Demographic Change in Japan

“Among the wrenching transitions that are changing the very basis of the Japanese economy, none is more dramatic and none more certain than the transition from a rapidly growing and youthful population to a rapidly declining and aging population.”

James C. Abegglen
DEMOGRAPHIC CHANGE

Global demographic change: Aging of populations...

Percentage of population aged 65+ within total population (medium variant)

Demographic Change in Japan and Germany

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population 50+</td>
<td>&gt; 50% by 2025</td>
<td>&gt; 48% by 2025</td>
</tr>
<tr>
<td></td>
<td></td>
<td>/ &gt; 50% by 2033</td>
</tr>
<tr>
<td>Population 65+</td>
<td>&gt; 20% (2007) → 40% (2055)</td>
<td>&gt; 20% (2007) → 33% (2055)</td>
</tr>
<tr>
<td>Population 75+</td>
<td>&gt; 10% (since end 2007)</td>
<td>&gt; 10% (as of 2013)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>/ &gt; 8.5% (since end 2007)</td>
</tr>
<tr>
<td>Median Age</td>
<td>41.2 (2000) → 54.8 (2050)</td>
<td>40.0 (2000) → 49.4 (2050)</td>
</tr>
<tr>
<td>Centenarians</td>
<td>&gt; 40 000 (2009)</td>
<td>= 14 000 (2009)</td>
</tr>
<tr>
<td>Population peak and shrinkage</td>
<td>128m (2005) → &lt; 90m (2055)</td>
<td>82m (2002) → &lt; 67m (2055)</td>
</tr>
<tr>
<td>Super-aged society with 1 fourth of the population 65+ by 2015</td>
<td>Super-aged ???) Society with 1 fifth of the population 65+ by 2015</td>
<td></td>
</tr>
</tbody>
</table>
Demographic Change in Japan

From tree to kite
Development of the Japanese population structure 1950-2050


Demographic Change in Germany

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Business Implications of Demographic Change

Demographic Change
- Aging
- Shrinking

Challenges/threats
- Workforce crisis
- Lost knowledge
- Shrinking customer base

Chances/opportunities
- Silver market/ silver business
- New product/ service offerings
- ‘Gerontechnologies’

Responsibilities
- Age discrimination
- Social innovation
- Support

Copyright: Dr. Florian Kohlbacher
Recent Buzz Words

- workforce crisis, shortage of skills and talent
- baby-boom-retirement tsunami
- knowledge depletion/lost knowledge, knowledge retention
- ‘Year 2007 Problem’ in Japan (2007年問題)
- ‘Retire Moratorium’ (Hiroyuki Murata)

Change in Working Age Population

Change in Labor Force Size

Labour force growth, under the assumption of constant participation rates

<table>
<thead>
<tr>
<th>Country</th>
<th>Age 50-54</th>
<th>Age 55-59</th>
<th>Age 60-64</th>
<th>Age 65 and over</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>83.7</td>
<td>77</td>
<td>59.8</td>
<td>20.2</td>
</tr>
<tr>
<td>USA</td>
<td>80.4</td>
<td>73.1</td>
<td>54.1</td>
<td>16.8</td>
</tr>
<tr>
<td>UK</td>
<td>82.7</td>
<td>72.6</td>
<td>47</td>
<td>7.9</td>
</tr>
<tr>
<td>France</td>
<td>85</td>
<td>59.2</td>
<td>17</td>
<td>1.5</td>
</tr>
<tr>
<td>Germany</td>
<td>85.3</td>
<td>75.2</td>
<td>37.8</td>
<td>3.8</td>
</tr>
<tr>
<td>Sweden</td>
<td>88.3</td>
<td>83.6</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td>Korea (ROK)</td>
<td>75.4</td>
<td>67.3</td>
<td>55.1</td>
<td>30.6</td>
</tr>
</tbody>
</table>

Note: Figures are the percentage of workforce population in the total population of each age group.
**Labor Shortage: The Options**

- Increase labor force participation of older people
- Foreign workers/ immigration
- Increase the ratio of women in the labor force
- Robots/ technology/automation

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**Labor migration to Japan by 2050 (UNPD 2000)**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of immigrants necessary</td>
<td>553 million</td>
</tr>
<tr>
<td>Number of immigrants necessary per year</td>
<td>10 million</td>
</tr>
<tr>
<td>Total population in 2050</td>
<td>818 million</td>
</tr>
<tr>
<td>Percentage of immigrants in total population in 2050</td>
<td>87%</td>
</tr>
</tbody>
</table>

Scenario:
To keep the ratio of working to non-working population constant.
## Effective vs official retirement age

### Average effective age of retirement versus the official age, 2002-2007

<table>
<thead>
<tr>
<th>Country</th>
<th>Men Effective</th>
<th>Men Official</th>
<th>Women Effective</th>
<th>Women Official</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>73</td>
<td>65</td>
<td>75</td>
<td>65</td>
</tr>
<tr>
<td>Korea</td>
<td>71.2</td>
<td>60</td>
<td>67.9</td>
<td>60</td>
</tr>
<tr>
<td>Japan</td>
<td>69.5</td>
<td>63</td>
<td>66.5</td>
<td>61</td>
</tr>
<tr>
<td>Iceland</td>
<td>68.9</td>
<td>67</td>
<td>65.3</td>
<td>67</td>
</tr>
<tr>
<td>New Zealand</td>
<td>66.5</td>
<td>65</td>
<td>63.9</td>
<td>65</td>
</tr>
<tr>
<td>Switzerland</td>
<td>65.2</td>
<td>65</td>
<td>64.1</td>
<td>64</td>
</tr>
<tr>
<td>United States</td>
<td>64.6</td>
<td>65.8</td>
<td>63.9</td>
<td>65.8</td>
</tr>
<tr>
<td>Australia</td>
<td>64.4</td>
<td>65</td>
<td>62.2</td>
<td>63</td>
</tr>
<tr>
<td>Norway</td>
<td>64.2</td>
<td>67</td>
<td>63.2</td>
<td>67</td>
</tr>
<tr>
<td>Canada</td>
<td>63.3</td>
<td>65</td>
<td>61.9</td>
<td>65</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>63.2</td>
<td>65</td>
<td>61.9</td>
<td>60</td>
</tr>
<tr>
<td>Germany</td>
<td>62.1</td>
<td>65</td>
<td>61</td>
<td>65</td>
</tr>
<tr>
<td>Italy</td>
<td>60.8</td>
<td>57</td>
<td>60.8</td>
<td>57</td>
</tr>
<tr>
<td>Austria</td>
<td>58.9</td>
<td>65</td>
<td>57.9</td>
<td>60</td>
</tr>
<tr>
<td>France</td>
<td>58.7</td>
<td>60</td>
<td>59.5</td>
<td>60</td>
</tr>
</tbody>
</table>

Source: OECD estimates derived from the European and national labour force survey

## Will we have to work longer?

### Employment rate by age group

**Employment rate by age group in Japan, 1968-2009**

[Graph showing employment rates by age group from 1968 to 2009]

Source: Labor Force Survey, Ministry of Health, Labor and Welfare

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Early vs Late Retirement: What do people want?

Managing the Aging Workforce

- Five categories of organizational action (Leibold and Voelpel, 2006)
  - Managerial mindset
  - Knowledge management and learning
  - Health management
  - Work environment and ergonomics
  - Human resource management
Other important issues

- Work team diversity and the role of context (see e.g. Joshi & Roh, 2009 for a review)
  - Relations-oriented diversity
    - Age; gender; race/ethnicity
  - Task-oriented diversity
    - Function; education; tenure
- Mortality cues and death awareness at work (Grant & Wade-Benzoni, 2009)
- Generational identities in organizations (Joshi et al., 2010)
- Aging and innovative work behavior (e.g. Verworn, 2009)

CSR and Aging Workforce

- Mandatory retirement age
- Employment opportunities
- Wage/salary
  - Age discrimination/ Ageism in the workplace
Let's not forget:

‘If we talk about the two billion older people that will inhabit this planet by 2050, it still means that these two billion are composed of individuals, a diverse group who contribute to society in many, many different ways.’

Professor Dr. Ilona Kickbusch
Chairperson of the World Ageing & Generations Congress

Old vs. Young?

- young people become old
- young people can become disabled
- old people can become disabled
- disabled people become old

Beware of Ageism!
Think Trans generationally!

Source: James Pirkl, 2008
Crisis or Chance?

Crisis? 危機？ → 機会！ Chance!

Granny-dumping mountain (姥捨て山) → The elder nobility (老人貴族)

Silver Business in Japan

“Silver Business in Japan Implications of Demographic Change for Human Resource Management and Marketing”

German Chamber of Commerce and Industry in Japan, January 2010
Florian Kohlbacher, Pascal Gudorf and Cornelius Herstatt

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www.dijtokyo.org

or
In the light of the global demographic shift, this book offers an excellent overview on the matter itself as well as a thorough insight on the opportunities and challenges, which come along with it. Kohlbacher and Herstatt gathered contributors of profound expertise from a wide range of areas. This volume is full of concrete examples, first-hand insights and practical advice. A great tool I would like to recommend to any marketing, R&D or product manager.

Makoto Miwa
Director of Tokyo R&D Center, Panasonic Corporation, Japan

Q&A

Thank you very much!
Vielen Dank!
ご清聴ありがとうございました。

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