

Trial Report on Desirable Employment Strategy in Japan

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Introduction/The Purpose and the Nature of this Report

Referring to the severe economic conditions in Japan, the years centering round the 1990s are often called the “lost decade.” However, it was actually starting 1998 that the country’s employment conditions made a turn for the worse. Recently Japan’s economic conditions began to show improvements and the unemployment rate declined accordingly. However, it can be said that the standard level of the unemployment rate had maintained a relatively high level. It could be stated that for corporations which hire employees, their employment capacities have weakened in the sense that they are no longer able to offer stable employment opportunities. This is evidenced by the fact that the recent increase in the employment rate in most cases is found in the area of nonpermanent employment.

At the same time, the labor participation rate has been decreasing in recent years. It can also be said that the “employability” of workers has also become weaker overall. Of course such phenomena are largely due to the severe employment conditions in recent years, but it is best to expect such conditions to continue for a while yet, just as the aftereffects of an illness can last over a long period.

Among the structural changes related to employment that will take place in the future, the greatest are the decline in population and birthrate, and the growing proportion of elderly people. It is difficult to say with certainty how such changes will affect the future of Japanese economy. However, there is one thing that can be said without question. That is that such decrease in “capabilities of employment” seen in recent years is not a desirable shift, and that in this era of population drop, it is actually essential to increase such capabilities.

Consequently it can be said that for the coming era, the most important task is to reexamine the overall policies related to employment not in a narrow sense but with a broad perspective, and respond in a precise and comprehensive manner. This is where the basic premise is found for the demand of the times on which the policy system is developed as “employment strategy.”

Based on the aforementioned basic awareness and problem consciousness, the Japan Institute for Labour Policy and Training (JILPT) launched a research project entitled “Research on the desirable employment strategy in Japan” (research period is scheduled for October 2003 through March 2007). Under this research, preceding case examples of OECD and EU are studied, and related basic survey research has been promoted. This report is compiled based on past research by the researcher in charge at JILPT.

The report consists of two major parts. The first section examines what “employment strategy” entails in the first place, and why such a strategy is necessary at this time. The second section attempts to present examples of models for possible formulation of employment strategy if it were to be developed at the present time, on the premise that they are simply research-based theories.

Part I Employment Strategy and the Need Thereof

In Part I, the prerequisite conditions for an “employment strategy” to be considered a *strategy* rather than being merely equated with an “employment policy” will be studied by throwing light on such issues as to what the term “employment strategy” ought to be assumed to mean in the first place, as well as the main constituents for its compilation and implementation. Consequently, this section serves as a premise for the examples of employment strategy plans for Japan that this paper attempts to present in Part II.

Chapter 1 Defining the Fundamentals of an Employment Strategy

1-1 What is a “strategy?”

While it is said that “the essence of the concept of a strategy is a well thought-out plan regarding a fundamentally vital issue with a focus and emphasis on activities,” it is understood that a strategy must fulfill the following conditions at the very least:

1- Established objectives for required action

Although it is indispensable for a strategy to be backed by a definite prognosis and vision at the very outset, a projection or vision itself does not constitute a strategy, which therefore needs to contain “objectives” with “a defined action plan” based on policy decisions. It is desirable to set a quantified objective to the extent possible, in order to bring clarity regarding

the level of achievement vis-à-vis significant issues.¹

2- A complete mobilization of all related policies (and therefore measures) with a view towards achieving the established objectives, and the provision of necessary guidelines for the systematic implementation thereof.

In the context of employment, a “full mobilization of policies” would mean to take into account a wide range of related policies, such as macroeconomic, fiscal/financial, industrial, education, social security and welfare policies without restricting the scope to the confines of the employment policy alone, and to provide the requisite guidelines for implementing the measures.

3- Ex-post appraisal and verification of the strategy based on the level of achievement of the objectives

A strategy stipulates a fixed target year, and is appraised from that point onwards for the level of achievement of objectives. In case so required it is expected that a strategy for the following period is also formulated. It is, however, necessary in that case to not be solely preoccupied with whether the quantified objective has been achieved or not. This is because it is not entirely impossible that laying excessive stress on quantified objectives could result in the passing of extreme policies, thereby hindering performance as a whole and resulting in loss. It is imperative that one assesses, as objectively as possible, the different changes that have been brought about through the different mechanisms deployed in the case of each individual strategy, and to then provide comprehensive judgment.

¹ To cite an example, the employment strategy of EU includes the following quantitative objectives (for target year 2010).

- * “Full employment” objective: Overall employment rate of 70%, with a 60% employment rate for women and 50% employment rate for senior citizens (55-64 years of age).
- * Employment support mechanisms objective: Youth and members of the general public who have lost their job are obliged to receive within six and 12 months respectively from the day they lost their job the employment support initiatives such as vocational training etc. 25% of the people who have been out of work for an extended period of time will receive dynamic job support.
- * Retirement age objective: Raise the retirement age by five years.
- * Childcare support objective: Provide support for 90% of the children older than 3 years and younger than school-going age, and for 33% of children below the age of 3 years.
- * Lifelong education objective: Provide for at least 12.5% of the working population age (25-64 years) to participate in lifelong education programs.

1-2 Keystones of the concept of “employment strategy” and the parameters that need to be contained therein

With the aforementioned refining of the concept of “strategy,” a subsequent tentative refinement of the concept of “employment strategy” can be said to result in the following definition:

An employment strategy, while being based on long-term socioeconomic forecasts, should establish both the policy objectives for responding to the fundamental issues related to employment, as well as a timeline for achieving these objectives. It does not restrict itself to the confines of the employment policy alone, and mobilizes all related policies-- such as macroeconomic, fiscal/financial, industrial, education, social security and welfare policies-- with the aim of achieving the identified objectives. It includes the guidelines and frameworks required for the systematic implementation of these measures, and is appraised and verified on the basis of achievement of objectives both at mid-term as well as ex post points.

Based on this definition, an employment strategy needs to comprise the following points:

1- Fundamental issues related to employment based on long-term socioeconomic forecasts

The “issues” referred to here require a basic awareness of the direction of structural changes in the social economy rather than short-term economic fluctuations, based on which the fundamental employment-related issues should be identified.

2- Policy objectives in response to the fundamental issues outlined above in (1), and the time period for achieving these objectives

It is desirable that a policy objective, together with providing a principle and/or an orientation, also provide quantified objectives wherever it is possible or essential. In cases where objectives have been established, a necessary level of prioritization should be done rather than mere sequential setting.

3- Pillars of the policy with a view towards achieving objectives

The pillars of the policies for implementing and achieving the objectives are to be presented. An employment strategy includes the pillars of the policy as well as the guidelines thereof, and it is neither necessary nor desirable for it

to include details to the level of concrete institutional design. On the other hand it is imperative that the guidelines that are essential for providing a direction that enables the individual policies to have conformance while working towards the achievement of objectives within the socioeconomic mechanism be provided in the strategy.

4- Creation and request for a hierarchical strategy

One can consider including provisions to formulate a hierarchical strategy in response to the comprehensive strategy and to also promote its formulation. There are a large number of cases where it is imperative that a strategy be formulated based on the hierarchical structure. One can consider formulating hierarchical strategies at different levels such as the regional strategies, labor organization strategies, strategies of corporations, citizen groups or NPO to derive from as well as assist the national strategy.²

5- Appraisal and verification of the employment strategy

The last chapter of the employment strategy should clearly state the method and system for the appraisal and verification of the strategy.

Chapter 2 The Constituents of Employment Strategy

In this chapter we take a look at what constitutes employment strategy.³

1- Central government

In Japan the major constituent of employment strategy formulation is the central government, which takes a central role in formulating employment strategy.

2- Supranational organizations

The formulation of employment strategy is currently being carried out in international organizations such as OECD, EU and ILO, as well as among

² Note that the term “hierarchical” used here does not simply indicate the superior-inferior relationship or strategy-tactic relationship but a “coordinated effort” paid to achieve the strategic objective. Each constituent should primarily formulate its strategy on its own within the scope necessary to achieve the essential objective and should not be obligatorily formulated under nation’s (central government’s) regimental power.

³ The discussion on the “constituents” of strategy, in particular the constituents of policy formulation, is in its current format of a strong theoretical hue in character. It is the position of this paper that employment strategy should be developed in a realistic manner, through a process whereby strategy is specifically formulated and implemented.

federations of nations. It is anticipated that this trend will continue in the future. However, in such cases, Japan may find useful in a secondary sense or as a point of reference in the formulation of employment strategy.

3- Social partner

In the case of dealing with problems concerning employment, there are many who point to the so-called government-management-labor triumvirate in terms of social partners, and it should be considered that employment strategy could be based on agreement or consensus among these three. However, in the immediate future in Japan, it is hard to imagine that government-management-labor could reach a comprehensive agreement to which they could all sign on to jointly with regard to employment strategy. What is first necessary is for a participation structure to be established in some form.⁴

4- Local government

Local government plays an important role as the implementing constituent of policy. Its role in employment strategy is no less significant. When implementing employment strategy each local government will likely have its own emphasis in terms of the issues elucidated in employment strategy, and the implementation of policy may be similarly diverse. Accordingly, in addition to local governments participating in some format in the central government formulation of employment strategy, it should be expected that local governments also acquire a degree of responsibility for compilation of localized version of strategy, based on the central model.

5- Civil society, NPO

Among the various civil society organizations and non-profit organizations (NPO) a number are engaged in activities dealing with employment issues. Although under current circumstances it would be difficult for organizations such as these to become part of the compilation process for employment strategy, it is necessary to endeavor to ensure that their opinions are reflected, at the very least by utilizing the public comment process.

From the above it is evident that in the future, or at any rate for the time

⁴ There are various methods for participation, including management-labor participation in formulation meetings, the establishment of a tripartite Council on the issues, or public hearings. At the very least, at the final stage of formulation, both management and labor should be given a forum in which their views can be heard and respected in a fair manner.

being and immediate future, the main constituent for compilation of employment strategy on a national scale will continue to be the central government. It is also realistic to consider that in addition to the main role taken on by the central government, local governments, and management-labor organizations will also participate in the process, with the opinions of civil society organizations and NPOs also being reflected in the formulation process.

Chapter 3 Necessity of Employment Strategy in Japan

This chapter considers the necessity for the formulation of employment strategy such as that described above. In this paper, the basic socio-economic trends that clearly show the necessity for the formulation of employment strategy will be mainly utilized.

3-1 Making government policy as a whole “employment friendly”⁵

In previous systems, what most resembled employment strategy was the “Basic Plan on Employment Measures,” which was based on the Employment Measures Law.⁶ When comparing the various characteristics of the Basic Plan with the aforementioned employment strategy framework, the most prominent difference is that the policies in the former plan were mostly confined to employment policy in its narrow sense,⁷ but the latter strategy will fully mobilize all related policies.

Of course employment strategy must be harmonized with plans pertaining to the economy in general, but economic plans themselves should not form the focus for the issues incorporated into employment strategy.

⁵ In this paper “employment friendly” is not limited to employment policy in a narrow sense, but is instead defined as a revision of policy in general from an employment perspective, and as something that can contribute qualitatively and quantitatively to the promotion of employment.

⁶ The Employment Measures Law was formulated in 1966, and the Basic Plan on Employment Measures is stipulated in its second chapter. This plan has been formulated since 1967 and the 9th such plan began in 1999.

⁷ Here it is possible to clearly define “employment policy in its narrow sense”. In other words, policy relating to employment under the jurisdiction of the Ministry of Health, Labour and Welfare.

3-2 Structural Changes: The need to focus on employment

This brings us back to the issue of whether current and future employment should be judged as a strategic priority or not. This paper would like to elucidate a number of structural changes that argue that such a priority is warranted.

1- End of the “people who only work” model

In the past it used to be the case that full-time employment was viewed as the ideal, stable form of employment, and it could be said that work was the most important (or the only) thing on which people based their lifestyles. This way was in fact the “people who only work” model. At the basis of this model came the assumption that work-related issues could only be solved at the workplace. However, as has been demonstrated in many cases with the entry of women into the workplace, the number of people who clearly place value on parts of their life other than work has increased. As living standards have reached a certain level, even male employees have come to share this viewpoint. In addition, the increasing numbers of people retiring due to the aging society phenomenon is only serving to increase the proportion of people who are not “people who only work.”

These trends, which are linked to diversity in work and employment patterns, have raised the issue of how to harness the skills of people who are not “people who only work.” In addition, and in the same vein, the issue has arisen of selecting or harmonizing between work and the other activities in a person’s life to which they attach importance. This could well be said to be an issue that is not limited to employment policy in its narrow sense, but is one that requires implementation in harmony with other related policies.

2- End of the “full employment policy” era through public investment, etc.

In the past it could be said to be the norm that the “full employment policy” through public investment was adopted in a time of economic decline. In particular, for the regions with a weak industrial base, employment creation through public works had a significant effect. However, this kind of policy began to cease to function at around the end of the 1980s and beginning of the 1990s. It ceased to function from the dual aspects of effect and feasibility. In terms of effect, the quantitative effect of employment created through public spending declined and employment created by public spending no longer necessarily matched the needs of those seeking employment. In addition, in terms of feasibility, the severe fiscal situation in which central and local

governments found themselves meant that this policy was no longer able to be implemented. In such an era the only option is to work to achieve employment creation that does not rely on public spending. At the same time, public spending should be made with the aim, as before, of creating the required public assets.

3- Decreasing population, declining birthrate, aging population and the social security system

In order to maintain the vitality of the Japanese economic society under circumstances of gradual population decrease, coupled with declines in the birthrate and increases in the aging population, a policy focus has to be the way to secure workers with vitality and skills. In addition, in order to also maintain a stable social security system under the current population demographic, it will be necessary to create a society in which people with the will and capability can find work and make sure that such people's skills are duly harnessed.

Part II Example of An Employment Strategy Plan for Japan (author's private idea)

Part II aims to offer an example of a strategy for employment in Japan, based on considerations regarding the employment strategy framework discussed in Part I. This is merely a draft of one possible strategy that is offered as reference for subsequent practical and full-fledged policy discussion.⁸

Employment Strategy ~Objectives and Policies~

**—Toward realization of a society where all people can enhance and
make the most of their careers—**

I Structural Changes in Economic Society and Employment Strategy Challenges

When looking at the future prospects for Japan's economic society from the standpoints of employment and working, the greatest challenge will be maintaining and improving the vitality of the economy and society amid decreasing birthrates and population aging. As explained below, we can discover several strategic objective challenges from several basic structural change factors. Among these, raising the productivity of working people is of particularly fundamental importance toward overcoming the challenges of depopulation and declining birthrates combined with population aging amid changes in the global economic structure accompanying economic globalization. The number one strategic objective to this end is strengthening human resources capability.⁹ Strengthening human resources capability is also

⁸ The footnotes in this section do not represent items envisioned for incorporation into the employment strategy plan example, but rather are intended to be explanations that make the plan example easier to understand.

⁹ The expression "human resources management" has come into use from the standpoint of creating a new personnel and labor management flow at firms, wherein employees are considered important management resources and firms work to cultivate and utilize them as such. Similarly, "human resources capability," not mere "quality of human resource," is intended to express the aggregate occupational capability possessed by the people from the standpoint of the country as a whole. Our intent is that "human resources capability" as set forth in the body of this report

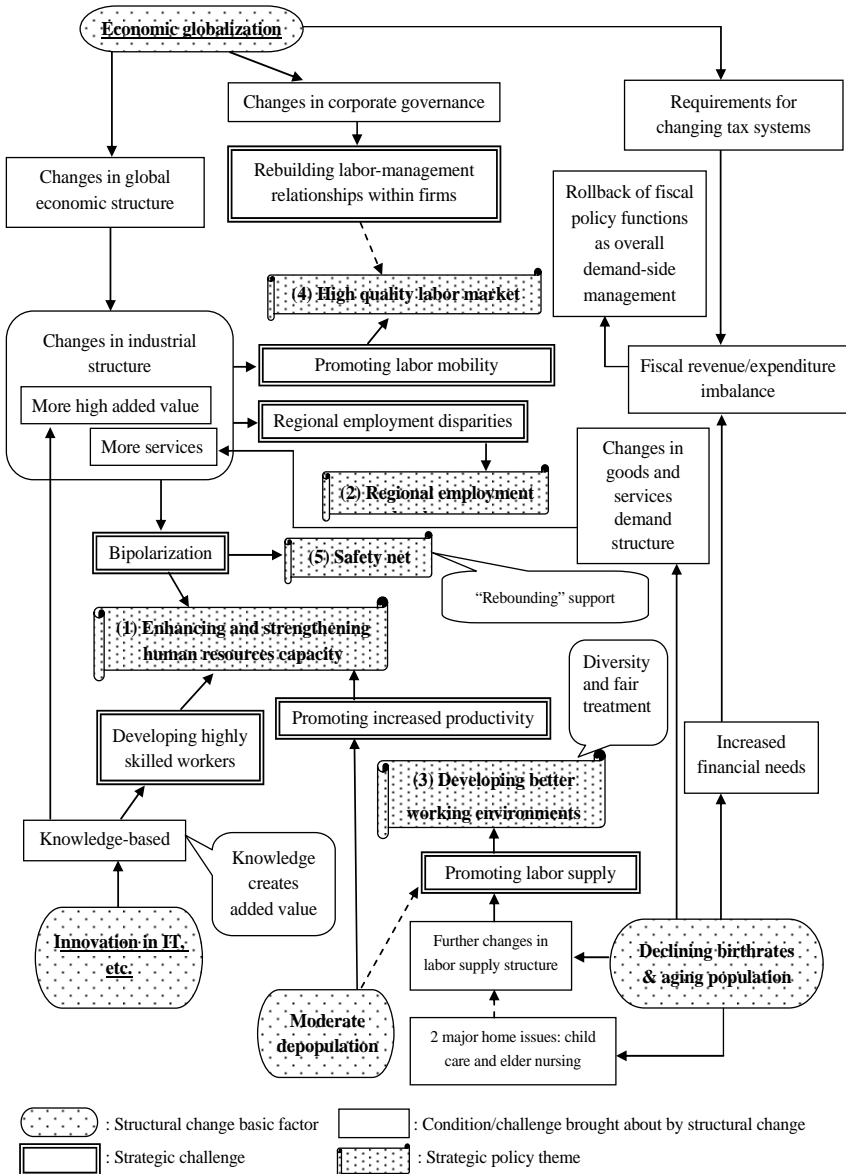
important for developing good employment opportunities, and for appropriately addressing the problem of youth employment, which is a major social challenge now facing Japan.

(Structural change and employment strategy challenges)

The structural change that will govern the framework of Japan's future economic society in the medium to long term includes two factors on the economic structure front (advance of globalization, and technological innovation centered on IT) and two factors on the population structure front (moderate depopulation, and declining birthrates and population aging). We will now outline our thoughts on what kinds of strategic challenges these four factors present to Japan's economic society (see Diagram).

will be interpreted as a comprehensive concept that includes not only so-called "highly skilled workers" but also latent potential centered on skilled human resources and youth.

Diagram Economic and Social Framework and Strategies



1. Enhancing and Strengthening “Human Resources Capability”

1-1 Developing highly skilled workers toward realizing a knowledge-based society

The advance of IT and other technological innovations require Japan to make a qualitative transformation into a “knowledge-based society” where knowledge creates added value. Therefore, we are posed with the challenge of developing highly skilled workers.

1-2 Capability base development aimed at increased productivity

Efforts to increase labor productivity are needed in order to achieve economic development in the face of the decrease in labor supply accompanying moderate depopulation. For this purpose, the challenge of developing an occupational capability base for working people is raised. A particularly important challenge will be developing the highly skilled workers who will take the lead roles in the knowledge-based society of the future, as well as the skilled human resources that will support it.

1-3 Fundamental capability development to counter bipolarizing trends

While high value-added sectors exist in the knowledge-based society, at the same time, the future economic society will be fraught with bipolarizing trends. There is also the need for low-productivity sectors to exist to a considerable extent, due to changes in the demand structure for goods and services accompanying declining birthrates and population aging, and the potential for IT and other technological innovations to create various technological divides. Therefore, we will be posed with the challenge of fundamental capability development, including the cultivation of incentives to work.

2. Employment Development with Regional Focus

2-1 Addressing structural change of manufacturing-dependent regions

Due to changes in international industrial structure due to economic globalization, we will be posed with the challenge of major structural change to the economies of regions that heretofore have been dependent on manufacturing industries for employment opportunities.

2-2 Breaking away from regional financial dependence

Due to economic globalization, a shift in tax structure from direct taxation

to indirect taxation through international standardization of tax systems is required. Japan is currently in such a transitional period. At the same time, declining birthrates and an aging population are structural growth factors for fiscal demand centered on the social security system. Therefore, structural imbalance of fiscal revenue and expenditure also occurs, ensuring regional employment through financial dependence centered on public sector investment is becoming infeasible, and we will be posed with the challenge of self-sustaining employment development in regions.

2-3 Regional employment development for the knowledge-based society

In a knowledge-based society, small-scale employment development becomes the mainstream. Therefore, we will be posed with the challenge of making regions the main employment development entities.

3. Creating Environments Where Diverse People Can Work Easily

3-1 Have motivated people work as much as possible

Under conditions of moderate depopulation, there will be a greater need than in the past to have as many motivated and qualified people work as possible, including those with potential. Therefore, we will be posed with the challenge of developing an environment in which people can work under appropriate conditions.

3-2 Realizing diverse ways of working and fair treatment

Under the circumstances of decreasing birthrates and population aging, changes in the labor supply structure along with people's changing perceptions are bringing about the need for diverse ways of working. Therefore, we will be posed with the challenge of developing an environment for diversification of working and employment formats and greater flexibility of working hours, as well as formation of a social consensus regarding fair treatment concerning these conditions.

3-3 Harmony between work and family issues

Again, amid decreasing birthrates and population aging, harmony is required between issues that are clearly related to family life, especially childrearing and family care, and work. Therefore, we will be posed with the challenge of developing an environment that makes it easier for working men

and women alike to balance work and family life.

3-4 Preparing an environment for the retirement process of the baby-boomer generation

In particular from 2007, when people of the so-called “baby-boomer generation” begin to reach their sixties, we will be posed with the challenge of preparing an environment for a gradual and smooth retirement process, including the continuation of work while sufficiently tapping into resources.

4. Rebuilding Systems for Labor Supply-demand Matching and Determining Working Conditions

4-1 Matching system for diverse ways of working

We will be posed with the challenge of developing a system that effectively and efficiently joins the diverse human resources needs of the knowledge-based society with the needs of people who desire diverse ways of working

4-2 Promoting smooth labor mobility

Changes in cross-border economic structure due to globalization and changes in IT and other innovative technologies will in a sense bring about great economic change and cause changes in Japan’s industrial structure. Therefore, we will be posed with the challenge of a transformation of the industrial makeup (employment structure) in which people work, in other words, promoting smooth labor mobility.

4-3 Rebuilding labor-management relationships within firms

With the influence of economic globalization as one of the factors, changes in corporate governance at Japanese firms can be seen. These changes mean reviewing stockholder-company relations. However, against a backdrop of declining trade union membership ratio, we are posed with the challenge of reviewing the concept of the company-employee relationship as well, and in particular reviewing systems for determining working conditions.

5. Strengthening support for rebounding ~Reconsidering the Social Safety Net~

5-1 A safety net that supports rebounding

As explained earlier (see 1-3), the future economic society will be fraught with bipolarizing trends. Therefore, we are posed with the challenge of preparing a social safety net that facilitates early rebounding for people who have been forced to leave their jobs or who have failed in business.¹⁰

5-2 Reviewing the social safety net from the standpoints of employment and working

As explained earlier (see 3-1 above), under conditions of moderate depopulation, we will need to have as many people work as possible. Therefore, we will be posed with the challenge of reviewing the social safety net from the standpoint of promoting employment and working.

II Fundamental Principles Pertaining to Strategic Challenges

Section II presents fundamental principles that must serve as a bridge in responding to the strategic challenges raised in Section I that must precede the setting of strategic objectives and disclosure of the direction of key policies to achieve them.

1. Importance of the “Quality of Employment”

In order to respond to strategic challenges, we need to emphasize more the qualitative aspects of employment. Improvement of the “capabilities of employment” in our country ought to be based more on aspects of quality, rather than of quantity. Quality of employment includes not only the basic aspects such as securing the safety and health of the workers, and maintaining and improving their health, but also the provision of well-equipped working conditions and environments in all aspects of labor conditions, where at the same time the ability of all workers are being given full opportunity in their jobs and considerations are given for how their abilities can be further improved and their careers be developed.

The first policy priority should be to plan to create an environment where

¹⁰ The building of a society that supports rebounding is one of the most important national issues concerning Japanese society today. This is true not only for economic aspects such as employment and business, but also for school education, capability development and many other areas. It is necessary to build a society that not only permits second chances after a first try ends in failure, but also in some way even commends those who try again.

the market function is well utilized and displayed so that equality is sufficiently established in setting up working conditions between employers and employees,¹¹ and work is being done under the conditions that the employers and the employees have agreed upon through negotiations.

Also, the word “employment” used in this employment strategy is not limited to employees in employment relationships, but also to self-employed individuals and it can even include volunteers who work for NPO.

2. Consistent Coordination with Related Policies

In order to respond to strategic challenges, it is required that various policies be executed consistently and systematically. All policies need to be implemented in coordination with one another while keeping consistency within the mechanism of the economic society of our country to move toward an achievement of the strategic objectives that will be established in III; such policies include not only employment policies in the narrow sense, but also macro economic policies, financial policies, industrial policies, educational policies, social security and welfare policies.

3. Policy System Encompassing a Private Sector Approach ~ Strategies Open to the “Private Sector”

Most of the employment in Japan is generated by activities in the private economic society, and in employment strategies we need to take into account not only management and labor, but private companies, NPO and other

¹¹ “Equality” should be based on a collective labor & management relationships (it is desirable to have a labor union in the background but it also includes any relationships where labor management negotiations and discussions related to decisions of labor conditions are made with group participation). On the other hand, it can also be considered to invoke evaluation in the labor market to be used for judgment. In other words, when high wages are paid, “equality” can be assumed to be there in general. High wages are evidence that the employer evaluates the worker’s ability highly; therefore, it is unlikely that the employer is forcing the worker to work to exhaustion, and where that is not the case the worker will quickly move to another company. Therefore, for such personnel, it is adequate to consider easing of labor conditions significantly, except for the most basis labor conditions such as safety and health, and the prohibition of slavish restraint. However, the wage amount classification shouldn’t be lower than 200,000 yen/month as seen in the white-collar exemption system in the U.S. To say the least, it needs to be significantly more than the average salary of regular member employees. In my opinion it should be at least annual salary of approximately 8,000,000 yen or more.

citizens' groups, and all working people. In addition, efforts consistent with the strategic objectives need to be encouraged and measures to provide incentives need to be taken as required.

4. Labor Market Policies and Social Policies, Their Allotted Roles and Coordination

Employment policies and measures become effective by being consistent with the mechanisms of economic society centered on the labor market functions. Therefore to achieve the strategic objectives we will focus on policies that improve the functionality of the labor market, and aim to support related parties in making active efforts in the labor market and remove any obstacles. Meanwhile, for issues that cannot just be left to the market we will continue to take up social policy measures. In those cases, however, we will still keep in mind the allotted roles and coordination between labor market policy and social policy approaches, focusing on consistency toward the achievement of our objectives, while recognizing that, basically, policies and measures based on a social policy approach also function within the mechanisms of economic society.

III Strategic Objectives and the Direction of Key Policies

In Section I we selected 5 strategic challenges with regard to employment/work, based on the structural change of the economic society in Japan. In Section III, based on fundamental principles for responding to strategic challenges confirmed in Section II, we will set strategic objectives that respond to each of the challenges, establish key policies toward achieving these objectives, and show the direction for each of the policies and measures to be consistently and systematically implemented and attain the best effect.¹²

(Period of Strategic Objectives)

The period targeted for these objectives is from 2007 when the first baby boomers (born between 1947 and 1949) start to turn 60 years old, to 2020 when all members of that generation are 70 years old or older.

¹² “Employment strategy” shows the direction of policies and measures rather than an accumulation of separate concrete measures. Concrete steps will be planned and implemented following this direction by each responsible organization.

1. Strategic Objectives and Policy Direction for Enhancing and Strengthening "Human Resources Capability" ~Creating Human Resources to Support the "Knowledge-based Society"~

1-1 Strategic objectives

In order to improve the quality of employment as well as to raise productivity which is fundamental for the economic society, foster and develop highly skilled personnel to leadingly support the "knowledge-based society" where knowledge can add value, and skilled personnel to support growing industries in systematic coordination among school education, vocational skill development organizations and enterprises. In the meantime, enrich education and training to enable the smooth transition of labor.

Also, encourage systems and efforts based on the idea of "career rights" while actively supporting voluntary skill development of workers.

In order to prevent people from being excluded from the "knowledge-based society," provide sufficient opportunities to endow fundamental knowledge and skills necessary to reduce factors that cause various divides due to technological innovations.

1-2 Key policies and their directions for strengthening human resources capability

Reinforcement of human resources capability is the most critical strategic objective in order to vitalize our country's economic society.

In order to implement policy measures regarding human resources capability effectively, a close coordination focusing on employment and work among school educational institutes and public and private occupational skill development organizations and enterprises is required. In addition it is also necessary to prepare an environment where efforts by workers themselves for voluntary skill development are promoted. Furthermore, it is also indispensable to incorporate the idea of "career rights" which supports these efforts from an aspect of legal principle.

By doing all of the above it is intended to improve employment quality from the skills aspect, to increase economic productivity as well as to control the income gap growth which has been referred to as bipolarization.

However, despite all of the strategic measures, if we still face a labor shortage, we will consider having foreigners work in our country mainly as highly-skilled and skilled personnel through the establishment of an

appropriate and effective system.

(Pillars of the policy)

- 1- Preparation of administrative organizations to comprehensively advance measures for strengthening human resources capability
- 2- Prepare an environment where workers can make voluntary efforts for their own capability development
- 3- Developing highly skilled personnel
- 4- Developing skilled personnel
- 5-Basic educational training including raising incentives for working
- 6- Career rights¹³

2. Strategic Objectives and Policy Direction for Employment Development with Regional Focus

~Creating Regions that Have Capacity to Generate Employment ~

2-1 Strategic objectives

In order to develop and secure good quality employment and work opportunities, re-structure related policies including industrial policies and financial policies from this point of view comprehensively as well as promote employment development strategies based on regional independence and autonomy.

2-2 Key policies and their directions for employment development

It is expected that new employment opportunities will be created in small lots and bearing closely to regions just as was seen in the contents industry under the conditions of the “knowledge-based society” and growing service economy. Furthermore, it is now impossible to create employment opportunities using financial funds directly in regions as was done in the past, and it is not desirable either. Each region needs to develop and create employment as spontaneous economic activity utilizing local material and human resources, and preparing that environment will be an important policy direction.

¹³ It is a right for workers to improve their own professional abilities throughout their professional careers. This right should be respected as a programmatic right in general but we will consider this as including the right to request action if needed in specific cases such as a request for work, etc. We will encourage systems and efforts based on the “career rights” concept, while keeping the strategic objectives of strengthening human resources capacity in mind.

Therefore it is important to implement policies to promote startups of businesses for employment opportunities in the regions and to support their business stability, and it is necessary to review and reorganize various related policies from the points of view of employment and work development. When doing this it is desired to view other work places including NPO. In addition it is also important to support planning of “regional employment development strategies” based on each region’s independence and autonomy so that these local efforts can be delivered effectively.

Through these actions, good quality employment opportunities will be delivered and it will help to reduce the imbalance of employment opportunities between regions.

(Pillars of the policy)

1- Review and reorganization of various related policies from the employment development point of view

2- NPO support

3- Planning regional employment development strategies

3. Strategic Objectives and Policy Direction for Creating Environments Where Diverse People Can Easily Work

~ Diversity and Fair Treatment ~

3-1 Strategic objectives

Create diverse employment and working formats with conditions of fair treatment (balanced treatment) responding to diverse needs of working people including young people, women and seniors, so that as many people as possible who have the intention and capability to work, including those with the potential.

3-2 Key policies and their directions for establishing environments where diverse people can work easily

It is an important policy direction to have as many people as possible working by preparing diverse employment or work opportunities to meet the diverse needs of people including seniors, women and youth. To make that possible it is necessary to prepare work environments for the so-called non-regular work as well as to establish appropriate policies to respond to those needs.

By taking these steps, the intention is to bring about growth in the labor

supply overall, to let workers' capabilities be fully exercised, and to increase workers' satisfaction.

(Pillars of the policy)

1- Adjusting work environments for non-regular work

2- Restructure the transition to work life for youths¹⁴

3- Harmonizing work and domestic issues

4- Continuing employment for seniors

5- Promote work for people with (vocational) disabilities

4. Strategic Objectives for Rebuilding Systems for Labor Supply-Demand matching and Determining Working Conditions

~ High Quality Labor Market ~

4-1 Strategic objectives

Prepare a labor force supply-demand system to match up labor requirements from the supply and demand sides by utilizing the special characteristics of various government and private adjustment organizations to create a "high quality labor market" that has the functions of accurate matching of supply and demand and better allocation of resources.

In addition, promote restructuring of the working condition determination system while preparing rules for labor contracts rooted in citizens' self-governing as a basis of the labor market.

4-2 Key policies and their directions for creating a high-quality labor market

In order to allocate labor appropriately in response to industry structural changes, and ultimately to improve labor productivity it is required to have a labor market with high market functionality where supply and demand are adjusted accurately. In particular during the process of diversification of employment and work styles it is required to have information infrastructure to let outside labor markets function while various supply and demand adjustment organizations conducting matching utilize their special characteristics. Also, regarding another market function, determination of

¹⁴ Pertaining to policies that target youth, women and seniors separately, specific strategies such as "youth work support strategy," "strategy to prepare work environments for women," or "strategies to create vital life for seniors," may be drawn up.

working conditions, it is required that rules for contracts be prepared as its base and working condition determination system be established using discussion between companies and employees as its base.

By doing all of the above, efficiency of labor supply and demand matching will improve and in the meantime the productivity and quality of employment and work will improve.

(Pillars of the policy)

1- Improvement of outside labor market efficiency

2- Preparing labor contract rules and restructuring working condition determination system

5. Strategic Objectives and Policy Direction for Strengthening Support for Rebounding

~ Reconsidering the Social Safety Net ~

5-1 Strategic objectives

For those who suffer economic or business failures such as unemployment or loss of work, support early rebounding. In addition review the social safety net focusing on employment and work, to rebuild it as a system to support rebounding.¹⁵

5-2 Key policies and their directions for preparing the social safety net

The policy direction is to refocus the social safety net on employment and work, to begin proactive measures as early as possible for those who suffer an economic or business failure such as unemployment or loss of work or the like, and to emphasize people who cannot avoid a lengthy period of unemployment and to reduce the burden of rejoining the workforce.

While realizing a society in which people can rebound even after failure through these steps, the result will be to maintain the vitality of the economic society, with higher employment rates and consequently bring about a convergence of the permissible range of income disparity.

(Pillars of the policy)

¹⁵ If we are to set up a quantitative objective for this, an example could be suggested as “do not let the ratio of lifetime low income class become any larger.” This is based on the judgment to avoid people going any further downstream of lifetime low income or give the influence to the next generation, from a temporary low income status.

- 1- Positive policy soon after unemployment or loss of work
- 2- Consideration of long-term unemployed workers
- 3-Support for maintaining livelihood based on self-help efforts
- 4- Special measures for settling in after the start of new employment

IV Evaluation and Verification

The effectiveness of the employment strategy is evaluated and verified at the end of the strategic period. In addition, there can be periodic evaluations during the process every 3 to 5 years, and strategy can be reconsidered as required.

The evaluations and verifications are to be conducted by an evaluation committee consisting of external experts, people related to labor and management and the like, to be finally determined and announced by the Employment Strategy Center which should be established in the government.

Some of the policies to be implemented based on the employment strategy may need to undergo policy evaluation by expert survey and research organizations. In addition, statistical surveys and collection of necessary data for the evaluation and verification process may be conducted depending on the necessity.

(Employment strategy plan example: completed)