



## The productivity movement in Japan

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**T**he productivity movement in Japan began with the establishment of the Japan Productivity Center (then the JPC, since 1994 the Japan Productivity Center for Socio-Economic Development [JPC-SED]) in March 1955. Thanks to cooperation from labor unions, management, and academia, the JPC made a significant contribution to the economic development of Japan and improvement of the quality of people's lives. We are proud that our three guiding principles of 1) job security and expansion of employment, 2) cooperation of labor and management through joint consultation, and 3) fair distribution of the fruits of productivity, which form the basis of the productivity movement, have played a vital role during the past 50 years, particularly in overcoming and resolving the various contradictions and excessive burdens related to workers which can be regarded as inevitable in market economies.

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### Current productivity challenges

Although there has been no change in the importance of the three principles with which both labor and management are required to comply, the second principle of “cooperation of labor and management through joint consultation” in particular will become more important in Japan as the nation faces the following issues that are completely different from those over the past 50 years. For example, we are now faced with global envi-



ronmental restrictions and growing globalization, as well as the dramatic development of information technology (IT). In addition, we are burdened with a number of issues never before experienced such as a declining population and aging society with fewer children. Japan could be referred to as a country burdened with numerous challenges. Among them, the declining population, which implies a shrinking market and decreasing labor force, is a particularly serious problem. All eyes are on Japan to see how it will resolve this. All of these issues indicate that Japanese businesses and companies can no longer enjoy the same basis for growth.

To overcome such issues and create a Japan respected internationally and imbued with hope, while strengthening competitiveness and achieving sustained growth, overall increased productivity through innovation in every field is required. As a strategy for growth, cooperation between labor and management through consultations at the industry or company level will become more essential for maintaining good working environments or recruiting, developing, and training human resources. In particular, the decline in the number of children is a serious concern. The promotion of work-life balance in view of nurturing the next generation has recently become an urgent issue. More efforts by labor and management at the company level are expected to adjust that balance, and the JPC-SED will devote energy to advocating for and consulting on this issue.

### How the productivity movement can resolve socioeconomic issues

We were honored to merge in 1994 with the Social Economic Congress of Japan (SECJ), the JPC's sister institution at the time, to become the JPC-SED. That merger was viewed as a facilitator for reconstituting other economic organizations and actually resulted in significant progress. Until then, the JPC mainly focused on productivity issues in industries and corporations, but we were also aware that such an approach alone had limitations in further increasing the productivity of the national economy. The SECJ on its part had been engaged in activities focused mainly on socioeconomic reforms such as fundamental political system reform, and we decided to merge the two institutions to promote the productivity movement from a broader perspective, including improvements and reforms to the socioeconomic system, to achieve increased productivity.

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From its inception, the JPC never considered the productivity concept to encompass economic efficiency alone. Our concept of productivity was always harmoniously integrated with human aspects and respect for human beings. For that reason, the Japanese productivity movement has been able to develop as an effective national movement that gained support from workers and labor unions, management, academia, and government.

### JPC-SED initiatives for a renewed productivity movement

The JPC-SED, after marking its 50th anniversary, is focusing on developing a new productivity

movement by integrating intellectual productivity, social productivity, and environmental productivity and increasing overall productivity to “create a society with trust and vitality.” In particular, themes to be emphasized now will be: 1) strengthening the competitiveness of the Asian region by networking and deepening relationships among NPOs or related organizations in APO member countries through APO activities; 2) sharing Asian productivity experiences with African nations; 3) realization of management with ethics supported by the market and with vision; 4) promotion of quality management and innovations in corporations and public administration; 5) enhancing work-life balance; and 6) efforts to improve regional management.

In addition, we are putting particular emphasis on initiatives to increase productivity in the service industry. The service sector accounts for about 80% of Japanese GDP, and improvement in this sector is absolutely vital under our national productivity strategy. The labor productivity in this country remains at only about 60% of that in the USA and thus is a cause of lower labor productivity at the national level. To increase the productivity of the service industry, the JPC-SED is taking a service engineering approach, innovating from the viewpoint of intellectual productivity centered on total factor productivity, utilizing know-how from manufacturing, and promoting the standardization



*JPC-SED Chairman Jiro Ushio speaking at the inaugural symposium of the JPC-SED's SPRING, 10 May 2007*

and use of IT. To promote our activities more dynamically, we set up a service industry productivity council called the Service Productivity and Innovation for Growth (SPRING) comprising labor and management with government assistance last year. It is meant to promote the development of human resources and methods to improve productivity in the service industry, hold nationwide symposiums, recognize outstanding service businesses, create evaluation criteria, provide consultancy services, etc. 