

The Evolution, Problems and Countermeasures of Employment Measures for the Elderly in Japan

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Abstract: Japan is facing a severe problem of population aging, and it is one of the countries with the highest degree of aging in the world. This demographic change has brought great challenges to the labor market and social security system. In response to this problem, the Japanese has implemented a series of measures to promote the employment of the elderly. This paper discusses the historical evolution, problems and countermeasures of employment measures for the elderly in Japan. By analyzing the background, objectives and effects of the changes in employment measures, this paper reveals the challenges faced by the Japanese and the measures it has taken to deal with the aging society. This paper holds that the effectiveness of employment measures for the elderly is not only related to the lives of individual elderly people. Quality is more related to the sustainable development of the whole society.

Keywords: Employment Measures for the Elderly; Japan; Aging Society

1. Introduction

Japan is one of the countries with the highest degree of aging in the world. With the decline of birth rate and the extension of life expectancy, the problem of aging is becoming more and more serious. In response to this challenge, the Japanese government has gradually implemented a series of policies to promote the employment of the elderly. The evolution of these policies not only reflects the changes in Japan's economic and social structure, but also reflects the government's trade-offs and efforts between safeguarding the well-being of the elderly and maintaining economic vitality. This paper aims to systematically sort out and analyze the evolution of Japan's employment policy for the

elderly, evaluate its effectiveness, and explore the future policy direction.

2. Literature Review

In recent years, many scholars have conducted in-depth research on Japan's employment policy for the elderly, and discussed the background, implementation effect and future challenges of the policy.

Qingshan revealed some problems that need to be solved in the employment of the elderly in the future by examining the employment situation of the elderly after the implementation of the Law on Correcting the Employment Stability of the Elderly [1]. Hamaguchi divided the development process of the employment policy for the elderly into three stages: the external labor policy stage centered on the employment rate of middle-aged and high-aged people before 1985, the internal labor policy stage to ensure the long-term employment of employees from 2000, and the external labor policy stage after the age limit when recruitment and employment were prohibited in 2001 [2]. Matsuura analyzed the influence of the increase in the starting age of pension (from 55 to 60 in 1954 and from 60 to 65 in 1994 and 1999) on the employment security policy for the elderly in two stages [3].

In their research, Mixiong Sakaguchi expounded the employment situation and labor supply behavior mechanism of the elderly men in Japan, and looked forward to the future employment of the elderly. By estimating the structural labor supply function of 55-69-year-old male seniors' employment patterns (full-time, part-time, employment intention (generalized unemployment) and non-employment), this study quantitatively tests the influence of wages, annuities, occupations and other factors on the employment behavior of the seniors. On this basis, it simulates how the employment of the

elderly will change under various circumstances such as the change of the annuity system or the revision of the annual wage system [4]. Iwamoto pointed out in his research that if the annuity reduction caused by the in-service old-age pension system is regarded as a high tax rate on wages, then those who receive the reduced annuity will think that the marginal tax rate of wages exceeds 80%. Through this system to adjust the marginal tax rate, the employment rate of people aged 60 to 64 can be increased by about 5 percentage points [5]. Long Dunhong and others surveyed the social and employment environment of the elderly, and grasped the trend of their employment behavior and retirement behavior. Based on the questionnaire survey of Hiroshima Silver Hair Talent Center, this paper analyzes the employment intention of the elderly and its obstacles, and discusses the diversified labor methods of the elderly in the future [6]. In his research, Yamada pointed out that apart from the public pension payment level that has been pointed out for a long time, there are two keys to explain the high employment rate of the elderly in Japan: the fixed-year system and the flexible wage adjustment after the fixed-year. The influence of these two factors is quantitatively analyzed from macro and micro data [7].

Ueno discussed the impact of the increase in employees in the 60-year-old age group on the wage structure. The results show that since the mid-2010's, the wage of the former has increased slightly with age, and the peak of the wage level appears later. Comparing the results in the early 2000s and after the mid-2010s, we can see that during this decade, the wage curve tends to be flat at least from the age of 30, especially in workplaces with a high proportion of employees over 60 years old. If the employment of employees over the age of 60 leads to the reduction of promotion opportunities or the flattening of wage structure, the advantages of long-term employment may decline for the younger generation. On the other hand, existing studies have pointed out that the continuous employment of employees over 60 years old will help improve the productivity of enterprises through their rich human capital and teamwork with the younger generation [8]. Shibuya paid special attention to the

adjustments made by enterprises in the process of ensuring the employment of the elderly, including the salary level of the elderly, the work content and the possibility of employment substitution between the elderly and the young, and used the microscopic data of enterprise surveys to verify the extent to which these adjustment measures were implemented. The results show that although the salary at the beginning of 60 years old is lower than that before retirement, the salary is adjusted according to the work content and burden after continued employment. Enterprises are aware of the substitution problem between the old and the young. By adjusting the workload, it is helpful to ensure the employment opportunities of elderly workers until they reach the age of 70 [9]. Shimamura reviewed the contents of the employment legal system and pension legal system before the amendment of the Law on the Employment and Stability of the Elderly, and pointed out that in order to enable the elderly to independently choose whether to work, when and how to receive pensions and other options, it is necessary to establish an environment where the advantages and disadvantages of each option can be compared and consulted [10].

Based on the above research, this paper will analyze Japan's employment security policy for the elderly from the perspectives of the progress of an aging society, the change of industrial structure and the fluctuation of economic and employment situation.

3. The Evolution of the Post-war Employment Policy for the Elderly

3.1 Policy Embryonic Period (1945 -1984)

After the war, Japan's economy grew rapidly, and the focus of labor policy was to meet the needs of industrialization and urbanization. The government ensures an adequate and efficient labor supply by formulating and implementing a series of labor market policies. With the transformation of economic structure and the change of family structure, labor policy has gradually paid attention to the needs of labor force of different ages.

Specifically, in the initial unemployment countermeasure period, Japan's employment security policy for the elderly was mainly aimed at a large number of middle-aged and

high-aged unemployed people who were marginalized by the labor market due to post-war industrial structure changes. Its main measures include increasing employment rate, employment incentive measures, issuing job-seeking manuals for middle-aged and high-aged unemployed people and vocational training. In 1976, the employment rate system for middle and high years (requiring business owners to strive to achieve the employment rate suitable for positions in middle and high years) was replaced by the employment rate system for older people (requiring enterprises to uniformly employ 6% of people over 55 regardless of job types). Since 1971, the basic plan for vocational training has been formulated every five years, making the vocational training policy a part of the national comprehensive employment policy.

In 1970s, the global oil crisis had a great impact on Japanese economy, and economic growth slowed down. At the same time, the problem of population aging is gradually emerging. The government began to realize the importance of the elderly as potential labor resources, and began to explore how to guide the elderly to continue to participate in the labor market through policies. In 1971, Japan enacted the Law on Special Measures to Promote the Employment of Middle-aged and Senior Citizens, and made it an obligation to reach the retirement age of over 60. In 1973, the government took extending the retirement age as an important task, and promoted the popularization of retirement at 60 and continued employment at 65. In 1981, business owners were required to make efforts to formulate internal vocational training plans.

3.2 Policy Start-up Period (1985 -2003)

In 1985, the Employment Security Law for the Elderly was promulgated, which marked that the Japanese government officially began to pay attention to the employment of the elderly. By encouraging enterprises to extend the employment age and providing re-employment training, the government tries to keep more elderly people working.

The Law on Employment Stability of the Elderly and Other Related Laws (hereinafter referred to as the Law on the Elderly) revised in 1986 stipulates that the retirement age of 60 becomes the hard work obligation of business owners. In 1994, the law was further revised,

and it was clearly stipulated that the retirement age of 60 was mandatory, and it was implemented in 1998. The revision of the Old Age Law aims at ensuring the stable employment of the elderly from beginning to end, in order to cope with the increase of the legal age for receiving the old-age pension. The revised law further strengthens the responsibility of enterprises, requiring enterprises to formulate employment plans for the elderly and provide more employment opportunities and vocational training for elderly employees.

In 1999, Japan began to implement the "Nursing Insurance System". By introducing the nursing insurance system, the burden on the elderly families was reduced, making it possible for more elderly people to re-enter the labor market. Since the implementation of the policy, the labor participation rate of the elderly, especially those over 65, has increased significantly. According to the latest statistics, in 2022, the labor participation rate of the population over 65 in Japan has reached 25%, an increase of nearly 10 percentage points over 2000.

Most enterprises have taken measures to extend retirement age and provide reemployment opportunities, but there are still differences in specific implementation. Due to abundant resources, large enterprises have implemented policies in place; SMEs face more challenges, especially in providing vocational training and flexible employment.

3.3 Policy Optimization Period (2004-present)

In 2004, the Law on the Employment Stability of the Elderly was revised again, further requiring enterprises to extend the retirement age to 65 and provide various forms of flexible employment opportunities. In 2012, the Basic Law of Social Countermeasures for the Aged was promulgated, which emphasized the necessity for the elderly to continue working in an aging society and put forward a series of policies and measures to support the employment of the elderly. In 2013, in order to cope with the rapidly developing aging society and ensure that the elderly can continue to work according to their wishes and abilities at least before the age when they start to receive pensions, the Law on Employment Stability of the Elderly was partially revised again. The

main points of this revision are as follows:

- (1) Abolish the mechanism that can limit the object of the continuing employment system (the mechanism that limits the object according to the standards stipulated in the labor agreement).
- (2) Expand the enterprise scope of those who continue to employ the system (not only the company, but also the group enterprises).
- (3) Introduce open regulations for enterprises that violate obligations.
- (4) Formulate guidelines for the implementation and application of employment assurance measures for older people.
- (5) Establish necessary transitional measures (up to 12 years), which will be implemented on April 1, 2005.

In 2018, the Law on the Employment and Stability of the Elderly was revised. The latest revised version further strengthened the responsibility of enterprises, requiring enterprises not only to provide employment opportunities, but also to provide continuous career development and retraining opportunities for elderly employees. In 2020, the Labor Standards Law was revised, which stipulated that enterprises need to provide more flexible working conditions when hiring elderly employees, including part-time and remote work. The COVID-19 epidemic has had a great impact on the global economy and labor market. During this period, the Japanese government also adjusted the employment policy for the elderly to meet the new challenges. The government has issued a series of support policies to encourage enterprises to provide flexible working arrangements and health protection measures for elderly employees.

With the rapid development of declining birthrate and aging, the population is decreasing. In order to maintain the economic and social vitality and enable the elderly who are willing to work to give full play to their abilities, some provisions of the Employment Security Law for the Elderly have been revised and implemented since April 1, 2021. This revision aims to create an environment in which the elderly can actively participate in society. The revised law, also known as the 70-year-old Employment Law or the 70-year-old Employment Security Law, requires the following measures:

- (1) Raise the retirement age to 70.
- (2) Abolish the retirement system
- (3) Introduce the continuous employment system (re-employment system and work extension system) for retiring at the age of 70.
- (4) Introduce the system of continuously signing business entrustment contracts before the age of 70 (entrepreneurial support and other measures).
- (5) Introduce a business engagement system (entrepreneurial support and other measures) that can last until the age of 70.

A social contribution undertaking implemented by business owners themselves
 B social contribution undertakings implemented by organizations entrusted by business owners and funded (funded).

According to the revised law, the continuing employment system of the elderly is not limited to the company (or the group company), but also extended to other companies (or other group companies). In addition, in order to support the diversified working methods of the elderly workers, measures such as "entrepreneurship support" are put forward, aiming at promoting the diversified working methods of the elderly besides employment. At the same time, for the elderly who leave their jobs for reasons such as dismissal and want to re-employment, it is stipulated that measures should be taken, including the support of job-seeking activities, the recommendation of re-employment, the implementation of education and training, and the recommendation of training courses.

One of the main reasons for the government to promote employment at the age of 70 is to cope with the shortage of labor brought about by the aging of fewer children. As of February 1, 2018, the total population of Japan was 126.6 million, a decrease of 1.5 million compared with the peak of 128.1 million in December 2008, which is equivalent to a decrease in the population of Kawasaki City (about 1.47 million in 2017) within ten years. Under the background of the aging of fewer children and the decrease of labor force population, the government ensures the labor force and promotes economic vitality by promoting the extension of retirement age. Another important reason for the government to promote the extension of retirement age is to expand the sustainability of the social security system. In 2017, social security

payments for pensions, medical care and nursing reached 116.9 trillion yen, an increase of 1.3% over the previous year. It is estimated that by 2040, when the population of the elderly is close to 40 million and reaches its peak, the social security payment will increase to about 190 trillion yen. If the status quo is maintained, the population of productive age who supports the social security system is decreasing, while the elderly who mainly benefit are increasing, so it will become difficult to maintain the social security system. Therefore, the government promotes the extension of retirement age, aiming at achieving the financial stability of social security.

According to the survey conducted by the Ministry of Health, Labor and Welfare in 2023, among the 235,875 enterprises surveyed, 235,620 enterprises have implemented measures to ensure employment at the age of 65, accounting for 99.9%. The details are as follows:

- (1) 9,248 enterprises have abolished the retirement system, accounting for 3.9%.
- (2) There are 60,037 enterprises raising the retirement age, accounting for 25.5%.
- (3) There are 166,335 enterprises introducing the continuous employment system, accounting for 70.6%.

It can be seen that compared with abolishing the retirement system, 70% of enterprises choose to implement employment protection measures by introducing the continuous employment system. In addition, 65,782 enterprises, accounting for 27.9%, have implemented measures to ensure the employment of the elderly until they reach the age of 70, an increase of 2.3 percentage points. Although this is only an obligation to work hard and does not require immediate implementation, considering the serious manpower shortage that may be faced in the future, the number of enterprises that gradually promote the construction of systems and mechanisms is gradually increasing.

4. The Problems and Policy Suggestions of Japan's Employment Policy for the Elderly

Japan is facing a serious problem of population aging. According to the data of Japan's National Institute of Social Security and Population Studies, by 2022, Japan's population aged 65 and over has reached

28.7% of the total population, making it one of the countries with the highest degree of aging in the world. This demographic change has brought great challenges to the labor market and social security system. In response to this problem, the Japanese government has implemented a series of policies to promote the employment of the elderly. However, there are still many problems in the actual implementation of these policies, which need to be further improved and improved. This paper will analyze the problems of Japan's employment policy for the elderly and put forward some policy suggestions.

4.1 Problems in Japan's Employment Policy for the Elderly

4.1.1 Lack of employment opportunities and working environment

Although the Japanese government has implemented various policies to encourage the elderly to continue working, such as delaying retirement age and providing re-employment training, the actual employment opportunities are still limited. Many enterprises have reservations about the employment of elderly employees, fearing that their health and work efficiency cannot meet the needs of enterprises. In addition, the working environment has not fully adapted to the special needs of the elderly, and there is a lack of flexible working arrangements and working conditions suitable for the elderly.

4.1.2 The re-employment training is not effective.

In order to enhance the employment competitiveness of the elderly, the Japanese government has set up a variety of re-employment training programs. However, the effects of these projects are not ideal. The main reason is that the training content is out of touch with the market demand and lacks pertinence. In addition, the time and form of training failed to fully consider the learning ability and living conditions of the elderly, making it difficult for them to benefit from it.

4.1.3 Unfair salary and work treatment

Many elderly people face the problem of unfair salary and work treatment in the process of re-employment. Because of their age, they can only get low-paid and low-skilled jobs, which do not match their work experience and skills. This not only affects the quality of life of the elderly, but also dampens their

enthusiasm for work.

4.1.4 Deficiency of social security system

Japan's current social security system restricts the old people's desire for re-employment to some extent. Because the superposition of pension and wage income may lead to tax increase, many elderly people prefer to retire completely to avoid additional economic burden. This phenomenon has weakened the effect of the government's policy of encouraging the elderly to continue working to some extent.

4.2 Policy Recommendations

4.2.1 Increase employment opportunities suitable for the elderly

The government should encourage enterprises to provide more employment opportunities suitable for the elderly, especially in the public sector and non-profit organizations. These positions can include work as consultants and instructors, and make full use of the experience and professional knowledge of the elderly. At the same time, enterprises should be promoted to improve the working environment and provide flexible working hours and conditions to meet the needs of the elderly.

4.2.2 Improve the re-employment training program

Re-employment training programs should be closely integrated with market demand, and targeted training content should be increased. For example, skills training that the elderly are interested in and easy to master can be provided according to the needs of different industries. In addition, the training form should be more flexible, taking into account the learning ability and living conditions of the elderly, providing online courses and part-time training options.

4.2.3 Ensure fair remuneration and working conditions

The government should formulate relevant policies to ensure that the elderly get fair salary and work treatment in the re-employment process. Through legislation and supervision, enterprises can be required to pay reasonable wages according to the work experience and skills of elderly employees. At the same time, we should set up a protection mechanism for the rights and interests of elderly employees to prevent discrimination and unfair treatment.

4.2.4 Reform the social security system

In order to encourage the elderly to continue working, the government should reform the current social security system. For example, a flexible pension policy can be introduced, so that the elderly can also receive part of their pensions during their working hours and reduce the tax burden. In addition, we can consider raising the age threshold for receiving pensions and encouraging more elderly people to delay retirement.

4.2.5 Strengthen social publicity and education

The government and all walks of life should strengthen the publicity and education for the elderly to continue their work and change the social prejudice against the employment of the elderly. By holding employment fairs and publicizing the deeds of outstanding elderly employees, the social recognition of the employment of the elderly will be enhanced. At the same time, we should strengthen health management and psychological counseling for the elderly to help them better adapt to the challenge of re-employment.

5. Conclusion

To sum up, Japan's employment policy for the elderly faces many problems in the implementation process, which need to be improved by increasing employment opportunities, improving training programs, ensuring fair treatment, reforming social security system and strengthening social propaganda. Only in this way can we give full play to the role of the elderly in the labor market and alleviate the economic and social pressure brought about by the aging population. In the future, Japan needs to further optimize policies to improve the employment quality and quality of life of the elderly, so as to achieve sustainable economic and social development.

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