THE IMPACT OF THE CURRENT SITUATION OF LABOR SHORTAGE ON SMALL AND MEDIUM-SIZED ENTERPRISES AND THEIR SOLUTIONS IN JAPAN

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ORIGINAL ARTICLE

ABSTRACT

Purpose: Japan is known as one of the countries with the most advanced economies and science and technology in the world. However, contrary to that development, Japan is facing the problem of lack of human resources. This issue is having a negative impact on businesses in general, and small and medium companies in particular. Especially, for small and medium companies, the lack of human resources has the most obvious and profound impact.

Methods: This article is based on survey papers in Japan and in reference to many other similar studies.

Results: The results of the article show the serious impact of insufficient human resources on Japanese enterprises and necessary solutions.

Conclusions: This article addresses the current status, causes, and effects of the shortage of human resources for small and medium companies in Japan. At the same time, the research paper proposes some solutions for that problem.

Key words: an impact, small and medium companies, Japan, causes, current status, lack of employees

I. INTRODUCTION

Japan is known as one of the best countries in the world for factors such as tourism, culture, quality of life, etc. and especially those related to entrepreneurs [1]. In other words, Japan with high-quality economic policies, infrastructure, and human resources has maintained and developed the most modern industrial economy. However, at present Japan is facing the problem of shortage of human resources, especially in small and medium enterprises (SMEs).

In the knowledge economy, when more than 80% of the product value is the brainpower, the human resource assets occupy a very important position. It means that human resource is the decisive factor for the success or failure of the business [2]. Therefore, the shortage of human resources has a huge impact on companies. The situation of insufficient human resources in Japan has been going on for a long time - from 1997 the human resource has decreased continuously until today [3].

Having understood that situation along with the role of human resources in the current economy, then this study will highlight the current situation, causes, and impacts of the shortage of human resources for medium and small companies in Japan. Besides, the article will also give possible solutions to this problem.

II. RESEARCH CONTENT

The concept of human resource
It can be said that the concept of human resources is not unfamiliar, but the concept of this issue is still largely inconsistent. There are a number of conceptions that human resources are the entire ability and intelligence of every individual in the organization. In addition, it is also suggested that the human resource is the sum of the employees and the sum of both physical and mental factors used in the working process. There is a concept that human resource only emphasizes the professional qualifications and skills of the employees, seldom mentions about other characteristics such as physical strength, psychological - mental factors, etc. [4].

In short words, we can understand this concept simply as follows: human resource is the number of employees needed for a company to be continuously in operation. Therefore, if there is a lack of human resources, that enterprise will face difficulties in doing business [5]. This means that with this concept, human resources will include both quantity and quality of the workforce such as skills, qualifications, energy, intelligence, etc.

**Current situation and reasons for lack of human resources**

Regarding the situation, according to a survey of Japanese data banks, in 2019, 50.1% of enterprises are lacking official human resources; As for SMEs, 47.3% of companies are facing the same problem. In addition, many industries are facing a continued decline in human resources such as information services, construction, agriculture-forestry-fisheries, entertainment services, etc. [6].

In terms of the lack of human resources, we must first mention the aging of the population and the low birth rate in Japan. Because of that, not only the population but also the number of people of working age (15 - 64 years old) is also continuing to decline. In other words, the population 64 and younger is decreasing but the number of people aged 75 and over is increasing; even this situation is expected to persist for many years [7]. Therefore, the lack of human resources will continue to take place for a long time.

Moreover, the human resource is insufficient because the workload for one person is too much [8]. First of all, because small and medium enterprises are not the same as large enterprises that have a division of labor system, such firms tend to be more and more one person's workload. Compared with large enterprises, small and medium-sized companies have fewer employees, so it is obvious to have to do many necessary tasks concurrently. However, an employee has to do many jobs and the scope of work has to be responsible, so the pressure and burden also increase. Therefore, more and more people resign and more people do not want to work in small and medium-sized companies. Obviously, then the human resources in those companies will decrease.

Additionally, employee resignation is also one of the reasons leading to the shortage of human resources. The reason for the lack of human resources in companies is not only the difficulty in recruiting talented people but also the resignation of employees. What makes employees want to quit the company may be because they are under pressure from workplace relationships. Specifically, they may be pressured by the boss's way of doing things that are not suitable for them; or because they cannot have a good relationship with colleagues, seniors, or seniors, etc. Therefore, even though they are skilled employees, they cannot work for the company in a long term. Besides, dissatisfaction about the working environment, good appreciation in terms of finance is also the reason why employees resign. For example, every day, the employee has to work overtime, almost no day-off while the salary and bonus are not worth it or eventhe employee do not receive overtime pay.
The effects of human resource shortage on small and medium companies in Japan

In the survey on the shortage of human resources in Japanese SMEs conducted by the Department of Small and Medium Enterprises in 2018, a total of 57.6% of companies admitted the impact of lack of human resources to business (Figure 1).

The first is adversely affecting the business of the companies. As there are not enough human resources, many companies have to narrow their business or shorten business time; more serious it leads to permanent close the company or bankruptcy. In 2019, 185 companies went bankrupt due to the shortage of human resources; of which, there are 101 small and medium-sized companies (Figure 2). Moreover, compared with 2018, the number of bankrupt enterprises has increased by 20.9%.
In addition, due to lack of human resources, employees must work overtime or have to work on day-offs to maintain their business. However, that this method prolongs will increase dissatisfaction, fatigue and pressure with work and with the company for the employee. This will also cause worse affects for the business [9].

Despite the lack of human resources, enterprises, especially small and medium enterprises still have to continue to operate their business. Therefore, not only the companies have employees work overtime, the employers also face a more serious problem. It is a deterioration in service quality. As it is not possible to fully meet the needs of customers with a small number of employees, then causing errors or delayed delivery are often encountered. As a result, the reputation of those companies may also deteriorate [2].

III. SOLUTIONS

Since Japan has an aging population structure, companies should first increase the recruitment of foreigners in order to solve the shortage of human resources. In other words, the company will hire employees regardless of gender, age, religion or culture. That both helps businesses expand human resources and bring other benefits such as creating innovation, maintaining excellent talent or improving reputation for the company. Moreover, it also creates a more global, open and creative working environment [10].

Next, companies should improve the working environment to prevent employee resignation. This means that they should create a friendly working environment and improving remuneration. Regarding a friendly working environment, businesses need to create a space where employees can easily communicate. For example, performing outdoor activities such as rock climbing or having a barbecue gives people the opportunity to have fun, relieve stress and socialize between people who have never worked together. Therefore, people will want to stick with the company more [4]. Moreover, businesses should also solve the problem of employee dissatisfaction with the aspect of finance or assessment. Companies can do fair reviews, offer overtime fees so that employees feel satisfied and fair.

Finally, the business should strive to create a balance between work and life. Simply understanding, the balance between work and life is that you always feel satisfying and full for whatever your work and your life are [3]. If the employees have to work overtime or on their day-offs, that will make their own life unhappy. Therefore, small and medium enterprises should create suitable working time without overtime work. For example, the company has a rule that all employees have to leave work at 19:00 o’clock, or set a maximum overtime in a day. Many people also believe that because of maximum overtime, employees will be enthusiastic to work and produce the best results [6]. Therefore, this method can create the motivation to work and dedicate for the business in long-term for employees.
IV. CONCLUSION

To sum up, although Japan is an economic powerhouse, it still faces a shortage of human resources. Through this article, we have a better understanding of the current situation and the causes of the lack of human resources in Japan. Moreover, the research paper points out the negative effects of such situation including the difficulty in maintaining business, bankruptcy and losing reputation of the company on enterprises in Japan, especially for small and medium companies. Therefore, we then understand the urgency of solving the problem of lack of human resources. Due to these issues, the article also suggests solutions such as: recruiting more foreigners, improving the working environment and improving the work-life balance for employees.

REFERENCES