

6 June 2025 (No. of pages:2)

Japanese report: 27 May 2025

Human Capital Formation in Japan in the Age of AI (Corporations)

Implementing human capital formation through personnel system reform, learning culture, and visualization

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Summary

- In this series of reports, titled “Human Capital Formation in Japan in the Age of AI,” which will be divided into three sections, we present specific strategic perspectives and action plans in relation to the question of how to develop human capital and ride the waves of change in this new era marked by the arrival of AI and the transformation of Japanese-style employment.
- This report, the second of three, focuses on corporations, and summarizes strategic perspectives and action plans for management that views people as capital rather than costs, and strategically invests in skills development. Specifically, it discusses a flexible review of human resource systems, fostering a learning culture and supportive environment, and visualization and disclosure of human capital.
- Flexible review of human resource systems will serve as a foundation for accelerating human capital formation. Breaking away from a uniform career structure, it is necessary to create an environment where employees can choose diverse ways of working while demonstrating their expertise through the establishment of job-based employment, multi-track career paths, and systems that support learning.
- However, caution is required when implementing these personnel system reforms. The introduction of job-based employment systems, which are intended to promote respect for expertise, fair treatment, and autonomous career development, risks becoming an end in itself, leading to short-term cost reductions or superficial reforms. Effective operational design is essential to achieve the intended objectives. Additionally, exploring hybrid job-based systems that harmonize with Japan's strengths in long-term employee development and teamwork would also be an effective approach.

- Fostering a learning culture and supportive environment are key to realizing the effectiveness of systems. It is essential to build a culture where employees are not afraid to take on challenges and continue to learn proactively. In addition to providing support for learning time, methods, and feedback, organizations must foster a culture that allows for failure and encourages ongoing dialogue with supervisors so that learning and growth are integrated into everyday operations.
- The visualization and disclosure of human capital information is an important means of linking corporate growth strategies and human resource strategies. Through the utilization of ISO 30414, a guideline for the disclosure of human capital information, and the establishment of human capital KPIs, mechanisms for measuring and disclosing the return on investment are becoming a new axis for evaluating corporate value. In addition to mere disclosure, companies are now being asked to demonstrate their commitment to human capital by presenting a story that is linked to their vision, both internally and externally.

Attention

This report is a summary translation. The official document is only in Japanese.