

## News

# Four Plans Setting the Course for Future Policy: Supporting Human Resources Development and Work Styles for a New Era

On June 18, the government approved the following four plans at a Cabinet meeting: the “Basic Policy on Economic and Fiscal Management and Reform 2021,” the “Action Plan of the Growth Strategy,” the “Regulatory Reform Implementation Plan,” and the “Basic Policy for Vitalizing Towns, People, and Jobs 2021.” The plans call for increased investment in areas such as digitalization, regional revitalization, and environment. They further request to foster human resources and reform work styles and attitudes and linking productivity and higher income levels to economic growth within that investment. In addition to focusing on the development of digital talent (people with business acumen and technological skill), the plans encourage the proactive career development of diverse workers for long professional lives. They aim to prepare for creating an environment in which people can work in rural areas in the same way they do in urban areas by promoting telework and other tools. The following presents the four plans, with a focus on initiatives relating to labor.

## I. The Basic Policy on Economic and Fiscal Management and Reform 2021

### 1. Building an inclusive society in which no one is left behind

Since 2001, the Council on Economic and Fiscal Policy (chaired by the Prime Minister) has formulated a Basic Policy on Economic and Fiscal Management and Reform (hereinafter, the “Basic Policy”), which is known as “*Honebuto no hoshin*” (literally translates to “Big-boned Policy”) around June of each year to spell out the administration’s

priority issues and budgetary orientation for the following fiscal year. The Basic Policy 2021 points out that although COVID-19’s spread is posing a severe challenge to economic and fiscal management, forward-looking changes are beginning to occur. They include the emergence of flexible work styles utilizing digital technologies, changes in business models, increased awareness of environmental issues, and indications that the trend toward overconcentration in Tokyo is shifting. The Basic Policy takes the view that “bold efforts to make changes based on free thinking that is unencumbered by past successes are emerging, and an opportunity has arrived to make great strides in tackling issues that heretofore have remained unresolved.” With this in mind, it stresses an attitude aligned to promote focused investments for bringing about “four driving forces” that generate growth—namely, (1) realization of environmentally efficient society, (2) promotion of digitalization with the public-private action and efforts, (3) revitalization of the local region which eventually strengthens the country, and (4) realization of the parent-friendly society to overcome the declining birthrate. Additionally, it seeks to promote the creation of a foundation that supports growth, one that includes human resource development for a new era, work-style reforms that make work more rewarding and productive, the strengthening of safety nets, and the construction of robust supply chains. It presents the goal of “increasing Japan’s value-added productivity and building an inclusive society in which no one is left behind.”

## **2. Developing and maintaining digital talent and realizing relocation without job change**

For promotion of digitalization (item (2) of the four driving forces above), the Basic Policy seeks to develop and maintain human resources to take charge of advanced technologies by sharing the image of the human resources that will be needed throughout society. To this end, the government will establish a digital talent platform in cooperation with the business community and educational institutions to develop educational content and curricula and provide practical learning opportunities.

COVID-19's spread is triggering changes that include increased interest in rural areas, expanded use of telework, and advancements in digitalization. Accordingly, for revitalization of the local region (item (3) above), the Basic Policy aims to generate a flow of people to outlying areas, achieve “new regional revitalization,” and rectify the overconcentration of people in Tokyo by encouraging these changes. Here, the government will encourage “urban human resources who see rural areas as frontiers” to move to and settle in rural areas, taking advantage of opportunities for employment in local small and medium-sized enterprises, farming, business succession, and entrepreneurship. To strengthen support for relocation, the government will further enhance the “local vitalization cooperators” scheme as a framework for activities in underpopulated areas under the commission of local governments. It will also promote the development and use of satellite offices to realize “relocation without job change” by taking advantage of teleworking in rural areas.

For realization of the society where giving birth and raising children are easier to overcome the declining birthrate (item (4) above), the Basic Policy aims to improve the employment environment, which has been identified as a factor behind the nation's declining birthrate, by raising wages and correcting the disparities between regular and non-regular workers. Additionally, it seeks to bring about a society in which people can fulfill their dreams with respect to marriage and childbirth and comfortably raise their children. It aims to do this

by improving the environment in which men in all sectors of society can easily take childcare leave.

## **3. Early realization of a minimum wage with a nationally weighted average of 1,000 yen**

The Basic Policy aims to lift the economy through higher wages. To achieve early private demand-led economic recovery, the Basic Policy seeks to maintain the trend toward wage increases. Here, the government will implement tax measures to increase employment as well as wage increases and other forms of income expansion to strengthen the ability of companies to create added value, which provides a source for wage increases. Japan's share of income by labor has been falling for many years. Moreover, wage disparities are widening due to the effects of the pandemic. In light of such circumstances, the Basic Policy points out that raising the minimum wage is essential to correct these disparities. It further emphasizes the goal of accelerating the achievement of a nationally weighted average in the minimum wage of 1,000 yen, with consideration also given to regional disparities. For the concept of “equal pay for equal work,” which had been applied to small and medium-sized enterprises since April 2020, the Basic Policy seeks to promote improvements in the treatment of non-regular employees and support the transition of non-regular employment to regular employment status.

## **4. Strengthening safety nets for groups that are easily affected by the economic and employment situations**

The Basic Policy aims to strengthen the job seeker support system and other safety nets in the labor market. The job seeker support system is the so-called “second safety net.” It serves to supplement two other systems: the employment insurance system (the “first safety net”), which provides employment stability, and the public assistance system (the “third safety net”), which guarantees a minimum standard of living. Its purpose is to promote employment while providing support for daily living. Under this policy, the

government will reexamine this job seeker support system as well as the “higher vocational training promotion benefit” program, which is a scheme that subsidizes the living expenses of single parents while they are studying to obtain certifications or qualifications. Looking to expand these systems even further, this reexamination will include a study of their financial resources based on an inspection of the systems’ accomplishments and issues. In addition, the plan calls for the continued effective implementation and validates the issues of “trial employment” with appropriate progress management. The trial employment is a system in which companies accept people who wish to do a job for which they have no prior work experience (in principle, companies hire job seekers for a trial period of three months, after which the companies decide whether or not to employ the job seekers after assessing their abilities and aptitudes). It further requests the examination of issues pertaining to trial employment and consideration of improvements. As for support for workers in non-regular employment and freelance workers, the Basic Policy aims to study methods for assisting such people by, among other approaches, strengthening the “support for the independent livelihood and protection of people in need” scheme as well as housing support that makes use of vacant houses. At the same time, the plan seeks to steadily promote the further expansion of employee insurance coverage as well as the expansion of special enrollment in workers’ accident insurance.

## II. Action Plan of the Growth Strategy

### 1. Sustained improvement of citizens’ income levels by raising the share of income by labor

The Action Plan of the Growth Strategy was discussed by the Growth Strategy Council (established in October 2020 and chaired by Chief Cabinet Secretary Katsunobu Kato) to “promote the concrete implementation of growth strategies for the Japanese economy’s sustained growth” under the Basic Policy on Economic and Fiscal Management and Reform. The COVID-19 pandemic has triggered demand for new services and technologies. Against

this backdrop, the Action Plan of the Growth Strategy for 2021 (hereinafter, the “Growth Strategy”) outlines the government’s thinking vis-à-vis the building of a “new normal.” Raising the economic growth rate will require increases in the labor participation rate and labor productivity. Among the G7 countries, Japan has the highest growth rate of labor participation but the lowest labor productivity. In light of this, the Growth Strategy seeks to increase labor productivity, distribute the benefits in the form of wages to working people, and sustainably raise citizen’s income levels. It will “aim to achieve a virtuous cycle of growth and distribution through the Growth Strategy, to correct economic disparities, and bring about a society in which each and every citizen can have a true sense of well-being as a result.”

The COVID-19 pandemic is having major impacts on various business categories such as eating and drinking; accommodations; and culture, arts, and entertainment. The Growth Strategy states to support the continuation of these businesses as well as supporting the restructuring of these businesses through new initiatives and conversion of business formats for the post-COVID-19 era. On the other hand, it also seeks to promote proactive strategies for areas with growth potential. As a specific direction, the Growth Strategy “aims to realize ‘Society 5.0’ by encouraging bold private-sector investment and innovation in areas such as digitalization and environmental consideration and linking them to a shift toward a socioeconomic structure that is compatible with the post-COVID-19 era.”

### 2. Developing digital talent: Active recruitment for national public servants and collaboration with the private sector

The Growth Strategy states that “boldly promoting future-oriented digital transformation (DX) and utilizing it as a driving force for growth, while also strengthening specialized human resources to deliver the benefits of digitization to all citizens.” It presents specific initiatives to develop the digital talent that will support such a society. One is the

creation of “an environment [in government bodies] in which talented people can build their careers while moving back and forth among the private sector, local governments, and national government.” It prepares for the addition of a new examination category for digital talent in the 2022 general recruitment examination for the hiring of national public servants as well as efforts to actively recruit successful candidates. In the private sector, it will try establishing a digital talent platform in cooperation with the business community and educational institutions as a means of “getting a shared picture of the ‘digital talent’ required by society as a whole and developing and maintaining human resources.” This platform will develop educational content and curricula and provide practical learning opportunities. The Growth Strategy also seeks to build collaboration with the private sector’s efforts to develop digital talent in local areas. Other initiatives mentioned by the Growth Strategy include the preparation of criteria evaluating the skills of digital talent and the sharing of human resources among local governments.

### **3. Stronger investment in “people”**

The Growth Strategy presents measures for strengthening investment in “people.” Among the specific measures the strategy presents are (1) improvement of working environment such as the development of a protection system that allows freelance workers to work with peace of mind; (2) promoting public awareness of guidelines for establishing telework, active use of ICT tools, and development of satellite offices; (3) realizing new ways of working by, for example, lifting restrictions on concurrent and side jobs and promoting the introduction of systems permitting full-time employees with shorter working hours; (4) transforming organizations into ones that are diversity-inclusive, thereby allowing women, foreigners, and mid-career workers to play active roles; (5) stabilizing the employment environment for young people by, for example, reviewing personnel evaluation system; and (6) supporting labor mobility without the unemployment that

comes with changes in the industrial structure by promoting recurrent education.

### **4. Building “robust SMEs”**

For small and medium-sized enterprises (SMEs) affected by the COVID-19 pandemic, the Growth Strategy seeks for the implementation of all possible measures to support their business continuity while constantly reviewing subsidies to support their restructuring to build “robust SMEs.” Additionally, it aims to increase the number of SMEs capable of competing overseas by strengthening “accompanying support up until overseas expansion” in cooperation with private-sector support organizations. Moreover, it seeks to drive smooth business succession and develop an environment in which SMEs can properly utilize existing support for mergers and acquisitions. The Growth Strategy also aims to appropriately adjust transactions between large enterprises and SMEs, and particularly to establish desirable business relationships between main subcontracting entrepreneurs and subcontractors. Specifically, it aims at strengthening of supervision systems to prevent the shifting of prices onto subcontractors. Additionally, the Growth Strategy seeks to accelerate the formulation of “voluntary action plans,” that are required of individual industry associations to improve trading conditions, and also to strengthen and promote efforts by individual companies in this area as part of improved corporate governance.

## **III. Regulatory Reform Implementation Plan**

### **1. Providing training for longer working lives and forward-looking careers**

The Regulatory Reform Implementation Plan (hereinafter, the “Plan”) was prepared to address implementation items indicated in the “Report on the Promotion of Regulatory Reform” (June 1, 2021) compiled by the Regulatory Reform Promotion Council (an advisory body to the Prime Minister) as well as other related matters, including those pertaining to the Task Force for Comprehensive Review of Laws and Regulations for Renewable

Energy and Other Resources. It specifies the ministries and agencies in charge and the timing of measures and thus paves the way for the government's systematic and steady execution of those items and matters. As priority employment-related actions to be taken in FY2021, the Plan presents visions including "provision of vocational training and educational/training opportunities for a broad range of workers" and "development of safety nets to support autonomous and proactive career development and the stabilization of working lives." These were actions included with the aims of responding to the COVID-19 pandemic and work styles of the post-pandemic future as well as of developing human resources to support society's future. In the area of vocational and educational training for middle-aged and elder workers, the plan strives to promote training with an eye to longer working lives and future careers. One of the means for achieving this is the development of various practical training programs. For elderly job seekers, the Plan seeks to disseminate training based on curricula developed with the aim of eliminating mismatches in occupational classifications and with consideration for job-offer and job-seeker trends in the labor market. In the area of public vocational training, it plans for studies oriented toward improving training convenience and effects for recipients based on analyses of the implementation status and effects of online training, and then the implementation of necessary measures that come to light as a result. It also makes efforts for the further publicity of education and training benefit systems that already include online training as well as special measures for job seeker support systems that have been in effect since February 2021. With respect to the job seeker support system, the Plan aims for implementation of measures to make the systems more effective as necessary through an analysis of the status and effects of special measures for those systems.

## **2. Promoting autonomous and proactive career development for a diverse workforce**

The Plan aims to establish a safety net to support

autonomous and proactive career development and to ensure stability in working life. Focusing on the promotion of autonomous and proactive career development for a diverse range of workers--not only regular employees--it prepares for the formulation of "recurrent guidelines" to systematically present issues that workers and companies should address and the various systems related to human resource development measures that exist. As the various measures available are not presented systematically, they have not served to encourage investment in human capital or autonomous and proactive learning and skill development. Given this, the guidelines will outline the importance of strategies for investing in human capital. They will also spell out the need for education and training that leads to practical work, for workers to take stock of their careers in a timely manner, and for career consulting within the context of corporate personnel policy. Also covered will be actions to promote the granting and taking of leave for education and training. Furthermore, as part of the government's efforts to develop safety nets, the plan calls for collecting cases of "employee transfers to another firm maintaining affiliation to the transferring firm" (*zaisekigata shukkō*) and surveys on their effectiveness in career development and skills development, and diffuse them.

## **IV. Basic Policy for Vitalizing Towns, People, and Jobs 2021**

### **1. Three perspectives on regional revitalization: "human," "digital," and "green"**

The Basic Policy for Vitalizing Towns, People, and Jobs 2021 (hereinafter, the "Policy") lays out the direction of future actions with respect to the basic goals of the "Second Comprehensive Strategy for Vitalizing Towns, People, and Jobs" (December 2020)—which outlines goals and policy directions for the next five years, starting with fiscal 2020—as well as the policy packages and individual policies prepared to achieve those goals. The Policy notes that actively promoting initiatives related to perspectives of "human" (creation of the flow of people to the rural areas and assistance for human

resources development), “digital” (promotion of digital transformation that contributes to regional revitalization), and “green” (realization of decarbonized society driven by the movement in local areas) will be essential for new progress in the future. Under it, the government will comprehensively promote future initiatives with attention to these three perspectives based on the basic framework for promoting regional revitalization.

COVID-19 still having a major impact on local economies and people’s lives. However, amid the disease’s continued spread, there has been a major shift in public awareness and behavior, as more and more people are interested in moving to rural areas and there are signs of changes in the flow of people. The Policy states that it is necessary to amplify this into a larger trend and link it to a correction of overpopulation in the Tokyo metropolitan area. It is also important to solve the challenges that local areas face and raise their attractiveness through “human capabilities.” Specifically, the Policy mentions making full use of regional human resources; actively utilizing human resources from other regions that have expertise and know-how but do not necessarily reside in the local regions; creating environments in which women can demonstrate their abilities and play active roles; and developing the human resources necessary for the new era, such as STEAM (science, technology, engineering, arts, and mathematics) human resources.

Today, all aspects of Japan’s administrative and economic system are coming face to face with the need for rapid digital transformation. At both the central and local levels, efforts toward addressing this need, including the establishment of a Digital Agency, will make rapid progress. The Policy states that the promotion of DX in local areas “will enable better productivity in key local industries (such as agriculture, forestry, fisheries, and tourism), as well as in small and medium-sized enterprises, and is an important means of improving convenience and satisfaction in residents’ lives (e.g., in education, medical care, and welfare) and improving regional attractiveness” and stresses the need for local

governments to take proactive measures in this area.

The taking of active steps to realize a decarbonized society has become a global trend. The Policy points out that public and private efforts to achieve a decarbonized society by 2050 will bring about changes in the industrial structure and economic society, and thereby lead to significant growth in the future. Specifically, it states that the decarbonization trend should be actively incorporated into local development, as utilizing abundant local energy resources (such as solar power, hydropower, wind power, and biomass) to generate renewable energy can contribute to decarbonization and also facilitate regional revitalization by creating related industries in local areas.

## **2. Promoting telework for regional revitalization**

As an initiative related to the “human” perspective, the Policy calls for the promotion of telework that contributes to regional revitalization (hereinafter, “telework for regional revitalization”), such as working at satellite offices in rural areas. The information needed to promote telework for regional revitalization varies depending on the circumstances of local governments, companies, and workers. For this reason, it is important to create an environment that can provide information to entities engaged in telework for regional revitalization in a centralized manner. For local governments, the Policy calls for responding to individual consultations based on specific situations, such as confirming regional strengths and matching with private companies. For companies, it requests the advice on how to improve internal systems as well as consultation on relocation and new markets. And for workers, it asks for stronger cooperation with existing relocation consultation services. In addition, the Policy seeks to make initiatives associated with telework for regional revitalization more visible by establishing a “self-declaration system” through which companies can widely publicize their efforts. The aim here will be to promote understanding of undertaken initiatives both inside and outside companies and thereby expand the base of companies that are involved in telework for regional

revitalization. It also calls for the establishment of a commendation system for outstanding initiatives to encourage the horizontal dissemination of successful cases.

The Policy also urges the use of “grants to municipalities that promote teleworking as a regional revitalization measure” that were established in FY2020 to promote the development of satellite offices, shared offices, and co-working spaces by local governments and the private sector. It states to expand local regions in which people can work the same as in cities, by raising the number of local governments striving to bring in companies and promote relocation through the use of satellite offices and other means to 1,000 by the end of FY2024. At the same time, it states that the government will support business development that is carried out through collaboration between companies that have moved into those developed offices and facilities and local governments/companies in the region. In addition, the government will continue to support the relocation of companies to local areas through the taxation system for strengthening regional business bases and other associated measures.

### **3. Supporting human resources and generating movement of people in outlying regions**

The Policy aims to reinforce support for human resources in the local areas. Under the Human Resources Support Program for Local Revitalization, the government will actively dispatch national public servants and private-sector specialists to local governments. In addition, it will support dispatches of corporate personnel to local governments and other bodies as well as the development of human resources who will coordinate specific activities to solve local problems in rural areas. This will be achieved by applying the “corporate version of the Furusato Nozei (hometown tax donation) system (personnel dispatch type)” established in October 2020, which is a system whereby companies’ tax burden is reduced when they make donations to local governments. Under this system, the government will provide support to regional

companies for the formulation of management strategies, and also help match those companies with professionals who can translate those strategies into reality. It will also continue to support efforts by regional financial institutions and other organizations to match companies with highly qualified personnel.

### **4. Promoting relocation of child-rearing households**

Younger generation is increasingly becoming interested in relocating to local areas, and raising children is one of the major triggers that lead them to consider such a move. Under the Policy, the government will robustly promote the relocation of child-rearing households that will support local communities in the future by providing priority support for relocating with children. Aiming to create an environment in which people can raise their children with peace of mind in rural areas, the Policy presents a stance of promoting efforts to create an environment that facilitates marriage, childbirth, and child-rearing from the standpoints of grappling with the nation’s declining birthrate and promoting of women’s participation in society.

### **5. Early development of 5G infrastructure, and training and dispatching specialized personnel**

Fifth-generation (5G) technology is “a key form of infrastructure for the 21st century that is indispensable for regional development,” and as such, its rapid nationwide deployment is extremely important. The Policy mentions this and lays out the government’s orientation with respect to ICT infrastructure, including base stations and the optical fibers that support them. Specifically, it states that the government will “accelerate the development of 5G without disparities between rural and urban areas and promote the diffusion and deployment of local 5G that helps solve problems” by promoting development, particularly in disadvantaged regions. Working with telecommunications companies and other private businesses, the government will dispatch employees who are capable of handling DX and other technologies to local governments as digital specialists, namely, human resources capable

of using digital technology to solve or ameliorate local problems. In this way, it will strive to transfer and establish their knowledge and know-how in local regions, develop the human resources, and

thereby build a foundation of human resources for regional revitalization that applies digital technologies.