

The Changing Environment & How to Avoid Becoming Extinct Like the Dinosaurs

By Kazumasa Kusaka

This September Prime Minister Shinzo Abe, having served the last six years in office, gained another three-year term as Liberal Democratic Party leader. That contrasts with the previous five-year period in which there were five prime ministers. He is now trying to push three particular policy issues during his current term.

First, amendment of the Constitution to stipulate the Self-Defense Forces as an organization for self-defense in order to establish a legal base to end the claim of their unconstitutionality, while maintaining Article 9 which renounces war as a means to settle international disputes, and also to add the constitutional right of access to education regardless of economic means.

Secondly, settlement of the Northern Territories issue to normalize Japan-Russia relations; and thirdly, settlement of the North Korean abductions of Japanese nationals to clear a path for Japan to play an active role in the stability of the Korean Peninsula.

The first two of these issues are not Abe's personal initiative but originated in the LDP's founding declaration of 1955. None of the three issues can be tackled without a solid political base. Abe can be ambitious by using his solid power, but the challenges he is going to face cannot be taken lightly. The first challenge will be the Upper House election next summer. Though like the mid-term elections in the United States, a negative outcome would not mean the ousting of the incumbent prime minister from office, but it would certainly damage his political capital.

Next, even with a fixed term and mandate, politics and markets look into the future, and begin to show interest in a short list of potential successors and their qualifications. In all ages and cultures, it is a golden rule for No. 1 not to help foster No. 2.

Fortunately, democratic systems institutionalize such transitions and serve to enable stable governance. However, the question remains as to whether the duly-elected are necessarily well qualified or not. A transition may be more stable if it takes place regularly between two major parties before institutional and personal memories are lost. In Japan, however, the previous switch from an LDP government to that of the Democratic Party of Japan was costly. Historically in Japanese politics, factions within the ruling party have staged power struggles with different philosophies and policies, ranging from conservatives to liberals almost close to social democrats. And it is these factions that have been the nursery beds for future leaders.

In the US, Washington outsiders such as ex-governors have often been the resource pool for presidential candidates, and more recently anti-establishment sentiment has made a career as a professional politician a liability in running for the office. This is part of a global phenomenon of distrust in established politicians as agents for the public in their search for a new social contract.

So under such circumstances, how can society help foster the next or future-generation leaders?

In the private sector, being caught between short-termism and external pressure for investment to meet corporate social responsibility, many corporations have shifted from organic growth to merger-and-acquisition growth. Its consequence is a decline of internal human resource development. This change has made communication with outsiders of an organization or "village" increasingly more important than within the "village" network. Stakeholders also now seek a sense of participation and ownership in the process. Dialogue between corporations and broad stakeholders including investors needs to be transparent and visible. In this regard, external board members can play an important role in coping with the changing business environment. The single most important responsibility for independent external board members is to secure a succession plan to meet the changes.

Coming back to in-house human resource development, how can we raise leaders to be well prepared for the future? In practice, a recent trend is to choose a sector officer who recorded the largest profits among sectors within a company. But some of them have not had the opportunity to oversee the rest of their own organization. To better prepare for business changes and risks, a key word is diversity. For Japanese society, the empowerment of women and ambitious placement of non-Japanese professionals are pressing issues. Another perspective is who are the main players in promoting the economy — established large enterprises or new ventures? As is illustrated in discussions on artificial intelligence (AI), while established businesses tend to think it is a tool for them to increase productivity or to replace costly human labor, venture businesses, working on AI-driven business models, think they can compete against these established enterprises that use AI in this way. Quite often they cannot communicate well with each other. Revolution may disruptively take place outside of the established organizations.

In both politics and business, naturally organic progression has ceased to be an exclusive path, and the roads to growth have now become multi-track. Diversification and multi-tracking are now the best means of risk management in an uncertain world. The old days in which a crown prince would be educated during a long waiting period have gone. Nowadays, both in politics and in business, those who can learn about leadership are not the designated particular few but the diverse ambitious many. This is good news!

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