

# **JSHRM**

## **Tokyo/Japan**

### **April 18, 2015**

#### **1. Current economic and political situation in the country**

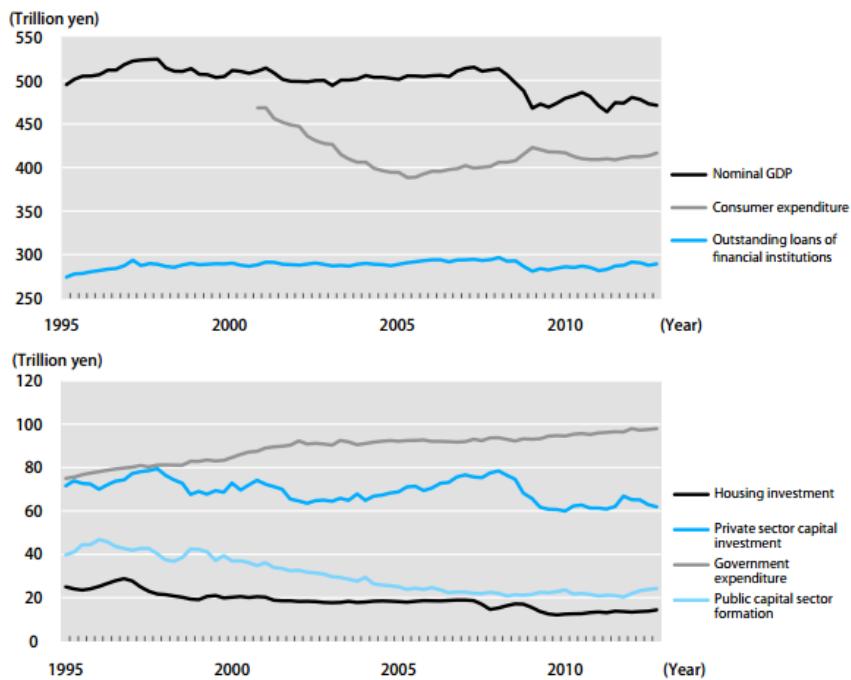
##### **Economy and labour market situation**

The policies espoused by the Abe administration from the end of 2012, in tandem with bold monetary easing by the Bank of Japan, have at the time of writing caused a significant swing toward a weaker yen and higher share prices. What is actually going on in Japan at the moment? At least, the aims of the economic policy set out by the new Abe administration appear to have had a positive impact on forward sentiments by investors and the public (known in economics as "expectation"). This in itself is of immense significance. This is because, as stated above, Japan has experienced repeated recessions and a long period of continuously low growth over the last 20 years or so. As a result, the sentiment that there could not possibly be a major leap forward or growth in the economy for the foreseeable future (i.e. an extremely low expected growth rate) has taken a firm hold within the national consciousness. Private capital investment, the driving force behind economic growth, has been stagnant over the long term. This is partly because the cooling down of expectation has made investors and companies feel pessimistic about future business prospects and put a brake on investment. It is also because there was a certain amount of "capital flight" overseas.

The economic policy of the Abe administration based on the three central pillars of bold monetary policy, flexible fiscal policy and a growth strategy that encourages private investment-has been dubbed "Abenomics". While it has had a positive impact on people's expectations, Abenomics has sparked a degree of controversy among economists. Firstly, the Abe administration has asked the Bank of Japan to Labor Situation in Japan and Its Analysis: General Overview 2013/2014 boost inflation, as if deflation were the cause of recession. In response, the Bank of Japan, under its new Governor, recently decided to instigate a 2% rise in consumer prices by two years from now. But did deflation really cause the recession? Based on the rationale that deflation arises from economic activity, this economic policy would appear theoretically flawed. Secondly, is it actually possible to inflate prices through financial policy alone? An important point here is that quantitative easing itself has already been promoted for some considerable time. Even if not a "new dimension", private company bonds, CPs and other financial instruments not conventionally bought by the BOJ have been purchased in large volume as an "exceptional measure". As detailed in Note 7, the base money supply has grown to considerably large proportions. As far as this author is concerned, whether it will after all lead to an increase in capital demand by private companies, and particularly an increase in capital investment, seems an important point; this very point, one feels, will define whether Abenomics will be successful or not.

The economic policy of the Abe administration is now entering a decisive phase in determining whether it will be successful or not. Attention will be on the outcome of the "three pillars" from now on.

**Figure I-1 Developments in GDP, Capital Investment and the Outstanding Loans of Financial Institutions (All Nominal Values)**



Note: Nominal GDP and each component element are seasonally-adjusted figures for each quarter. The figures for outstanding loans of financial institutions were compiled from the three-monthly average of the monthly data. In addition, it was not possible to obtain data for the outstanding loans of financial institutions before the October-to-December period 2000 on the Bank of Japan website.

Japan's total population stands at 127.44 million. Of this total, 16,525,000 are aged 0-14, 79,901,000 are in the 15-64 bracket, and 31,019,000 are 65 or above (as of January 1st, 2013; Final Population Estimate by the Statistics Bureau, Ministry of Internal Affairs and Communications, 2013).

Of the total 52.85 million employed persons (average, in the Oct. - Dec. 2014), the number of the regular employees (excluding board members) decreased by 20 thousand from the previous year to 32.81 million. The number of non-regular employees of the employees was 20.03 million, increased by 380 thousand from the previous year.

Of the total 2.20 million unemployed persons, the number of persons who had been unemployed for 1 year or more was 860 thousand, a decrease of 160 thousand from the previous year.

The average number of regular employees in 2014 was 32.78 million decreased by 160 thousand from the previous year. The number of non-regular employees was 19.62 million, an increase of 560 thousand.

The number of unemployed persons in 2014 was 2.36 million. Among them, persons who left the previous job in the past 1 year totaled 890 thousand, decreased by 150 thousand from the previous year.

## Political situation

Prime Minister Shinzo Abe's cabinet plans to approve a budget for fiscal 2015. General-account expenditures in the budget are expected to stand at the just over 96 trillion yen, an all-time high, up about 500 billion yen compared with fiscal 2014's initial budget.

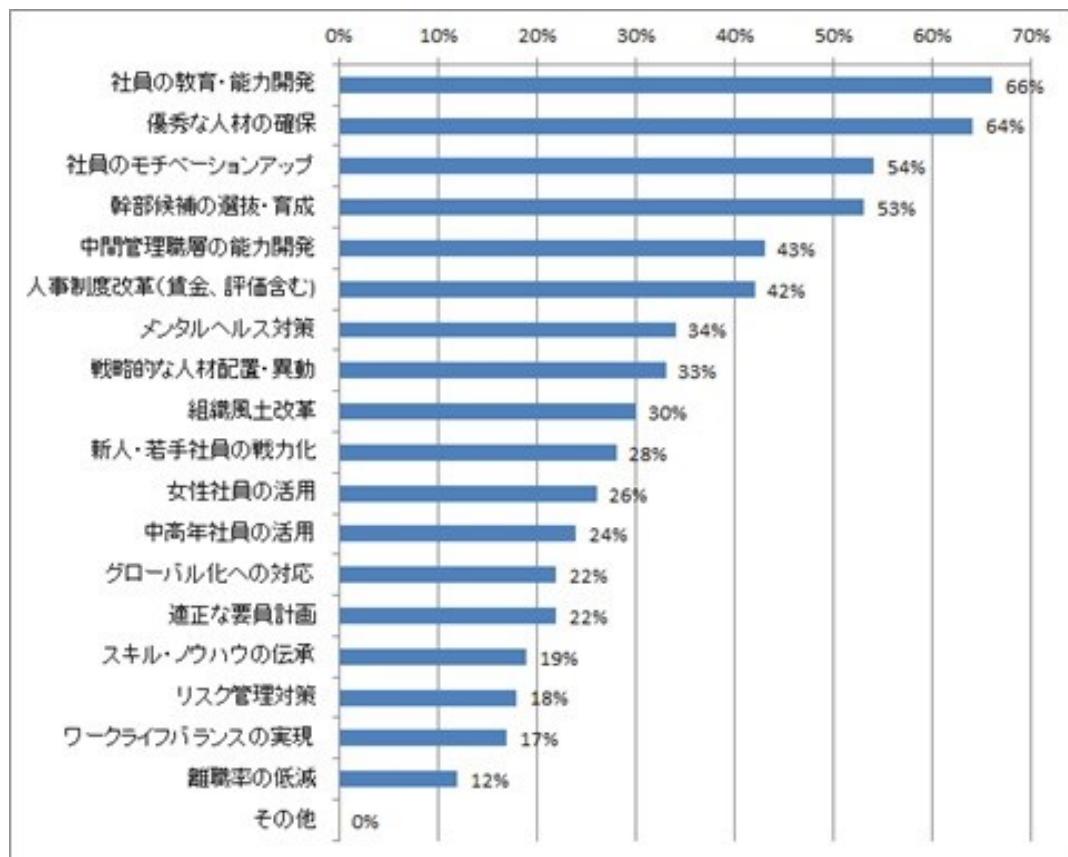
## 2. HR challenges

According to the report on Human Resource Management problem in 2013(by HR Pro),the 3 main challenges facing the HR profession in Japan at present are:

train and develop employees (66%)

acquisition of excellent employees (64%)

developing employee morale (54%)



### **3. JSHRM projects and initiatives**

Major areas of JSHRM activity include the following:

- Publishing 'Insight' magazine once per two months.
- Basic program on HRM
  - Object: beginners belonging to HRM department
  - Content: basic contents on HRM
- Advanced program on HRM
  - Object: people who finished the basic one
  - Content: advanced contents conducting by CBS, Chuo Business School in Japan.
- HR Café
  - Seminar on HRM once or twice per month
- Voluntary research program
  - Some members start the program voluntarily. They founded some communities on issues which they are interested in.

### **4. Scheduled Conferences**

16<sup>th</sup>, April, 2015 HR seminar and Tokyo tour for HRM Professional

18<sup>th</sup>, April, 2015 APFHRM Board Meeting and Asia Pacific Symposium "Innovation X Diversity" Model for HRM

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