

Labor Force Aging & Human Resources Management in Japan

Masato OKA

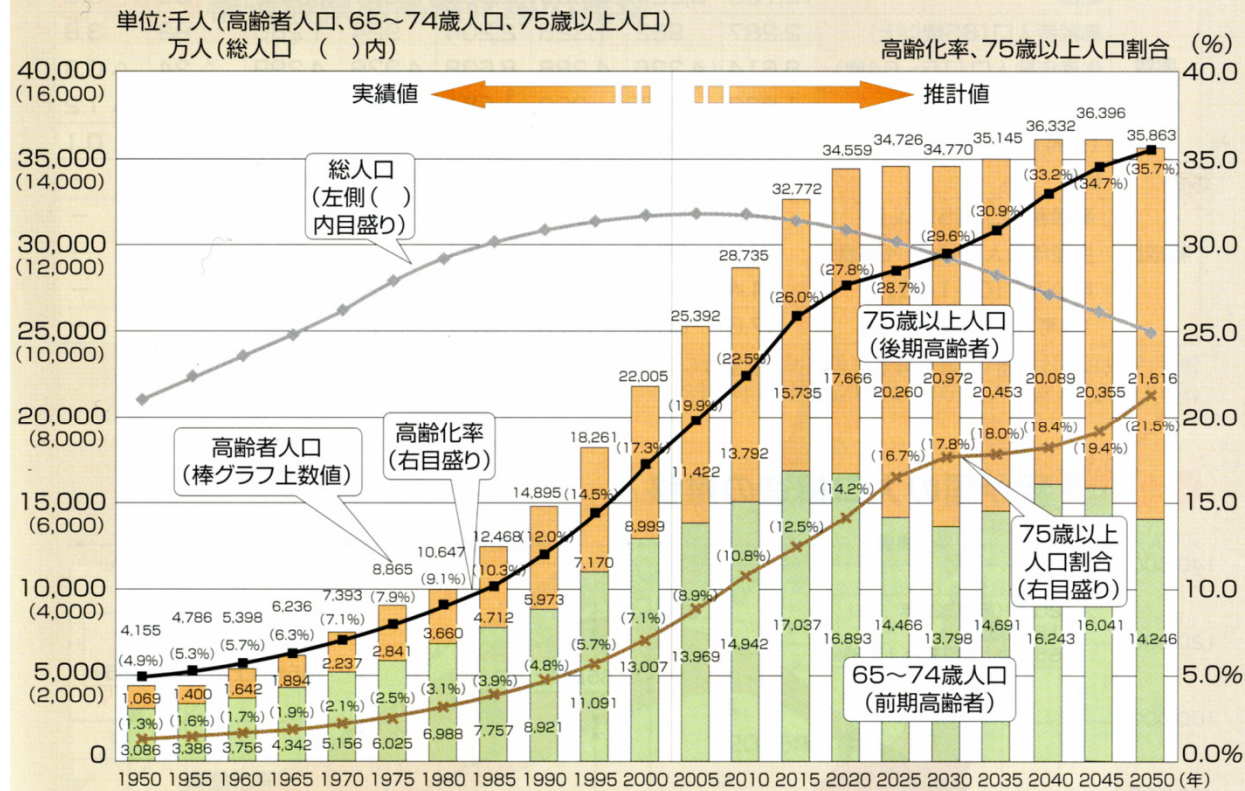
Professor, Yokohama City University

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Stabilization of Older Persons
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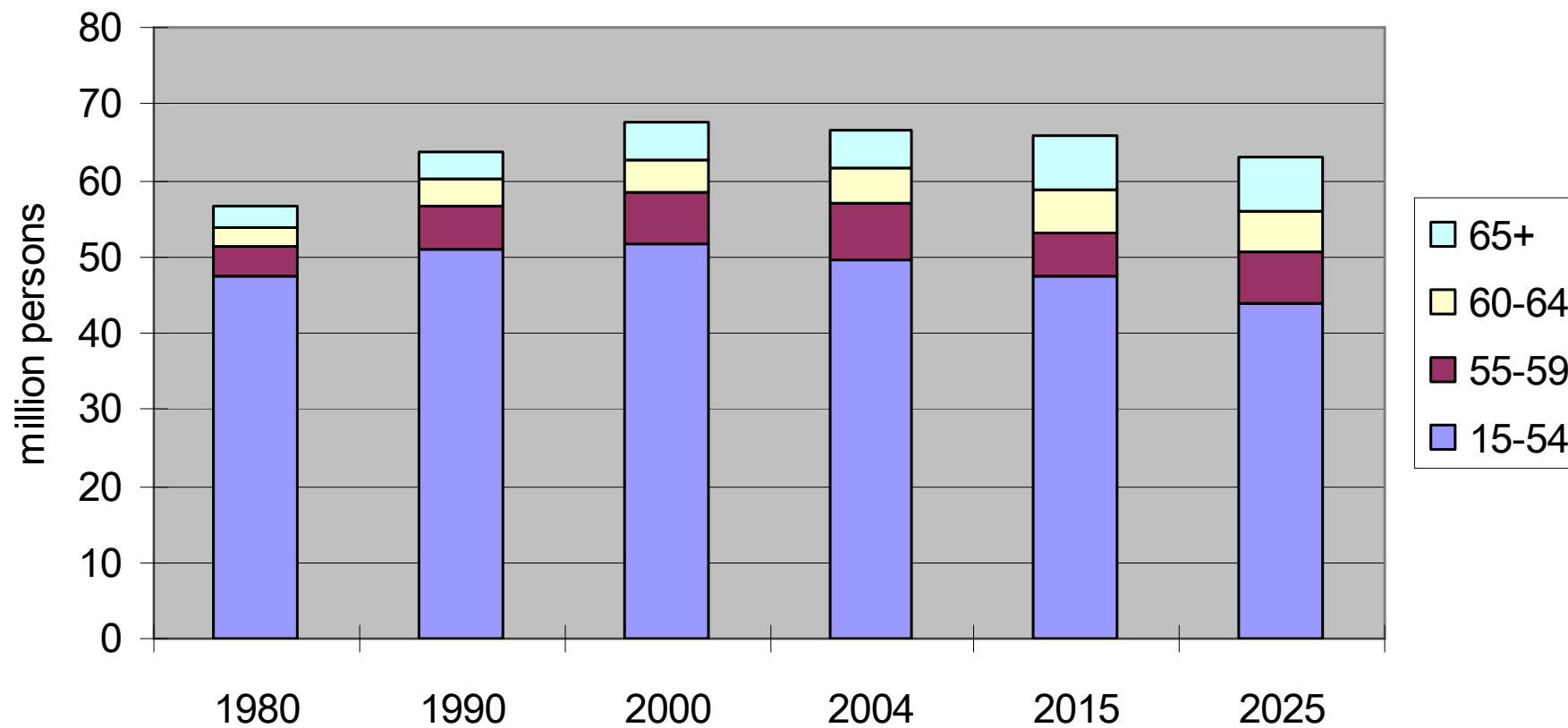
Rapid Ageing 1980-2050

図 2-1-2 高齢化の推移と将来推計



資料:2000年までは総務省「国勢調査」、2005年以降は国立社会保障・人口問題研究所「日本の将来推計人口(平成14年1月推計)」
(注)1955年の沖縄は70歳以上人口23,328人を前後の年次の70歳以上人口に占める75歳以上人口の割合を元に70~74歳と75歳以上人口に按分した。

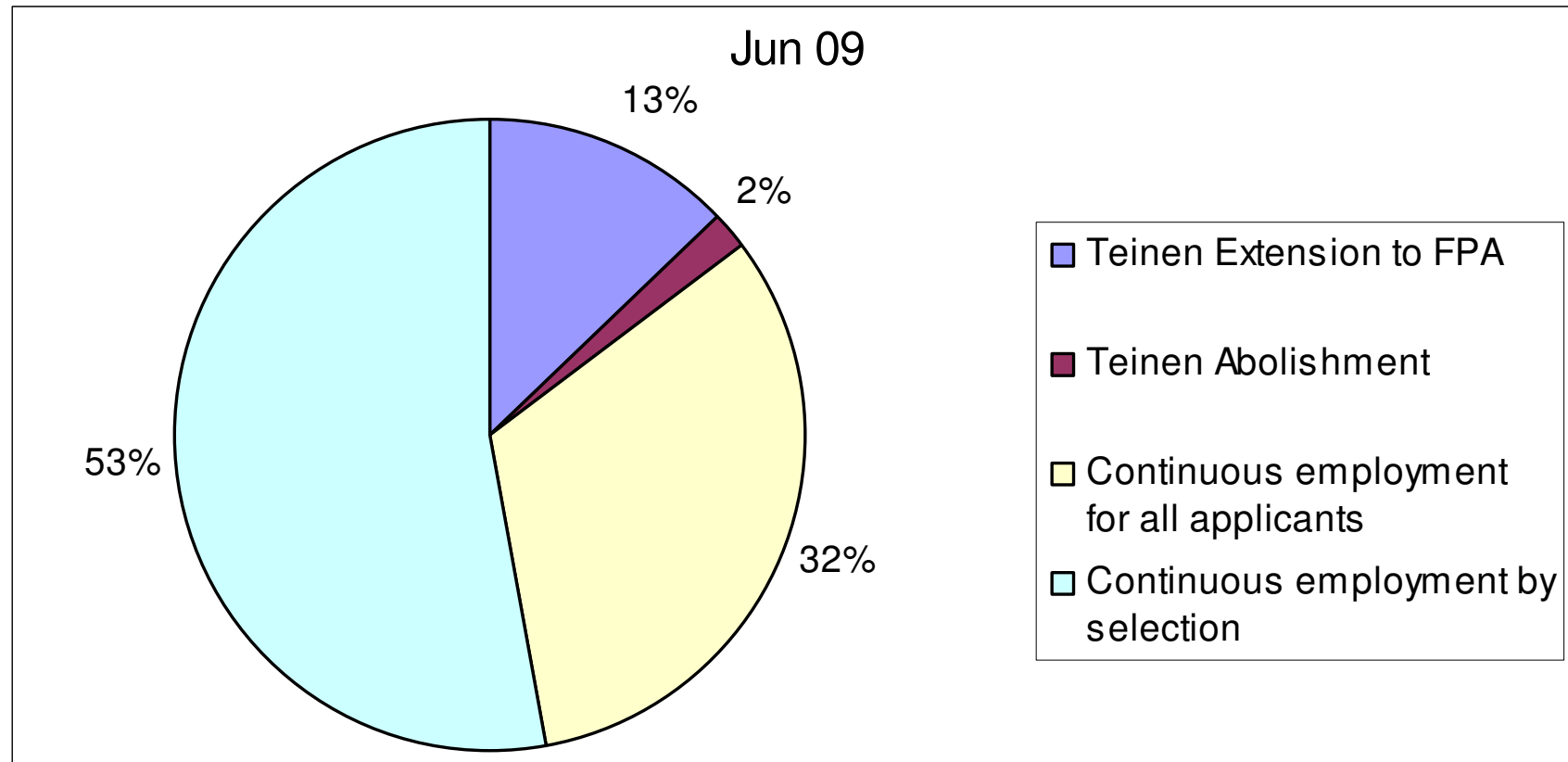
Labor Force by Age Groups



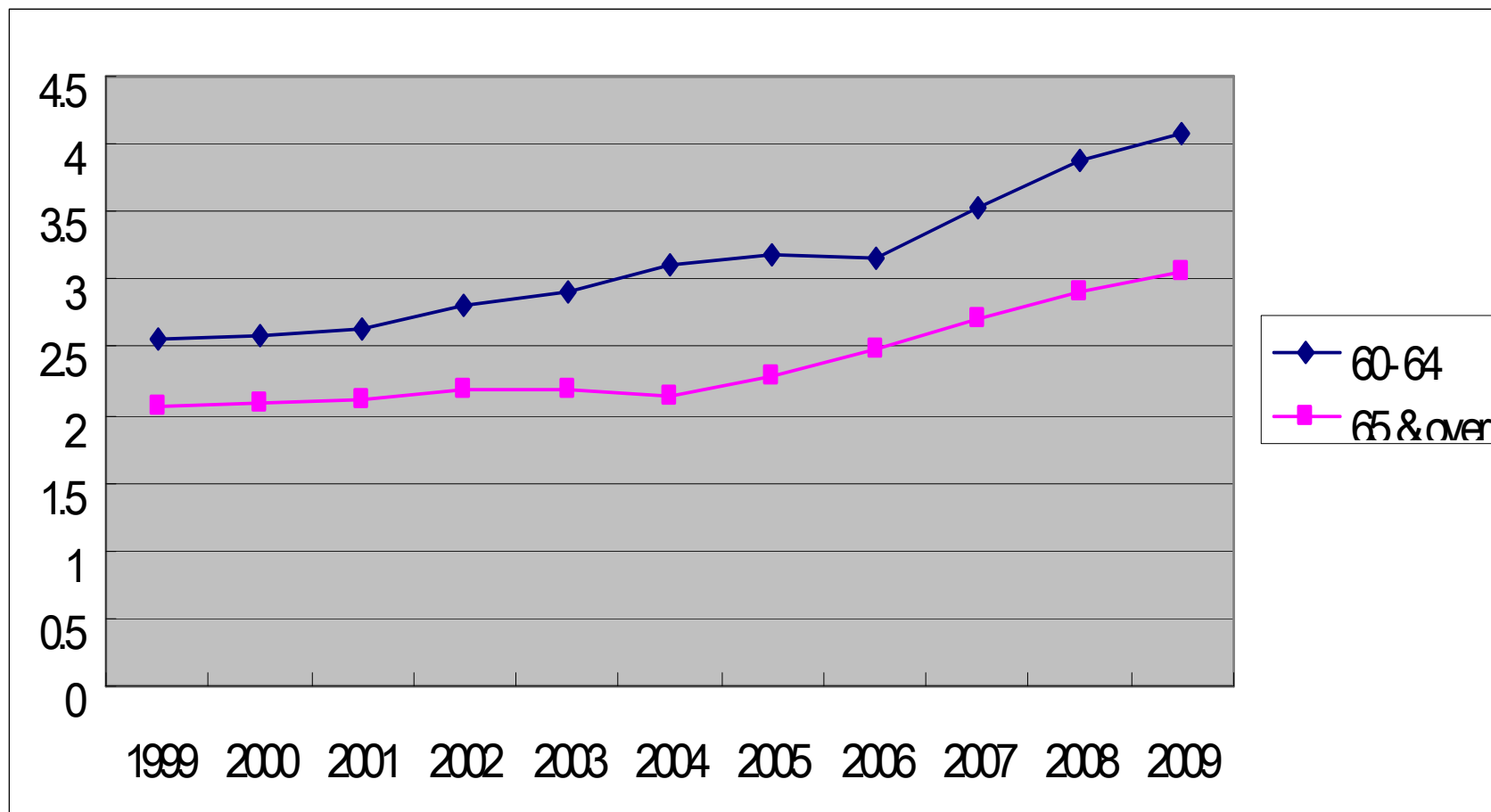
Older Workers Law 2004

- 2004 Amendment of the Law on Employment Stabilization of Older Persons
- Enforced in April 1, 2006
- Firms should introduce one of the following measures to extend employment up to age 65.
 - 1) Extension of Teinen (mandatory retirement) .
 - 2) Abolition of Teinen rule.
 - 3) Continuous employment scheme until FPA

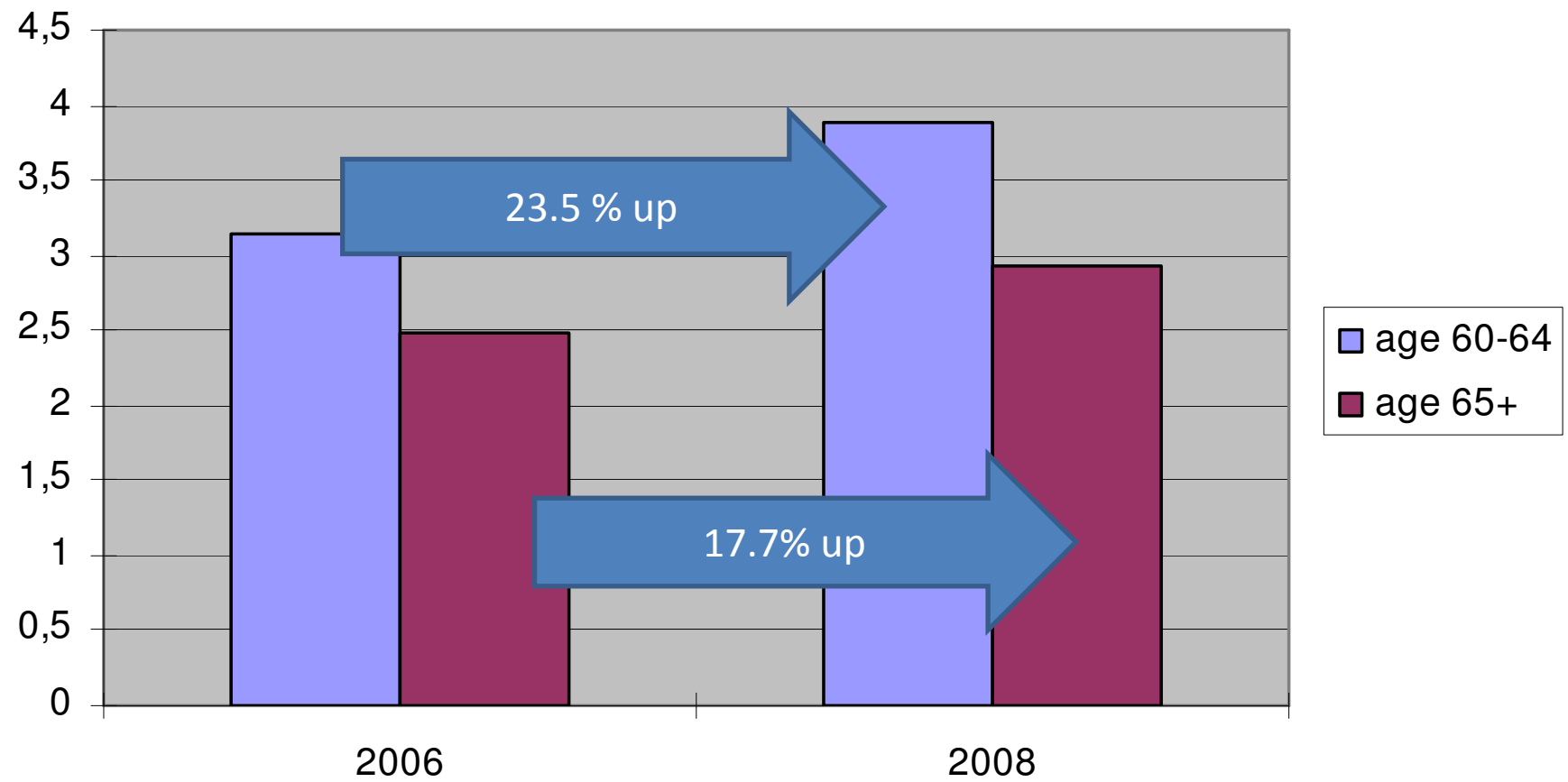
Firms' response to the 2004 Amendment Law (June 1, 2009)



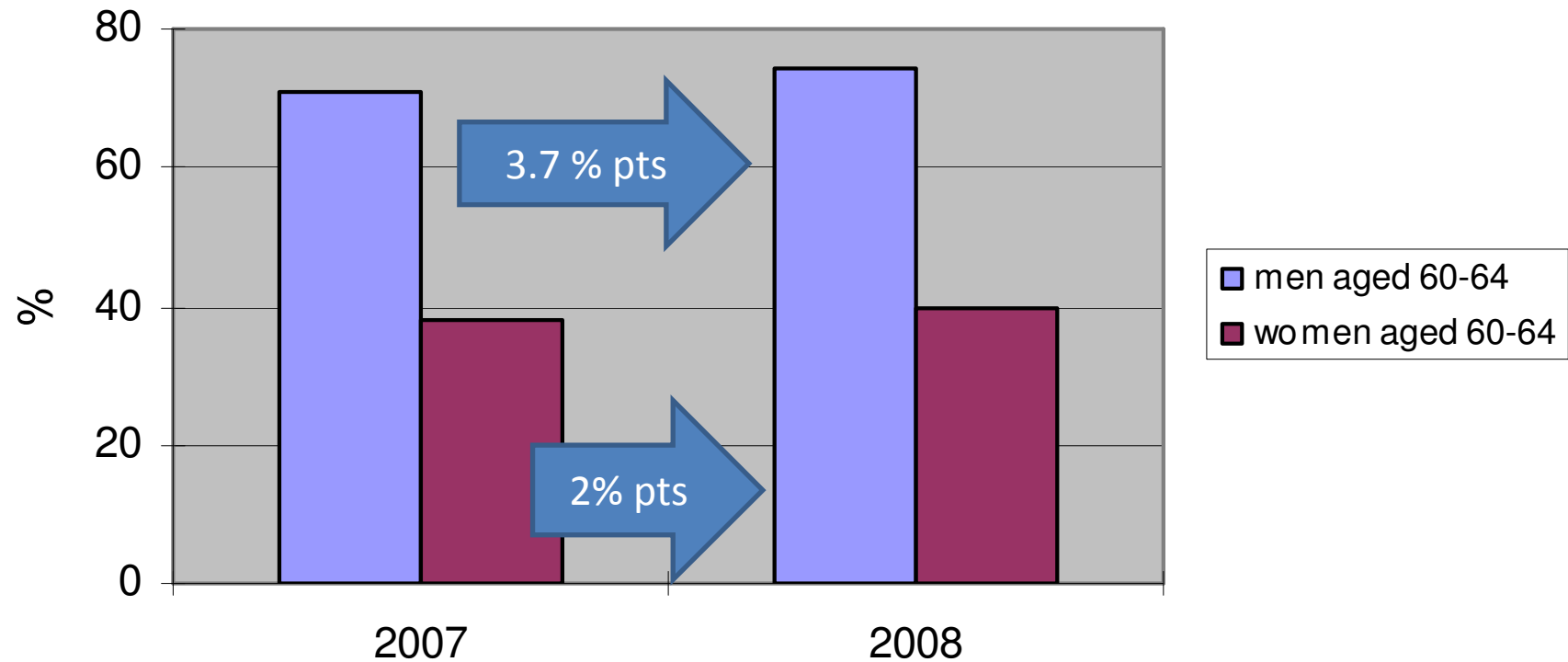
Increasing employment of the elderly (million persons, all industry)



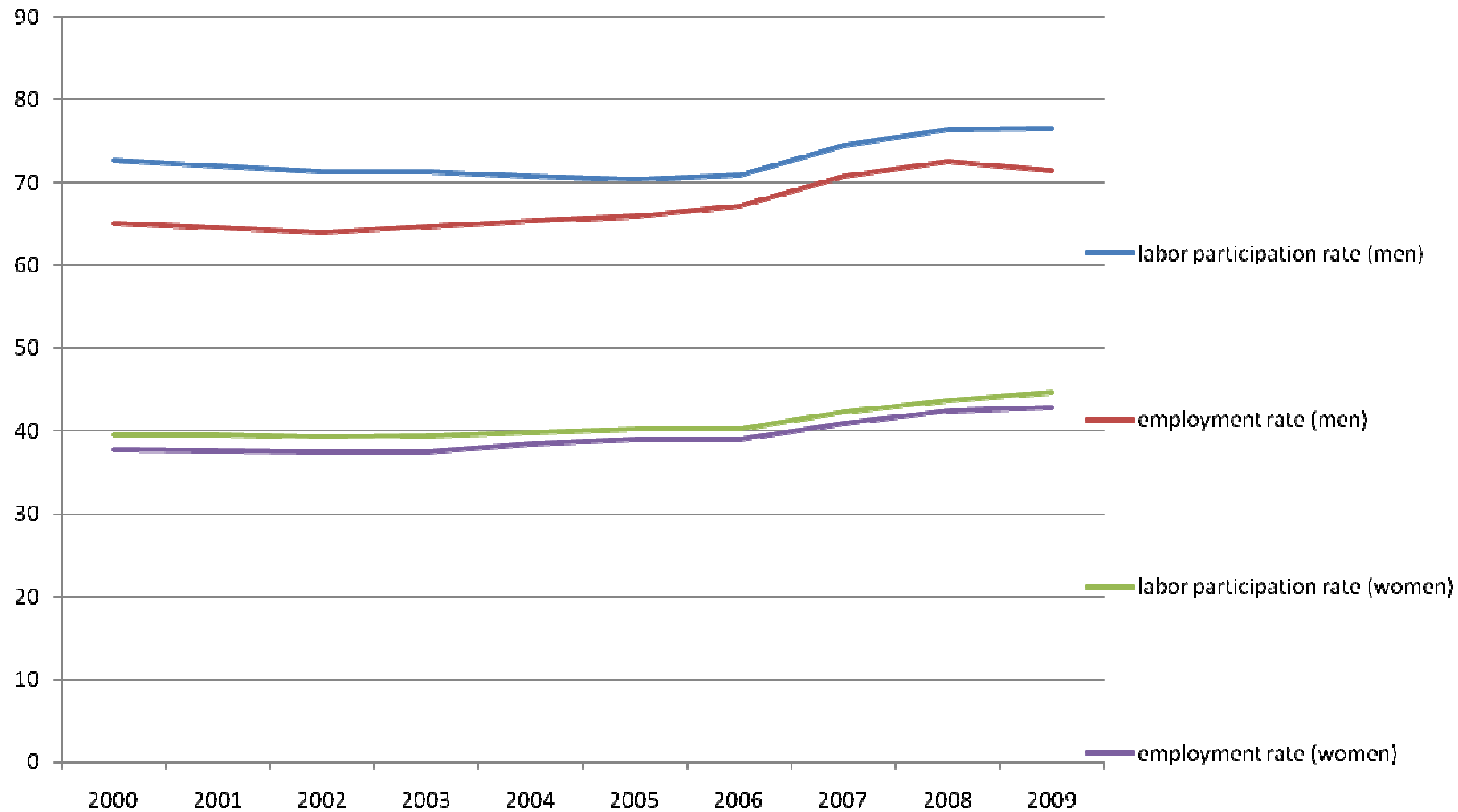
number of older employees (million persons)



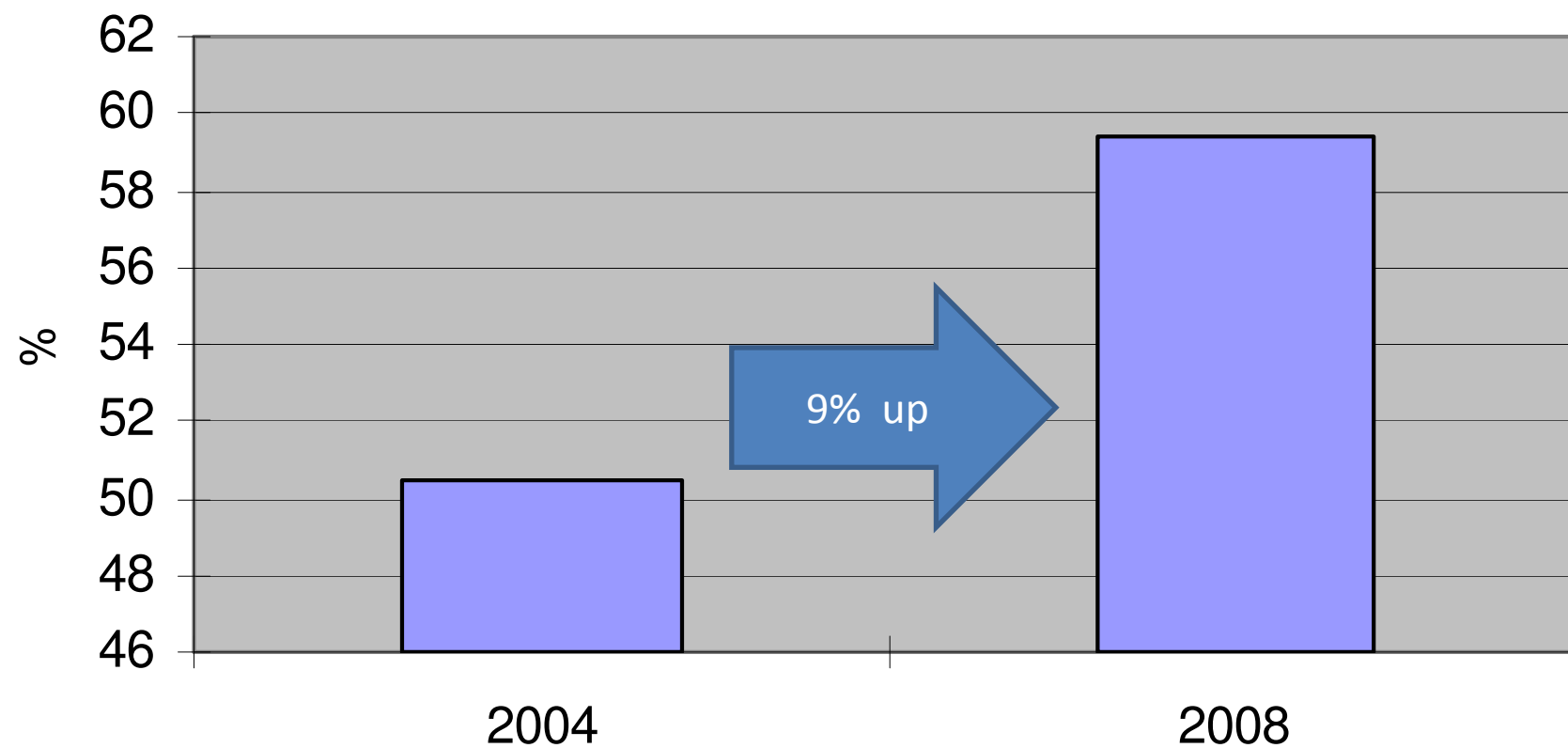
employment rate of 60-64 by sex



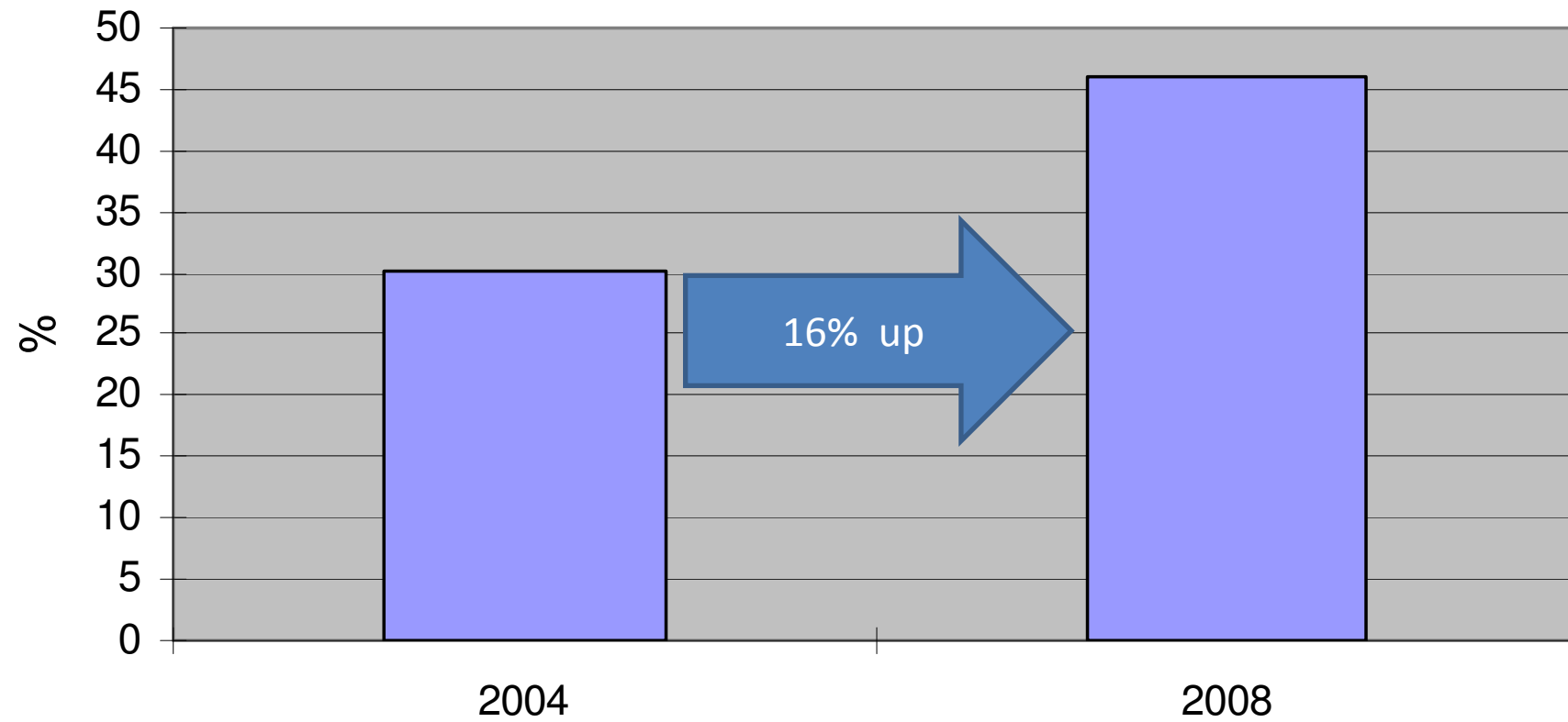
Labor force participation & employment rate of age 60-64 (%)



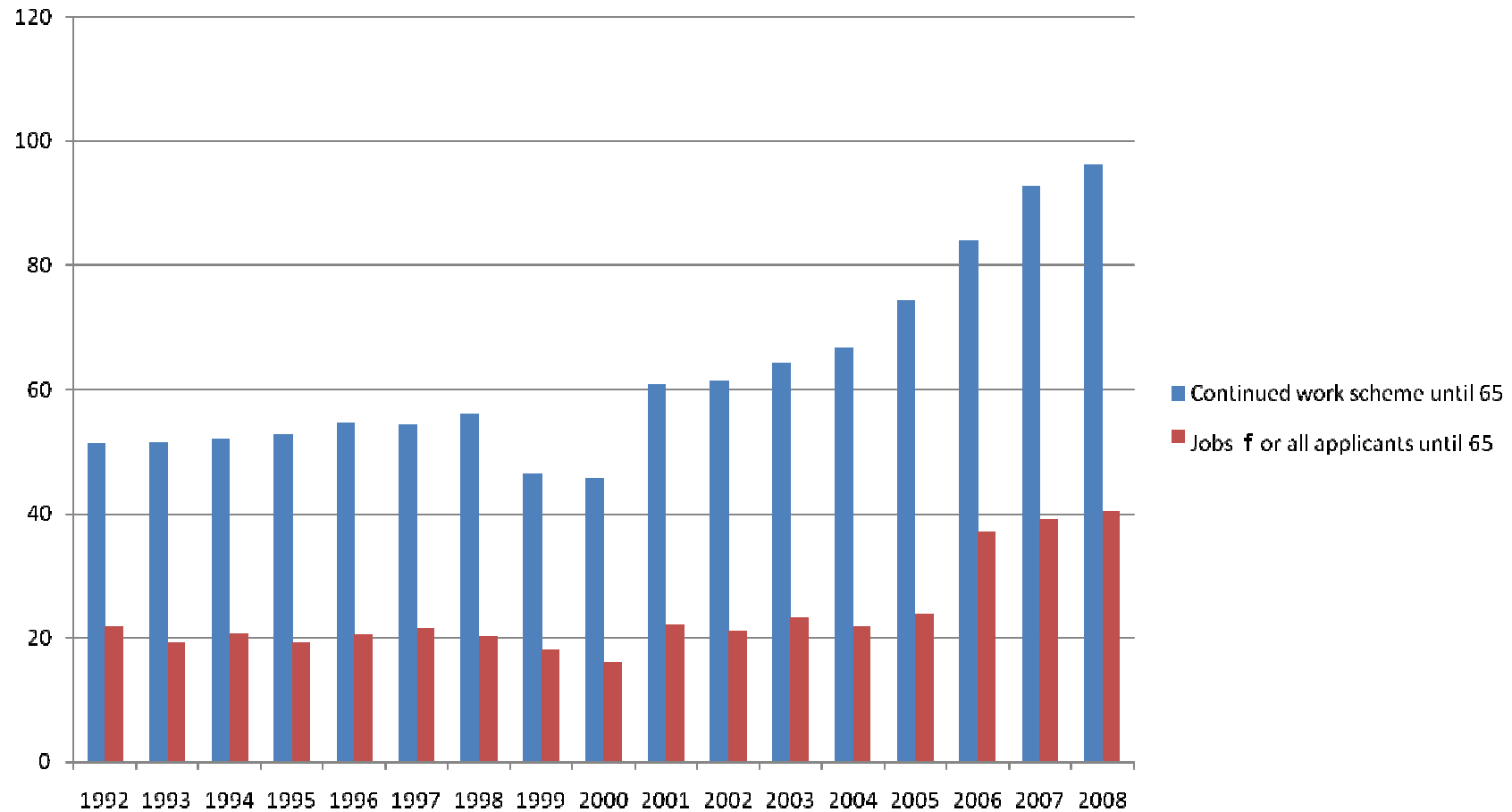
percentage of establishments hiring 60+ workers



firms introduced any special measure for hiring 60+ workers



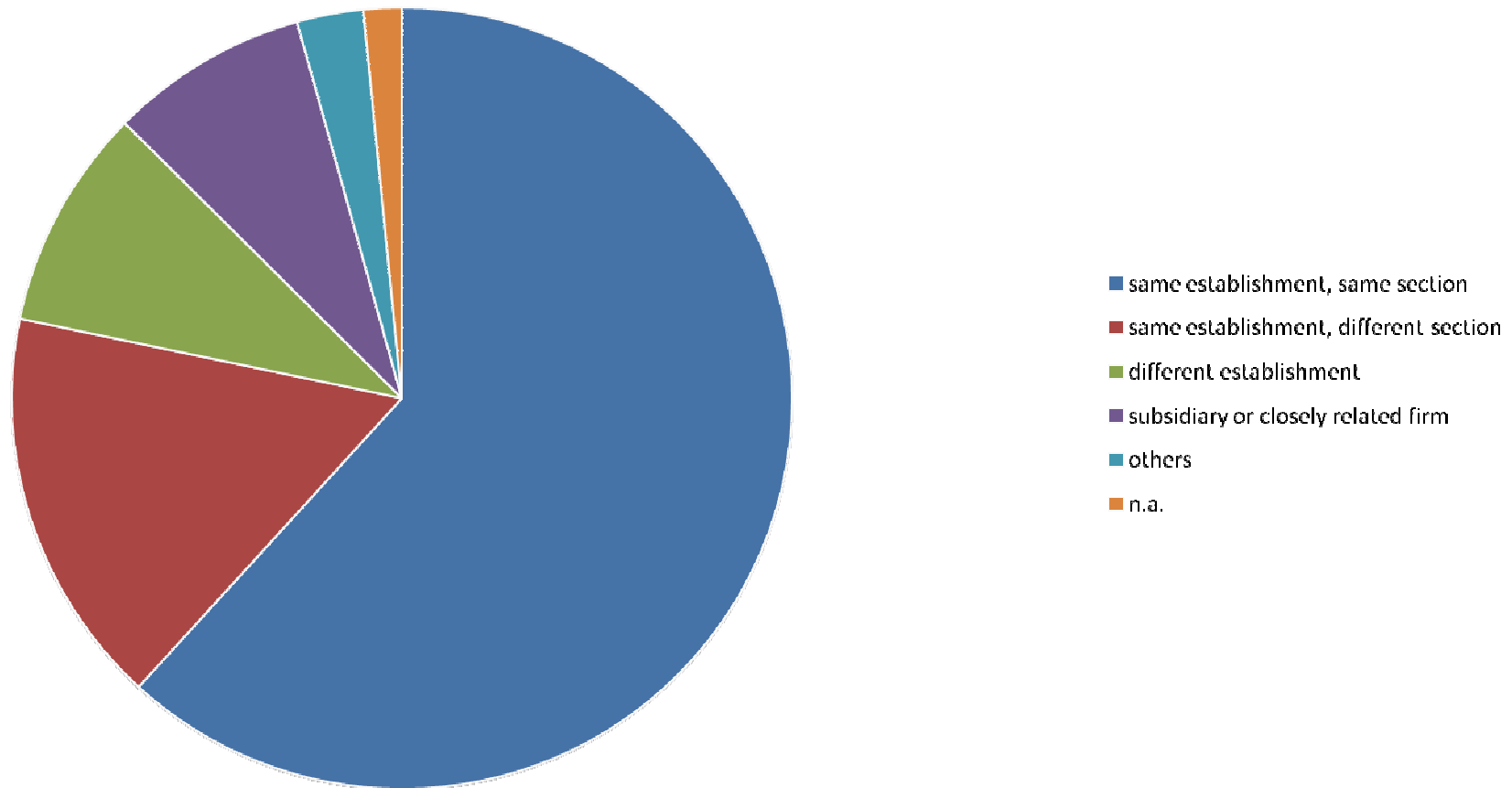
Continuous employment schemes after Teinen up to age 65



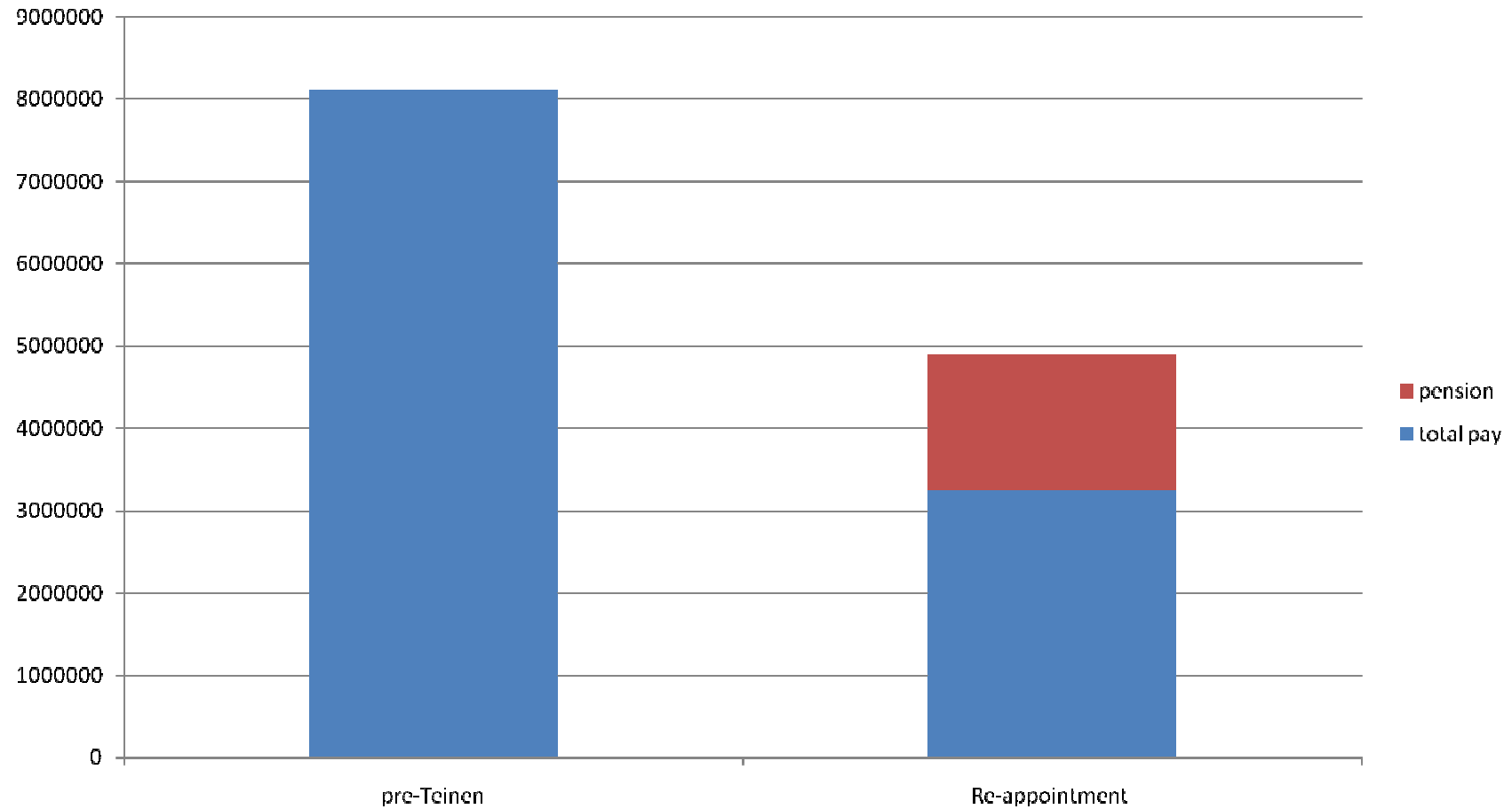
Quality of Post-Teinen Jobs

- Duties, place & hours of work: almost same
- Pay is halved, but 70% of former earnings is available. (In-work pension & public benefit)
- Regular employment status is offered to only 12% of Teinen retirees.
- Firms which guarantee post-Teinen employment up to age 65 for all applicants account for 40.4% as of June 2009.

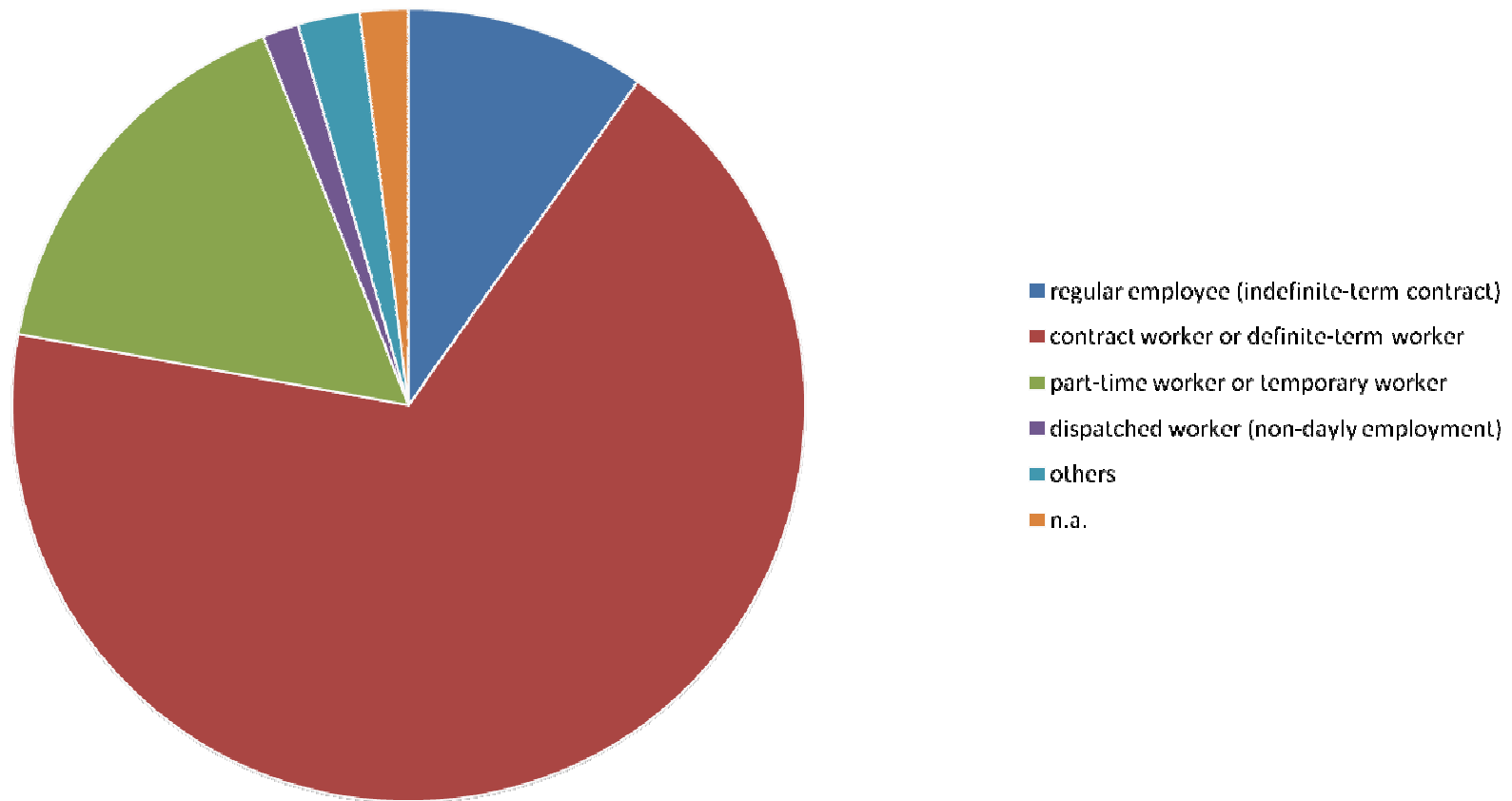
Work place of post-Teinen jobs



Income change of post-Teinen worker Y City, 2003



Work-status of post Teinen jobs



Nature of re-employment schemes

- 1) Publicly subsidized cheap labor scheme
trade off relations between wage and public benefits (in-work pension & benefit for 60-64)
- 2) Potentially encouraging age discrimination
principle of 'equal pay for equal work' does not always apply to older workers
- 3) Low quality bridging jobs
obscure roles, low work satisfaction

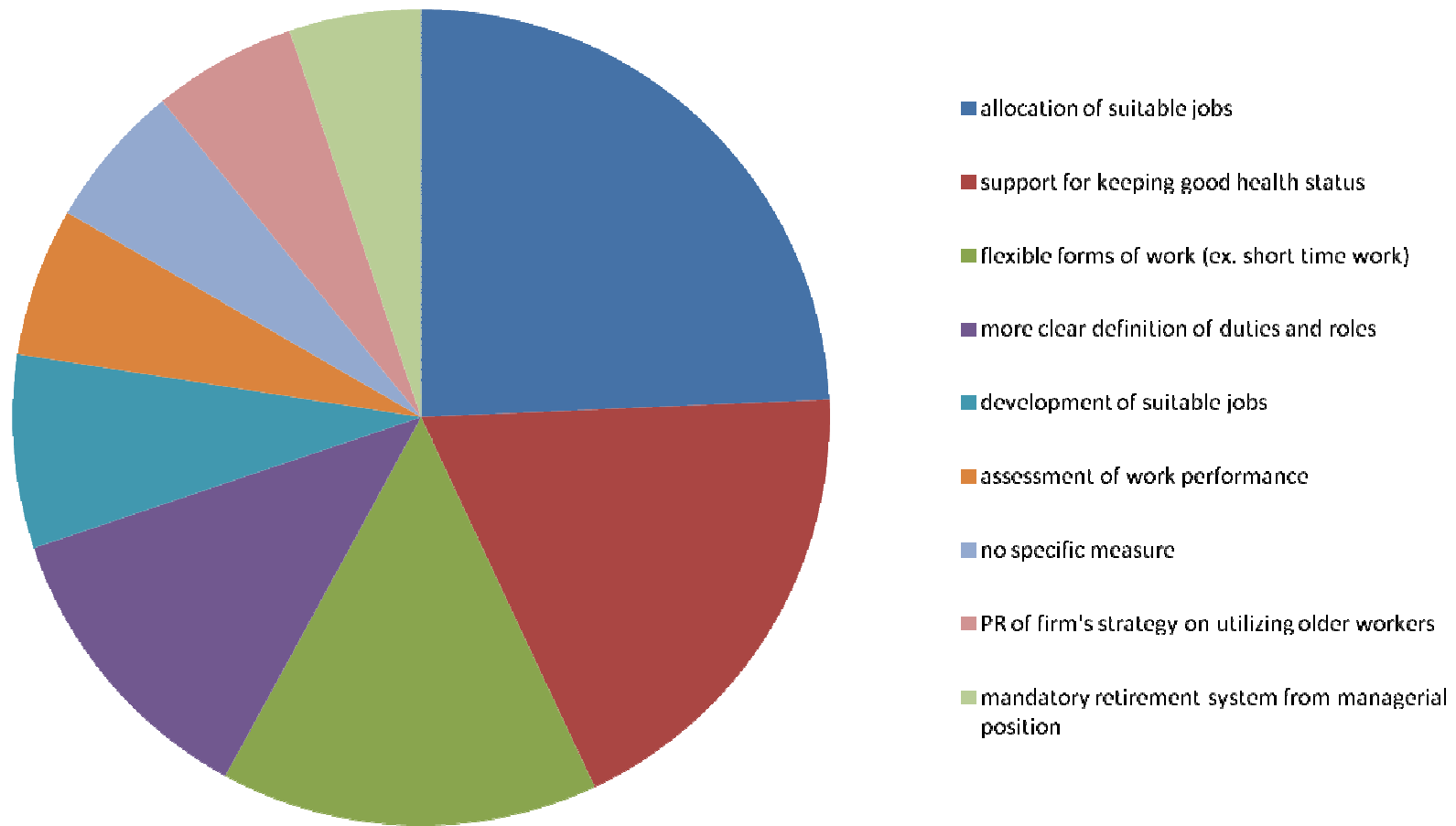
Problems of post-Teinen employment

- Continuous employment jobs are not necessarily offered to all applicants for the time being.
- Objective requirements of the post-Teinen jobs are not clear. Selection criteria should be disclosed.
- The 2004 Amendment Law has no article to guarantee decent working conditions for the post-Teinen workers.
- The management, and sometimes even the trade unions neglect interests of the post-Teinen workers.

Challenges ahead: Firms

- Review of age-oriented employment system towards an age-free one together with affirming job security and successive training until age 65 or more
- Efforts for developing suitable jobs for older workers should be made. It looks weaker than other personnel management measures.

Personnel management measures for older workers after Teinen (JEED 2008)



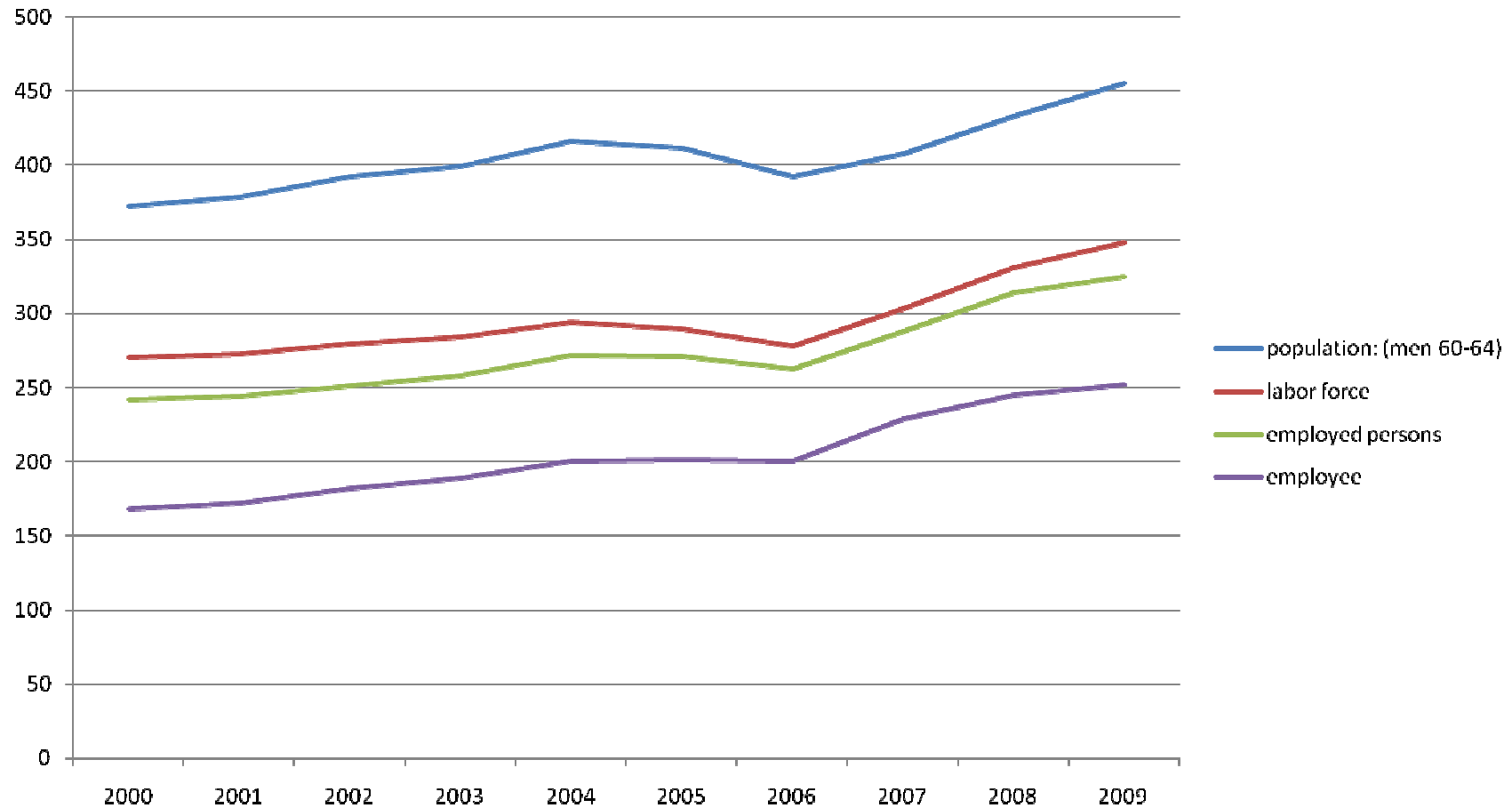
Public policies: Need for a more comprehensive employment strategy

- Further amendment of the Law aiming at improving quality of post-Teinen jobs is necessary.
- However, policies specifically applied to older workers are not enough.
- 1) Non-regular workers : 36% of total employees in 2006 (doubled in 20 years). A large cohort of non-regular workers is approaching their mid-30s. They won't experience post-Teinen jobs.
- 2) Foreign workers: mainly unskilled, low pay jobs. 755,000 in 2006 (doubled in 10 years) .
- 'Decent work for all' strategy is crucial.

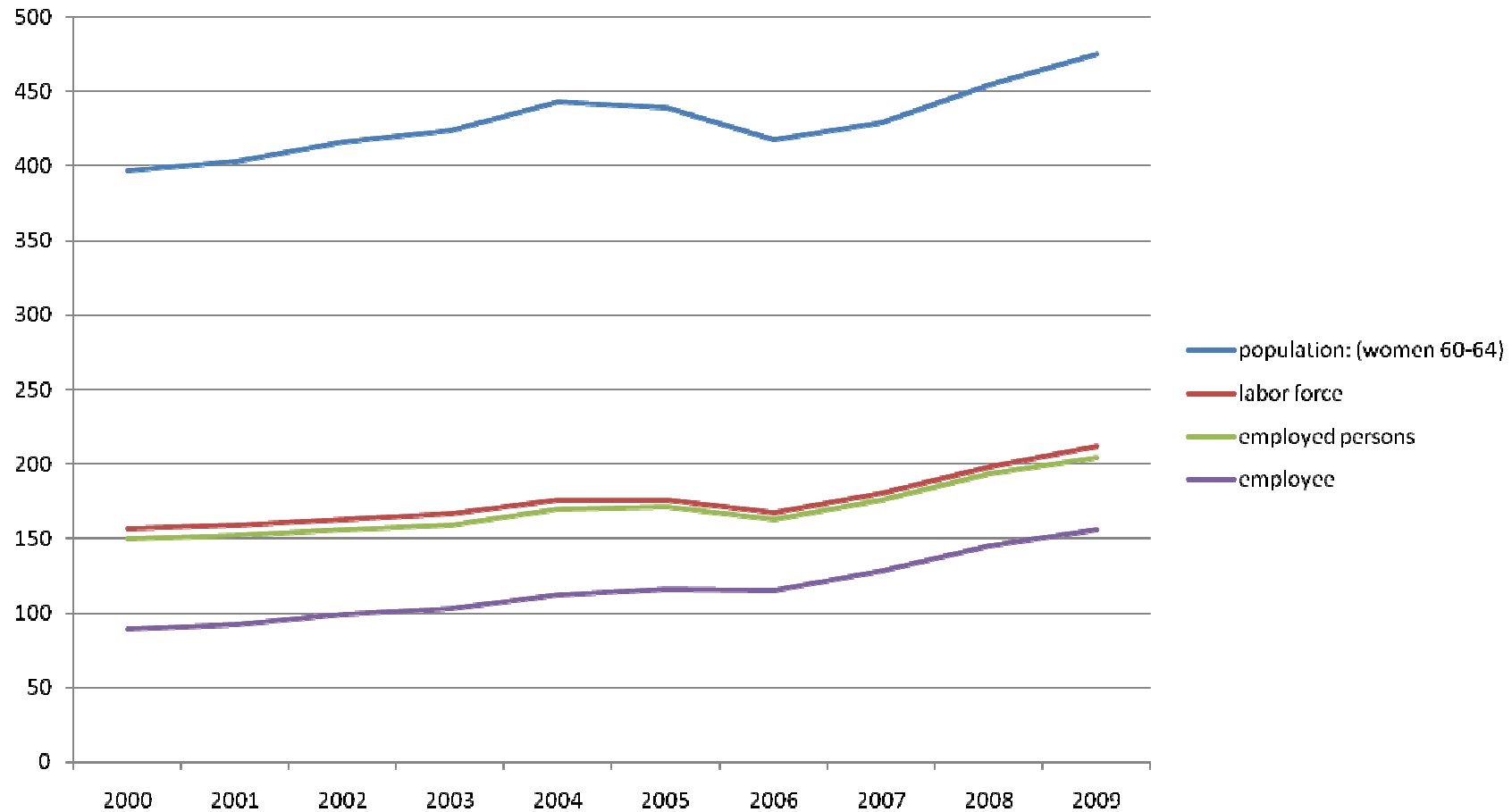
Thank you very much!

- Masato OKA
- Yokohama City University
- okamasat@yokohama-cu.ac.jp

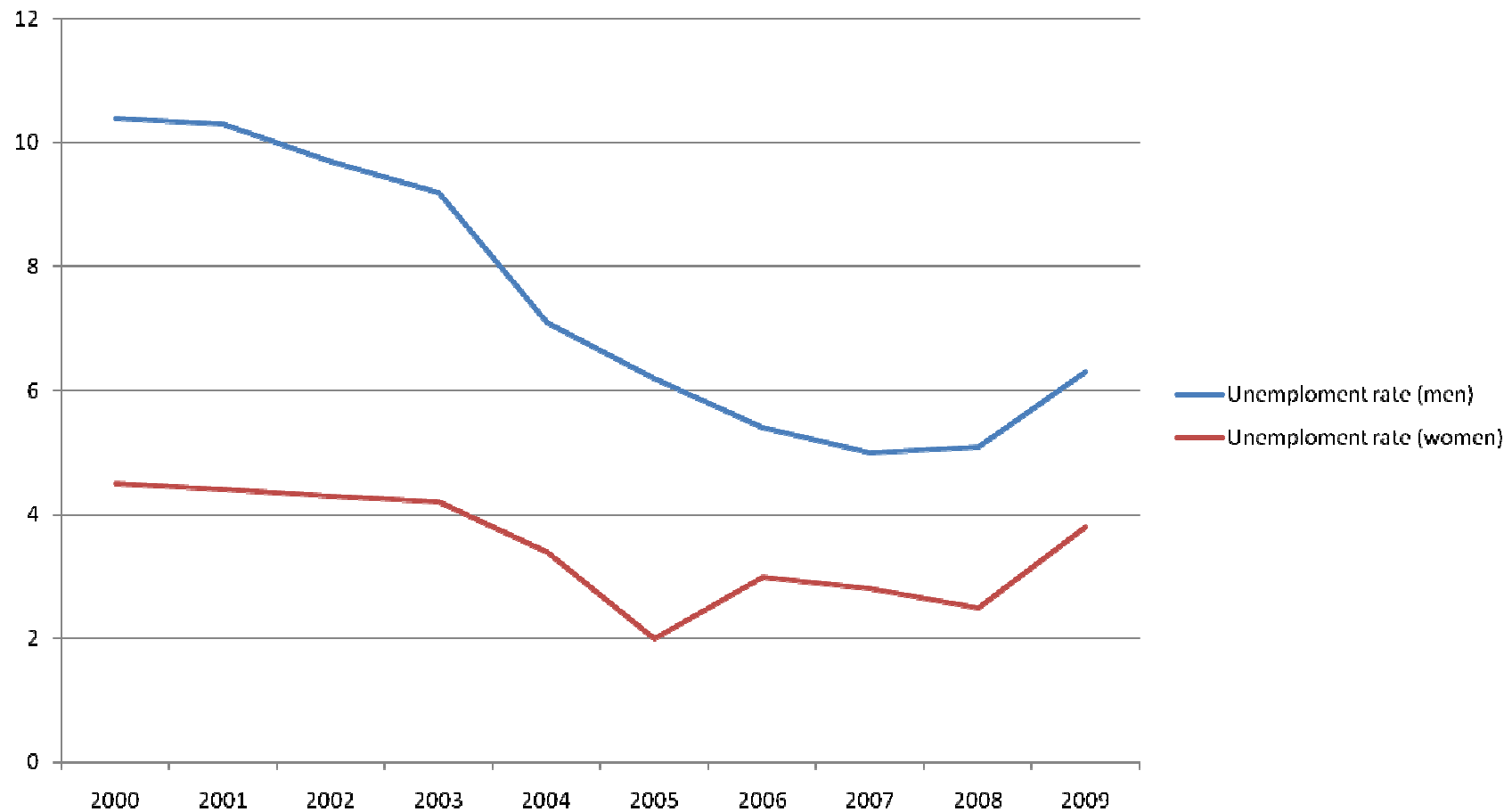
Employment of Men aged 60-64 (10 thousand)



Employment of Women aged 60-64 (10 thousand)



Unemployment rate of age 60-64



Stern Working Conditions of the post-Teinen re-employment jobs

Case: Books wholesale company

Re-employment at a subsidiary firm which dispatches workers mainly to the mother firm.

- Low pay: 45% of pre-Teinen income
(1000 yen/hour: 130,000 yen a month)
- Short term contract: 3 months
- Social insurance coverage: not available
- Working hours: 10-17

Projection of Labour Force

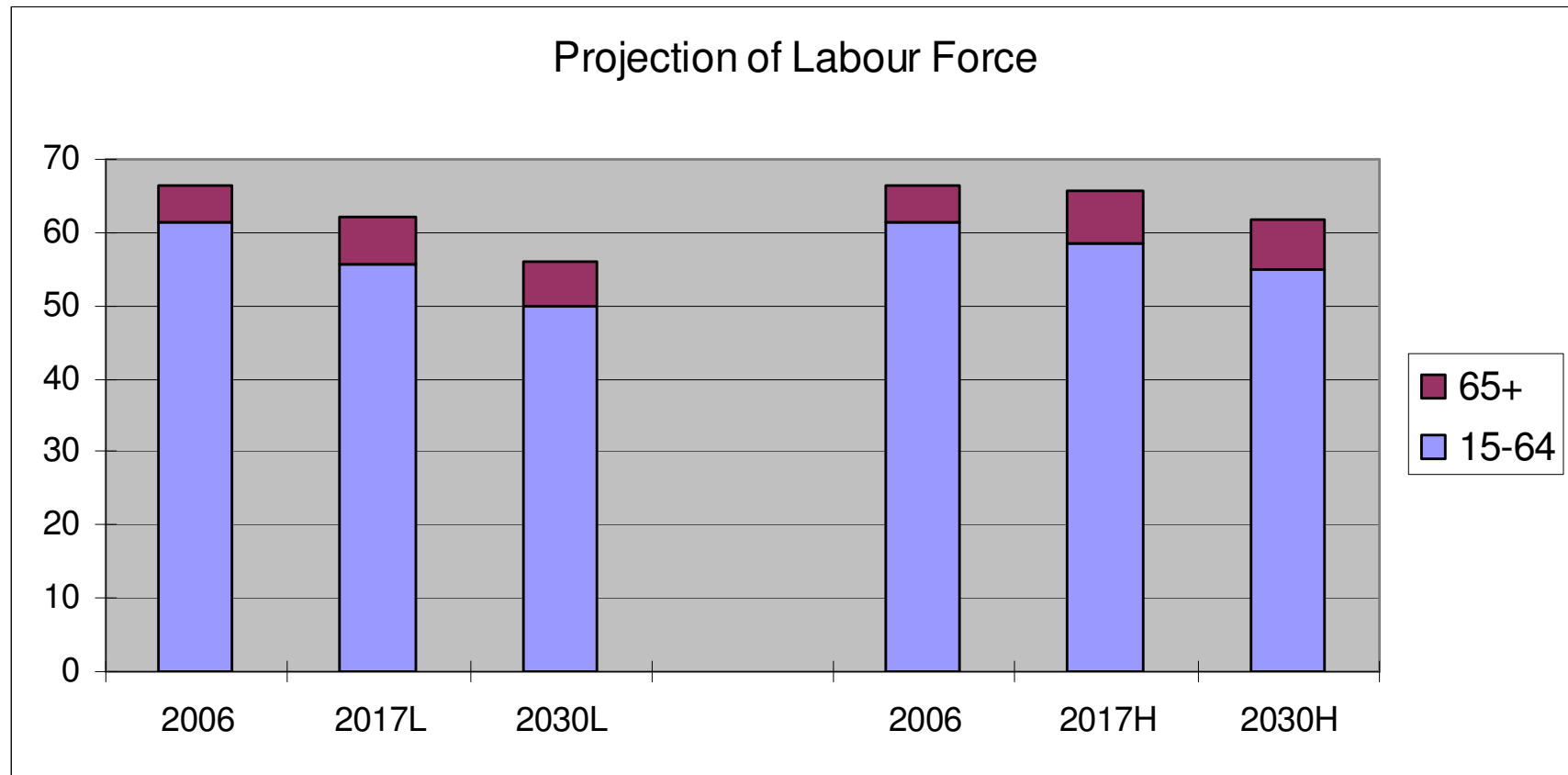
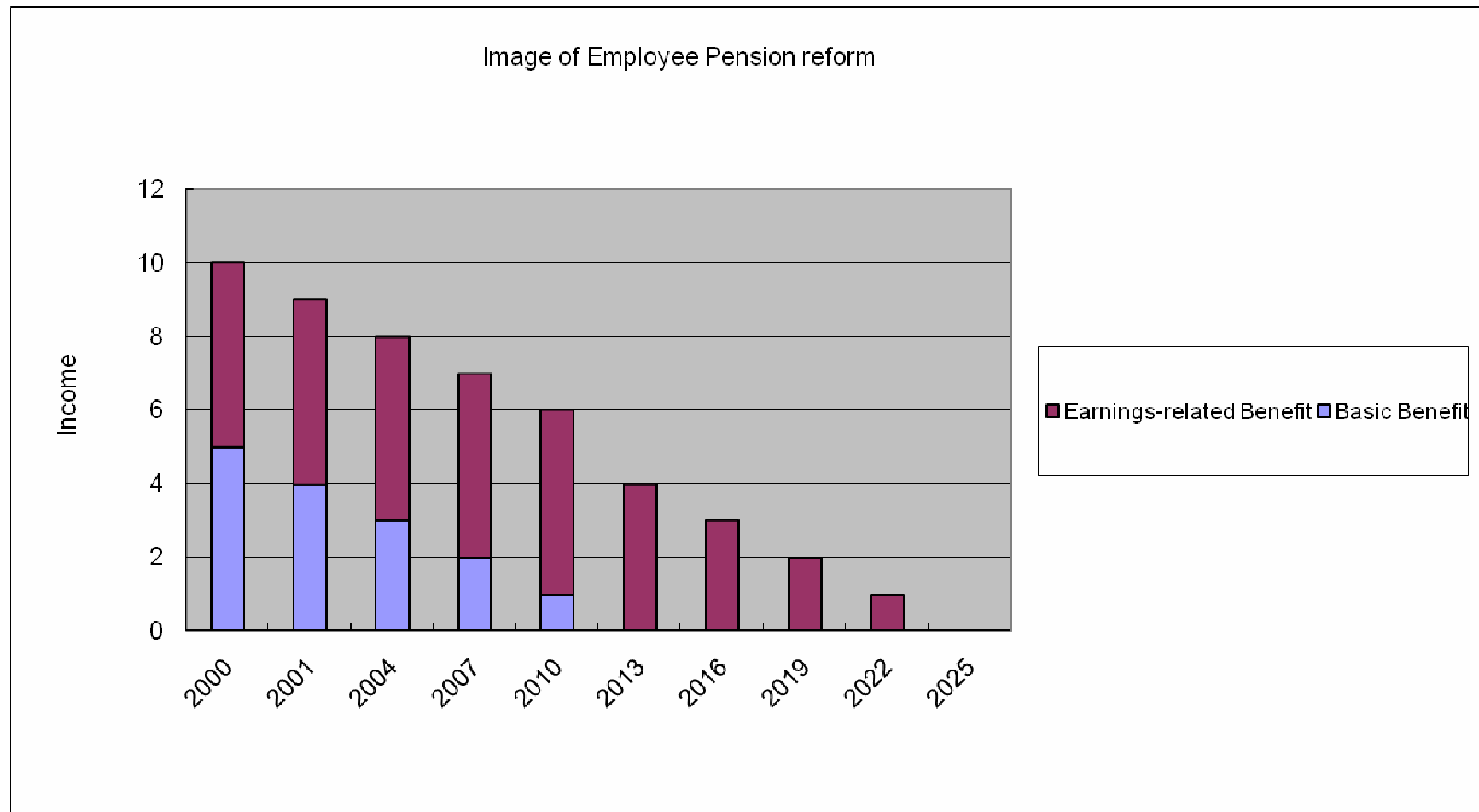


Image of public pension reform



Income change of a division chief

