

Boosting Innovation by Investing in Human Capital

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The fundamental idea supported by the human capital theory is more in evidence now than ever before. The emergence and expansion of the knowledge economy underscore the importance of human capital as a key factor of economic performance since it determines the innovation capability of a nation.

Within the framework of "national innovation ecosystem," human resources contribute not only to generation, to accumulation, and to diffusion of new knowledge, but also to transformation of these knowledge into economic and social value, then to supporting the society to find a path for a sustainable development.

Given that human resources are scarce, the competition for these scarce resources has already started at the global level, including industrialized countries and also Asian countries such as Singapore, India, and China. In this context, Japan has no choice but to take part in this competition. Even, until very recently, Japan has been relatively isolated from this trend, the declining birthrate combined with rapid aging of the population urges Japan to reconsider its policies related to the formation and accumulation of human capital.

At the national level, the 3rd Science & Technology Basic Plan, entered in force in April this year, indicates the future direction of the system reform. Regarding human resources, it includes:

- Encourage young researchers;
- Expand opportunities for female researchers;
- Attract foreign researchers to Japan;
- Provide new opportunities for excellent senior researchers; and
- Offer better education for our children for developing diverse talents that can respond to social needs.