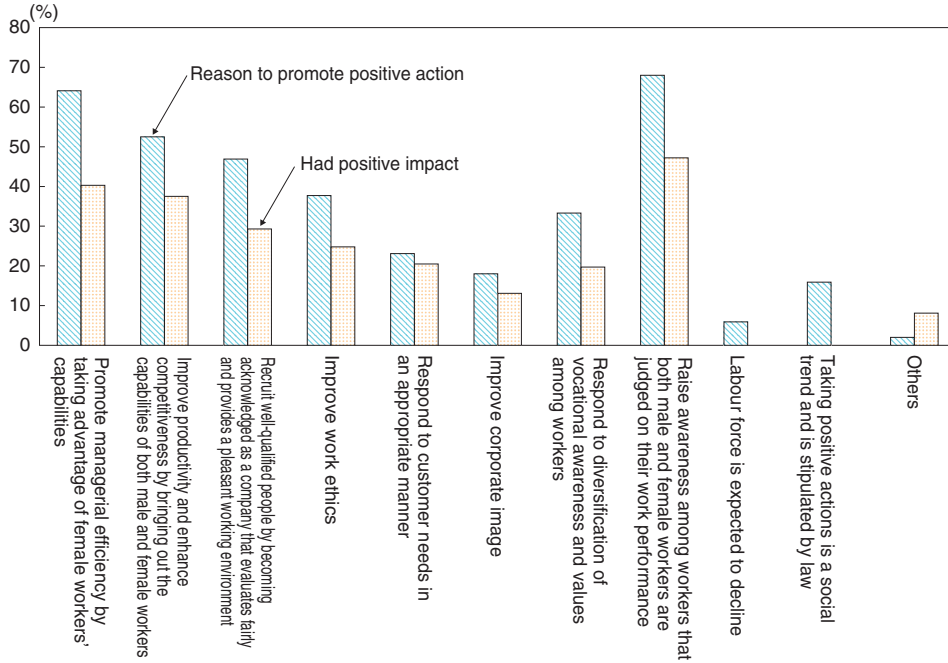
Source: MHLW "Basic Survey of Employment of Women" (2003)
Notes: 1) The above result reflects multiple responses.
         2) The reasons given to promote positive actions are indicated in the proportion (%) of companies which have either
            "already taken measures" or "plan to take some measures" (assume the rate of these companies is 100).
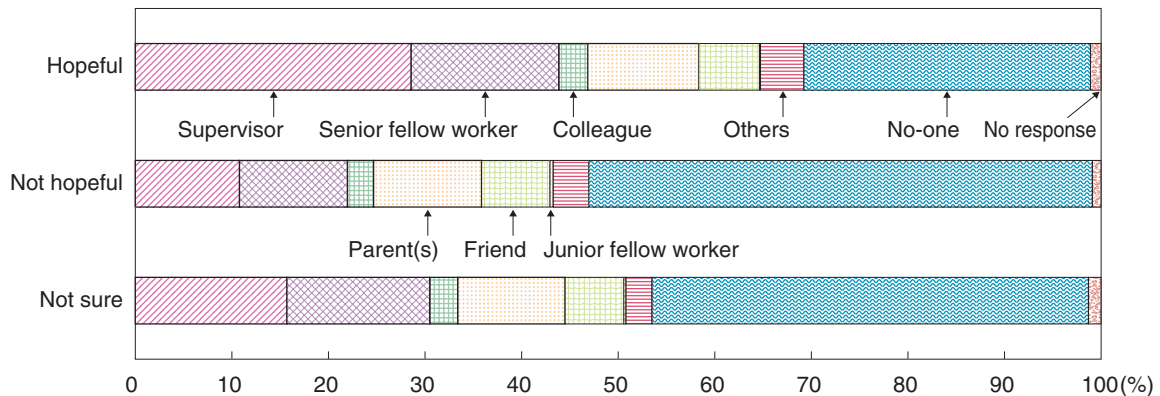
Figure 61   Reason to Active Utilization Non-Regular Employees
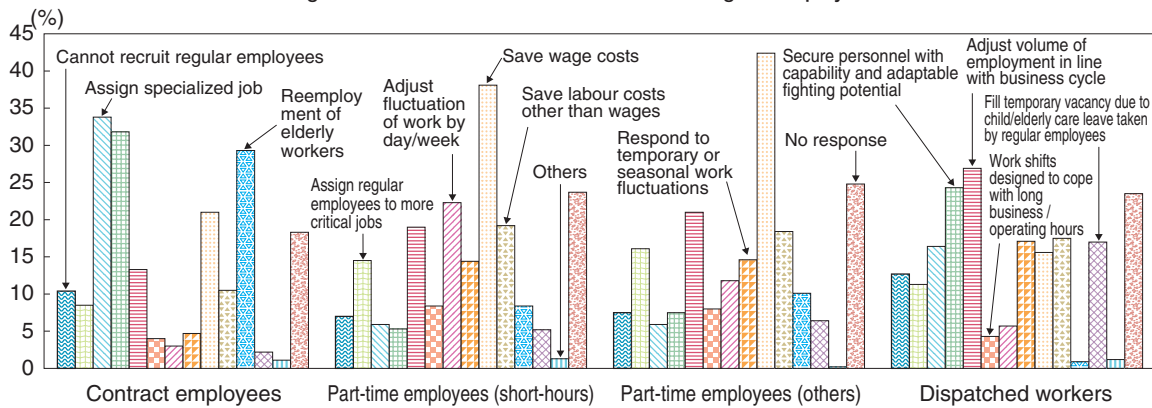
Source: The Japan Institute for Labour Policy and Training "Study on the Personnel Strategy and Vocational Awareness in a
        Society Experiencing Declining Population" (Corporate Study, 2004)
Note: The above result reflects multiple responses.

Figure 62   Model Figure in Professional Life by Degree of Potential

Source: Specially calculated by the Office of Counselor in charge of Labour Policy, using the Japan Institute
         for Labour Policy, MHLW and Training "Study on the Personnel Strategy and Vocational Awareness
         in a Society Experiencing Declining Population" (Employee Study, 2004)

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