

Summary

The challenges facing our society, which is experiencing a reduction in population, a progressively larger proportion of elderly and declining birthrate, are to ensure stable economic growth and maintain the vitality of the economy with the participation of all employed people who will provide each other with mutual support. It is also important to motivate as many people as possible to work and to exercise their abilities. With a view to sustaining motivation and helping people to reach their full potential, it is essential to take steps to raise motivation and promote self-reliance among young people, respond to the wish of the elderly for ongoing work so long as they remain in good health, and to build the kind of society that meets the professional needs of female workers.

In terms of management strategies and personnel policies in the face of an approaching population decline and aging/declining birthrate, it is important to provide various options, options as possible, offer opportunities to develop skills, and implement appropriate performance reviews. Though, in the past, the proportion of non-regular employees has steadily increased, companies are expected to consider seriously how they can achieve the right balance between regular and non-regular employees in their workforce. At the same time, noting that an increase in the number of non-regular employees may risk producing polarization in terms of both vocational skills of workers and income level, further discussions on how to achieve this balance, and possibly also on the subject of re-classification of employees, need to be conducted.

The purpose of labour policy is to create "a society where everyone can work". Its mission is, first, to review working styles and promote a balance between work and private life. Second, it aims at facilitating human resource development to stimulate workers' motivation and help them to exercise their existing skills. Third, in line with an effort to promote comprehensive labour market policies, it is critical to create an employment system that promotes tolerance as this will enable a broad range of people to work in a multitude of ways.

(Major Challenges Facing a Society with a Declining Population)

Though Japan is approaching the time when its population will start to decline, it is essential that it maintains sustainable economic and social development. Thus, increasing labour participation rate by motivating more people to work, and realizing labour productivity by drawing upon the abilities and potential of workers has become very important. To achieve the goal of creating an affluent "society where everyone can work" - by having everyone deepen their relationship with society through work and having them exercise their abilities - labour policy is expected to address following major issues.

[Review of Work Patterns and Balance between Work and Private Life]

First, traditional work patterns should be reconsidered, and professional and private lives be balanced, allowing everyone to participate in their community through work and support each other. More people, including women and the young, will be motivated to work provided harmony between their professional and private lives can be established through social support, thus enabling a balance between work and family. Providing the elderly with a wide range of opportunities for work and social participation encourages them to be in a position where they can support society themselves. It is important to address the social issues and to support workers by reconsidering the traditional approaches to work, and by creating an environment where everyone can work throughout their professional lives, with good balance between their professional and private lives, so that they can have longer and stronger contacts with the community in which they live.

[Enhancement of Human Resource Development to Raise Motivation and Activate Skills]

Second, with increased focus being placed on skills and knowledge, labour policy should aim at introducing proper performance evaluation and providing the opportunity for human resource development, in order to raise workers' motivation and utilize their abilities fully. To achieve this goal, companies need to play an active role in implementing for human resource development programs, raising worker's motivation and fostering their abilities (in response to the particular requirements of the jobs to which they are assigned), and to establish an effective employment management system. Office communication, including labour relations, must also be facilitated. The efforts to develop vocational skills should be made on a continuous basis, with proactive support from highly motivated employees. Workers' initiatives to develop vocational skills are also important. The country must enhance the quality of the social infrastructure in order to raise workers' motivation and improve their skills, through providing more opportunities for self-development and establishing multifaceted education and training programs.

[Promotion of Comprehensive Labour Market Policy]

Third, with a declining population, a comprehensive labour market policy should be established to achieve sustainable economic development by improving workers' motivation and ability. In addition to preparing the labour market to accept more people, it is critical to provide willing people with proper opportunities for work and employment. An integrated approach must be followed to build a sophisticated industrial structure and create employment opportunities. It is important to foresee which field of industry is most likely to offer employment, and personnel development should be conducted from a long-term perspective. At the same time, the demand for labour, personnel development and employment support must be handled in an integrated and comprehensive manner. Sustainable economic development of the entire country means providing support for development across a broad range of regional communities. Thus it is important to enhance support to secure and develop human resources in individual regions.

(Toward a New Employment System)

While the trend in the postwar Japanese economy was towards growth coupled with an increasing population, there were periods of severe recession that forced structural changes. The prevailing employment structures were also questioned.

The common goals in any discussion on the employment system has always been how to stimulate the vitality of corporations and industry, and how to raise the motivation of workers and take the best advantage of their skills so that they could also feel that an affluent society was being brought into being.

Japan will face large changes in both total population and population structure in a few years. The change means a fundamental shift in the postwar Japanese economy, and more people now argue that the employment system should be modified before these demographic changes occur. As the economic environment may change dramatically, some are of the view that even the employment systems, which were effective in the past, should be reformed from scratch.

Among these discussions surrounding employment systems, it is notable that all the concerned parties including the government, workers and employers have focused on the improvement of workers' motivation and active use of their abilities, but the importance of achieving this goal is even more pressing as the country is facing a declining population. Our predecessors have established Japan's employment system through their untiring efforts. Thus one should recognize that the current system still has many advantages that need to be passed on.

The employment system, which has been applied broadly by Japanese companies, is a mechanism whereby workers are recruited and assigned from a long-term perspective. It has also been used to foster high quality human resources through unflagging efforts to develop worker capabilities, supported by performance reviews. Based on long-term personal relationships and close communication at work, teamwork was made possible, and it is this kind of teamwork which has been highly rated, as the outstanding results seen in this country are attributable in no small part to it.

As such, from a long-term perspective, an employment system which allows flexible placement within the company can play an important role in stabilizing employment and personnel development. Yet, in the face of economic slowdown and the shift in the industrial structure, such an employment system has proved hard to sustain and there have been severe labour disputes over this issue between employers and employee. Particularly, since the 1990s, the recession that followed the bursting of the bubble economy became so severe and the pace of globalization and shift to information technology so fast, that tougher-than-ever competition emerged and intensified and the existence of a number of companies was threatened. In such a situation, companies were forced to place a priority on reducing costs and seeking short-term profits, while continuously increasing the proportion of non-regular employees.

However, the Japanese economy has gradually recovered. The country is now in a good position to reconsider its future employment system in a rational manner from a long-term perspective, in the context of a declining and progressively aging population, and low fertility. Even under these severe economic conditions, there are many companies that demonstrated their superior managerial ability by focusing on employment stability and personnel development.

As previously discussed, Japan must aim at creating "a society where everyone can work", reconsider work modes, and establish an employment system that promotes tolerance, as this will allow more people to work in a variety of ways. The current employment system in Japan has the advantages of providing stable employment and good personnel development, which have been achieved through the efforts of both employers and employees. In the future, by retaining the outstanding advantages of traditional systems, it is important to recognize and value the ability of each worker properly, decide on placements that reflect the employee's initiative, focus on the strong points of individuals and adopt the merit system, as this approach makes best use of the abilities and skills of individual personnel.

It is essential for the country to create a new employment system, where more people become motivated to work and demonstrate their abilities to their fullest extent. By stepping up such efforts, Japan can expect to survive in an environment with labor supply constraints and retain a brisk pace toward achieving sustainable development.