

Elderly Workers in Japan The Need for a New Approach

Philippe Debroux¹ • Jacques Jaussaud² • Julien Martine³

Abstract Under demographic pressures, efforts to delay labor market withdrawal have replaced early retirement policies as a management tool of labor supply in many countries. In Japan, as the country is facing a dramatic demographic transition, the employment of elderly workers up to the age of 65 has become mandatory since 2006.

This article discusses the recent developments in this field in Japan and their impact on the employment of elderly workers. It focuses more specifically on how the traditional win-win way of managing elderly employment is evolving under the impact of demographics, the socio-cultural context, the regulatory environment and the consequential need for changes in the social security system. Based on a case study of five Japanese companies, and on other research findings, this paper examines empirically how organisations in that country develop human resource management practices to cope with these environmental transformations and prolong employees' work-life.

Keywords Elderly workers, Population Ageing, Employment, Human Resources management, Japan

JEL Classification D7, D82, D91, H2, H31, H5, I2, J1

Introduction

Efforts to prolong or sustain working life are increasingly being understood everywhere in a broader and deeper perspective. Surveys suggest that the need to work longer and its desirability in terms of economic benefits and strengthened social engagement are widely recognized (World Bank Group, 2015). Under pressure of demographic ageing, several developed countries have reformed their public pension systems, resulting in longer working lives. It is also pointed out that the productivity of elderly workers can be maintained for certain types of tasks. Because healthy life expectancy is increasing, cognitive decline is found to start later in life. Skirbekk (2013) concludes that individuals are better able to learn at each age, and that cognitive decline occurs increasingly later in life. Learning outcomes are particularly responsive to motivational factors and supportive attitudes in the workplace (Kessler and Staudinger, 2007).

In Germany and Japan efforts to foster a new working life course focusing on workforce participation at older ages, has become central in public policy discourse and labour market

Philippe Debroux¹, Jacques Jaussaud² (✉), Julien Martine³

¹ Soka University, Faculty of Business, Japan

² University of Pau, France

e-mail: jacques.jaussaud@univ-pau.fr

³ Paris Diderot University, Paris, France

measures, in view of their demographic profiles. Both countries share rapidly ageing populations and thus the necessity of urgently coping with the treatment of elderly workers. Making the most of the expertise and experience of older workers may be an important factor of economic growth and social stability in both countries (Heywood and Jirjahn, 2016; Debroux, 2013).

However, existing policies are implicitly grounded in stereotypes: younger workers are viewed as bringing new ideas and fresh approaches, whereas older workers, while viewed as reservoirs of knowledge and wisdom, are also viewed as largely devoid of learning and innovation potential. Ageing often tends to be still seen solely from a chronological point of view. In Japan as in Germany, it is often correlated with less dynamism and entrepreneurial spirit, and lower productivity. Some German and Japanese organizations have identified the need for investing in their ageing workforces' potential, and not merely rely on their existing know-how and experience. Nonetheless, labour market age barriers are still prevalent and labour markets are slow and have little dynamism. However, studies show that creativity and drive can develop throughout lifetimes (Bussollo et alii, 2015). Thus, the managing of an older workforce may require public and private initiatives that introduce different work-life balance practices in organizations, at the level of HRM policies, leadership and management that fit in with the multiple characteristics of ageing.

The academic community has also been interested in the study of the employment of elderly workers and many contributions have been provided in the fields of economics, human resource management, gerontology, sociology of organizations, occupational psychology, ergonomics, etc. Taylor and Earl (2016) analyzed cases that illustrate the emergence of some sophisticated approaches to age management in organizations in Germany and Japan. From the cases they consider, it may be concluded that the workforce of the future will be increasingly age-diverse, consisting of mixed-age teams. While a specific focus on older workers may once have made sense, they argue that it is probably more fruitful to view the management of older workers alongside those of other age groups, rather than to consider issues of older workers' employment in isolation (Taylor and Earl, 2016).

Efforts to delay labor market withdrawal have replaced early retirement policies as a management labor supply tool in Germany (Heywood and Jinjahn, 2016). In Japan also efforts have been underway for some time to promote the concept of longer working lives (Yamada and Higo, 2015). Making comparisons with Germany, the first part of the article discusses recent developments in Japan and their impact on the employment of elderly workers. More specifically, we study how the balance on which the traditional win-win way of managing elderly workers' employment was based, is evolving under the impact of demographics, the socio-cultural context, the regulatory environment and the consequential need for changes in the social security system in the specific case of Japan. The second part of this study analyses the practices developed by companies at local level to respond to these labor market environment' transformations, and discusses possible solutions for the future.

1. Contextual background in Japan and its development

General context

German and Japanese companies' eagerness to devise favorable circumstances for the continuing employment of older workers, first arose from the desire of older workers themselves for opportunities to continue working longer, under the right conditions (Dittrich, Busch, and Micheel, 2011; Martine, 2012). This also reflects elderly workers' economic necessity, i.e., the need for income in excess of their retirement allowances (Heywood and Jinjahn, 2016; Sueki,

2013). Second, overall better health means that elderly people are better able to continue working longer. Third, advances in technology and workplace design enable older workers to continue working to more advanced ages (Bussollo et alii, 2015). Fourth, there is a desire for greater work-life balance in order, for example, to fit in family caring and other responsibilities with employment (Loretto and Vickerstaff, 2013; Debroux, 2016).

Organizations need to identify and meet the needs and preferences of both older and younger employees, in order to increase cooperation and prevent conflicts between generations that could impede the optimizing of human resources (Bussollo et alii, 2015). Japanese companies also started early retirement programs in the 1980s (Sueki, 2013) but it was never on the scale of European companies. Overall, Japanese policies have always encouraged the unemployed or inactive back into work or those in employment to delay retiring, in order to avoid long absences from the labour market. This manifested itself in restrictive unemployment allowance policies and in post-retirement policies that combine work, pensions and retirement (Seike, 1998).

Japan has developed an active public policy to support the employment of the elderly since the early 1960s. Among the most representative measures are specific aid for vocational training of the middle-aged unemployed; a quota policy in companies (6 percent of workers aged over 45 in 1971, and 6 percent of workers over 55 in 1976); the 1986 law, which provides a general regulatory framework for the employment of older workers, or the specific job creation policies for this category of workers¹ (Jaussaud and Martine, 2017).

In order to avoid a growing public pension deficit, the age of eligibility to receive a public pension has been raised from 60 to 65. Thus, the mandatory retirement age has been gradually increased from 55 to 60, as required for instance, by the 1994 amendment to the Law Concerning Stabilization of Employment of Older Persons (Jaussaud and Martine, 2017)². This 'workfare' policy has been cost-efficient and effective for both the state and businesses. Labour force participation rates of Japanese males are higher than in Europe for every age group. Among 55 to 59 year olds, less than 70 percent of European males are employed or seeking employment, although Germany is on par with Japan in this age group. The corresponding figure in Japan is 94 percent. In the 60 to 64 year old age group, the Japanese participation rate is almost double the European figure and well above Germany (ILO, 2013).

However, while the strong work ethic of the older Japanese workers and the respect given to age in Japanese culture cannot be denied, there is no indication that it translates into positive practices in relation to elderly workers' employment. As in Western societies, public and business' policies show ambivalence concerning the value placed on older employees. Their contribution is often questioned and their associated costs are claimed to be an impediment to their employment. This seems to reflect overall societal feeling. Care for elderly people strains time and financial resources of both families and country in a period of low growth and stagnating disposable income. As a result, old people are often considered a burden on society and the social security system (Naito, 2009; Martine, 2012). Like in Germany (Hozumi, 2013) the accelerating ageing of the Japanese population in the context of labour markets and technology changes, challenges the assumptions of business models with regard to wage structure and career development (Sueki,

¹ In 1979, with a budget of 57.4 billion yen, the Ministry of Labour set a goal of creating 100,000 jobs for senior workers. To achieve this objective, it provides a subsidy covering 60 percent of the workers' wages. For the hiring of a worker in the 45-54 age group, the subsidy is for a period of one year, extended to 18 months for the hiring of a worker of 55-64 years. For SMEs, the wage support is 80 percent (Kayanuma, 2010).

² Since April 2013 male workers' eligibility age for the fixed part of the public pension is 65 (it will be the same for female workers from 2018 onwards). The eligibility age for the earnings-related part of the pension will increase gradually from 2016 onwards to reach 65 for all organisations in 2025 (Ministry of Health, Labour and Welfare (MHLW), 2014).

2013), leading to reconsideration of the basis of elderly employment. Thus the demographic transition resulting from the rapid ageing of the population challenges employment and human resource management practices. In Germany, flexible schemes such as shortened working hours (*Kurzarbeit*)³ have been introduced, where public subsidies are provided to pay for part of the wages (Hozumi, 2013). In Japan also, the emphasis of the incentive-driven workfare concept is shifting gradually towards state intervention, reflecting increased social concern. This responds to the perceived necessity of reinforcing the social safety net, while stopping the drift towards non-regular employment, which is thought to be detrimental to the economy (Song, 2014). For instance, under the 2001 Employment Measures Law, it is forbidden to apply age restrictions when recruiting. Furthermore, a new amendment to the Act Concerning Stabilization of Employment of Older Persons obliges companies to keep their employees at work up to 65, the age at which they are eligible for public pensions.

The Japanese Workfare Policy and its current Drawbacks

Selected workers have always been allowed to stay at work after mandatory retirement age in Japan. For many retirees ‘bridging jobs’ between career occupation retirement and full retirement were available, and still are for workers under the April 2013 amendment to the Act Concerning Stabilization of Employment of Older Persons. In the case of routine and menial jobs, gradual retirement often takes the form of a switch to part-time employment. Many jobs are kinds of ‘mini jobs’ that are also found in Germany and which provide complementary financial resources (Hozumi, 2013). However, many older Japanese workers are still performing the same skilled jobs post-retirement that they were already performing before official retirement, but with lower wages, which is not the situation in Germany.

The large differential in post-mandatory retirement compensation comes from the fact that even in the cases of similarly demanding jobs, re-employment generally comes with a shift to a lower paid, non-regular employment status (Imai, 2011; Kondo, 2016; Martine, 2017)⁴. Companies were able until recently to devise policies enabling them to take advantage of existing skills and experience at relatively low cost. Thanks to government incentives to retain or recruit older workers, companies may be eligible for subsidies for offering re-employment or extended employment at lower cost⁵. Thus, it is possible to pay retired workers about 30-50 percent⁶ less than before retirement, which makes them competitive compared to younger workers (Martine, 2012).

For a long time there was no obligation on employers to keep workers in employment beyond the employers’ mandatory retirement ages. Therefore, they had strong bargaining power in negotiations with workers who wished to continue working. However, retired workers were also entitled to receive part of their pensions while working. Flexibility by elderly workers in respect of wages often meant de facto acceptance of age discrimination, because similar jobs held by regular workers were better paid. Nevertheless, receiving about 75 percent of their former wages (state financial incentive included) explains why many retired workers accepted these job offers. Shedding redundant workers by transferring them mid-career to another company used to be

³ These shortened work hours are reserved for certain categories of workers according to income and age.

⁴ Aside from fixed monthly wages, those workers also receive salaries under pay-by-the job schemes resembling those widely used for sales personnel.

⁵ Wage subsidies are also available through the unemployment insurance system to full-time workers aged 60-64 who earn less than 75 percent of their former wages, so that the difference up to 75 percent is paid for through the unemployment system (Martine, 2012).

⁶ Compared to male workers in the 55-59 age bracket, workers aged 60-64 receive on average 29.1 percent lower wage levels and workers aged 65-69 earn on average 35.7 percent less (MHLW, 2015).

standard practice until about a decade ago. It provided the opportunity to retrain the remaining selected workers (especially blue-collar workers), even those in their 50s. By doing so, those workers maintained appropriate levels of skill and ability necessary to pursue work-related activities after mandatory retirement. But the transformation of the industrial structure has made it more difficult to transfer redundant workers. Large Japanese companies have looser relationships with suppliers, reducing the opportunities for transfers. Suppliers are more reluctant to recruit elderly workers, whose work experience and knowledge may not fit in with their needs. This is true of manufacturing but also of the services sector where long-term relationships with customers are a key success factor (Nabeta, 2011). As a result, companies have to manage redundant workers they would have been previously able to transfer out of the companies.

The growing pressure to prolong employment

Japan's pension system is reevaluated at least every five years to balance premiums and benefits in line with prevailing socioeconomic conditions (Hansen and Imrohorglu, 2013). With those conditions currently unlikely to improve much, if at all, the minimum rate of pension for 60 to 64 year old workers is quite low by international standards, i.e., about 45 percent of wages at the time of retirement and it may continue to decline, increasing the necessity for elderly workers to work longer under favorable employment conditions (OECD, 2013). Elderly Japanese need to be able to maintain their standard of living, while taking care of parents in a country where more than 5 million people are over 80 (OECD, 2015).

Mandatory retirement at 60 still remains legal and the Japanese government does not seem eager for the time being to postpone mandatory retirement until 65. Currently, few companies have increased retirement age to 65 (Honda did it, for instance) or scrapped the mandatory retirement system⁷ because of the perceived loss of flexibility in respect of workers' employment conditions, and the consequential financial strain that this could entail (Nabeta, 2011). However, a new amendment to the law in 2004 obliged companies to put in place by June 1, 2006 an employment system aimed at expanding employment rights up to the age of 65⁸. Accordingly, with a new amendment to the law in April 2013, the loophole permitting companies to retain only selected workers between 60 to 64 years old is closed (MHLW, 2014). They are now required to retain all workers who want to work up to the age of 65.

Japan has been successful in social and economic terms until about a decade ago in pursuing a different policy from that followed by European countries, including Germany, in terms of elderly workers' participation rates in the labour market. But, paradoxically, it could be argued that the mandatory retirement age at 60 combined with de facto acceptance of age discrimination, and the large differential in the treatment of regular and non-regular employment, have contributed to explaining the higher labour force participation rates for older workers, but also the under-optimizing of their capabilities⁹. Financial incentives and partial access to pensions have made

⁷ In 2016, 16 percent of Japanese companies have a mandatory retirement age of 65 or more, and only 2.7 percent (0.5 percent of large companies) do not have mandatory retirement schemes (MHLW, 2016).

⁸ Employers can choose between three options: 1. The keeping of mandatory retirement age at 60 while assuring employment up to 65 (*koyōenchō seido*); 2. The extension of mandatory retirement age to 65 (*teinenenchō*); 3. The abolition of the mandatory retirement age (*teinenhaishi*). This new regime was directly linked to the reform of the pension system that envisioned the gradual rise of the public pension eligibility age (MHLW, 2015).

⁹ The relatively low age of retirement and the flexibility in terms of re-hiring have not encouraged companies to invest in the training of workers over 50 years of age. Those still having useful skills could be re-hired but without considering whether they could acquire new skills and knowledge. The others would

discrimination palatable to retired workers. But as the conditions to keep the system in place are no longer applicable, it is no longer sustainable.

A crucial issue then is to understand how Japanese firms manage to keep elderly employees at work, both in terms of their employment contract conditions and in terms of their working conditions adapted to their age and, at least to some extent, to their potentially reduced capabilities. This is what we investigate in part II.

2. Methodology and findings

Methodology

In order to investigate how Japanese firms manage to keep elderly employees in work, we first researched a number of cases that we could identify by means of a literature review in English, French and Japanese. We also conducted survey interviews with managers in Japanese public organizations and with Japanese and non-Japanese academics who are HRM specialists. We carried out in addition in-depth interviews in 2014 and 2015 with five large Japanese companies, two of which are in the manufacturing sector (automotive parts and components, machine tools) and three in services (general retail stores, banking, and insurance). The five companies have each between 750 and 10,000 employees, and employ post-mandatory retirement workers in the 60 to 64 years old and the over 65 years old age segments in various capacities.

Semi-structured interviews were conducted (each between 50 to 60 minutes) in the HRM departments and with three line managers in each company over the period 2014 to 2015. The survey questions focused on eliciting data about the following four matters:

- the current situation with regard to elderly employment (the 60 to 64 years old and the over 65 years old workers' categories): the characteristics of the workers, types of jobs they perform and their working conditions, processes of selection of the workers and follow-up after selection (training, personal and career counseling), current key issues and problems;
- planned changes in policies and practices related to elderly workers and the reasons for the changes in their selection, work status, appraisal, rewards, training and development;
- issues that come to the fore in implementing the changes, such as the short-term and long-term impact of regulatory changes on elderly employment; the overall impact of changes in elderly workers' management on the other workforce segments (for example, on the patterns of career development and on overall wage curves); the more heterogeneous expectations of elderly workers regarding their careers; the inter-generational relationships in the workplace; - and finally, the development of new policies and practices in order to cope with the above-mentioned issues.

Findings and discussion on specific examples from HRM practices

Adaptation to the regulatory environment

The five respondent companies share the view that mandatory retirement at 65 would be counter-productive for elderly employment in the current environment. All of them intend to stick to the 60 years old mandatory retirement age for the time being. Unlike the government who would like to see a shift away from non-regular employment, they believe that mandatory retirement at 65 could encourage employers to dispense with regular employees several years before they reach mandatory retirement age. However, they also think that mandatory retirement will be increased up to 65 and even to 67 or above in the future. They acknowledge that they have to prepare for

just leave the organisation or be re-hired for menial work.

this but they point out that it must go in tandem with a revamping of the regulatory environment. Notably, they want to gain enough flexibility in order to have employees fitting in with their needs at reasonable cost, requiring changes in the right to lay-off regular workers. However, it is unlikely that legal changes will go in that direction for the time being. Added to the difficulties in securing qualified younger manpower in some occupations, it also forces the companies to reconsider in the longer perspective their training, dispatching of workers to other companies and integration policies in respect of older workers.

During the last decade (up to 2013) the two respondent manufacturing companies state that directly re-employed workers (including in subsidiaries) amounted to about 30 percent of total retirees, a large majority of them being production workers continuing to work full-time. In the retail company, the ratio was close to 20 percent and was about 15 percent in the financial institutions. In the former three cases most of the jobs were unskilled and semi-skilled, part-time jobs. In the financial and insurance businesses, retirees with high levels of specialization have the opportunity to start a business on their own and most do not remain in the company. The two manufacturing companies and the retail chain have non-regular employees who are over 70. They state that the number of employees between 60 and 64, and over 65 is likely to increase in the coming years because of a shortage of labour. On this point, the literature shows that older workers appear to be an indispensable human resource in overcoming the shortage of labour caused by the exodus from rural areas in certain Japanese regions, like Shikoku and Kyûshû. The same is also true for certain occupations where the elderly are employed in jobs not wanted by younger people¹⁰ (Martine, 2011).

Efforts to integrate older workers

Productivity is not only an individual but also a team concept, and the skills of older and younger workers may be used complementarily in some contexts. Grund and Westergaard-Nielsen (2008) point out that companies with workers of mixed-ages are more profitable than those with exclusively younger or older workers¹¹. Similar to what is observed in German companies (Heywood and Jinjahn, 2016), the two respondent manufacturing companies' efforts are made at different stages to accommodate the needs of older workers in accordance with this line of thinking. Efforts are made to mix younger and older workers (mostly pre-retirement workers but with awareness that a sizeable number will continue to work after mandatory retirement) in production teams. Specific equipment is developed and facilities revamped, and working times and standards are adjusted in order to fit in with the older workers' characteristics. Martine (2011) reports the case of Japanese industrial companies that have developed specific production lines for older workers, for instance by reducing the speed of the production line under the concept of "Daremo Dekiru Ka", literally, "transformation to make it accessible to all".

In the Japanese service sectors where productivity is low (Ueda, 2012) improvement is likely to be linked to the adoption of technologies, including in the fields of the three service-related respondent companies. Increasingly higher (Information, Communications and Technology) ICT literacy is required and a grasp of new (mostly) internet-driven business models is a must. Good opportunities can be created for elderly employees with the right skills or the capability of acquiring new skills. Among other similar case studies, Taylor and Earl (2016) give the example of a German cleaning and care services organization that recognized that those who carry out such activities often can no longer continue to do so at older ages. Thus, the company offers such workers the

¹⁰ In Japanese, these non-desirable occupations are called "3 Ks" (pronounced "sankei"), an expression incorporating the letters of the words painful, dirty and dangerous (Kitsui, Kitanaï, Kiken).

¹¹ Although it is also pointed out that the results are mostly mixed. Age diversity can lead to problems of communication and conflicts if it is not managed carefully (Heywood and Jinjahn, 2016).

opportunity to retrain in dementia care at its expense. The case studies challenge stereotypes concerning the ability of older people as skill learners. So, their conclusions point in the same direction as the ageless society concept promoted by both the Japanese and German governments, where the dichotomy between older workers and the others would be erased. Taylor and Earl (2016) point out that this involves the provision of new skills but also the need for attitudinal change. In another case, they describe a Japanese staffing agency that focused on resetting the ‘vocational mind’ of older workers, so they could better adjust to new activities that required a different job experience and an implied different status level. Workers received training on role expectations and how to do the job, so that they could more effectively manage the transition into the new roles. The intent was to reduce the likelihood of an employer declaring, according to the organization, that ‘older people are hard to deal with’ (Taylor and Earl, 2016). Martine (2011) investigates, among other cases on this issue, the case of a Japanese firm in the care for elderly people sector, which recruited housewives who having already raised their children, were willing to go back to work. While first entrusting them with non-qualification tasks, the firm actively supported them to be trained and prepared to secure the national qualification of certified care worker. During the 5 year period preceding the study, the average age of those who got the certificate in this firm was 54.

Need for work innovation

This being said, however, all five respondent companies declare that they seldom continued to invest in the up-skilling of the large majority of over 50 years old workers these past 10 years, especially white-collar workers. Their opinion is also similar in relation to the difficulties in creating enough good jobs for elderly people inside the companies. An approach that the two manufacturing companies mention is the possibility of swapping workers with other companies, in order to offset their respective personnel weaknesses or to transfer workers, who are under-utilized in both technical and managerial jobs, to another company. Nevertheless, these actions will not be sufficient to provide good jobs for all older workers who seek them.

The percentage of self-employed older people in Japan is already quite high (World Bank Group, 2015). However, the respondent companies also state that the adoption of innovative new work patterns that encourage workers to undertake ‘second careers’ is necessary, as salaried personnel in another company but also as self-employed mobile ‘free-agents’ in connection with, or not, with their former employers. Consultancy assignments drawing upon the technical and social skills of former employees are mentioned as examples of knowledge utilization, which can provide retired former employees with opportunities to utilize their talents. They can be called upon at short notice, do not require training and permanent support, and can be trusted to deal with commercially sensitive know-how that has to remain confidential within the organization and not be sold on to rivals; furthermore, they are less expensive than other external consultancy services¹².

The respondent companies all started ‘second career’ programs twenty years ago, for example in developing cafeteria-type training unrelated to the actual jobs performed by the workers. This was in line with the deregulation of temporary agency work in the 1990s, which became a key element in the government’s objective of increasing external labour mobility, especially of middle-aged and elderly workers¹³. However, with the legal obligation of keeping workers in employment

¹² In many respect they are very often close to the ‘pseudo self-employed’ that are found in Germany (Heywood and Jinjahn, 2016). They are used by a single client company as an outsourcing tool, as part of cost control.

¹³ Through revision of the temporary agency work regulations in 1994, occupational limitations for workers above 60 were almost completely removed. Only activities that are not permitted are listed in the legislation. The objective of the law is to expand employment opportunities, especially after retirement (Ministry of Labour, 1994).

until 65, there is a need for up-scaling and enlarging the scope of the programs. The respondent companies declare that it is beyond the means of individual businesses alone to do this. They claim that it can only be done in collaboration with public (national and especially local) authorities and private organizations, such as employers' organizations and chambers of commerce¹⁴.

The respondent companies recognize that monetary and non-monetary incentives are needed to maintain high performance and organizational commitment, especially if older workers stay in the labour market out of necessity. Companies acknowledge that they could end up with low productivity, elderly, 'trapped' workers. This is all a more plausible hypothesis because of the emphasis on acquisition of firm-specific skills that makes Japanese workers (especially elderly workers) much less mobile than those in other advanced economies.

Although elderly Japanese workers are more likely to be in the labour force than in Western countries, once unemployed, the chances for re-employment are not good and the duration of their unemployment is long. This calls for a lifecycle approach to labour force activity that would increase the chances of prolonging employment, by ensuring the acquisition of higher and more adaptable skills at work. Similar to Germany where workers over 50 remain unemployed for more than one year on average (Heywood and Jinjahn, 2016), mixed opinions about older workers' costs, technological competence, flexibility, and ability to adapt to new work patterns often undermine efforts to lead companies to recruit and retain older workers, and limit the options for continued employment (Iwata, 2003). In general terms, it is pointed out that productivity decreases are observed in tasks where problem solving, learning, and speed are important, requiring "fluid" abilities, whereas for tasks where experience and verbal abilities matter more, requiring "crystallized" abilities, less reduction or no reduction in productivity occurs among elderly workers (Skirbekk, 2008).

Analyzing the case of Japanese companies employing significant numbers of older workers, Martine (2011) highlights the qualities attributed by employers to this workforce. In a country where quality of service is an integral part of business culture, elderly workers seem to be particularly appreciated for their reliability, expertise, availability, attention to detail and ability to anticipate customer needs. It is as much their experience and competence that are valued as their social skills, which add value to the services offered in sectors, such as catering and the hotel industry. Similarly, in a country where consumers themselves are ageing, older salespeople seem to be appreciated for their age-proximity to this growing customer base. Our five respondent companies are appreciative too regarding older workers' loyalty, dependability, and judgment. The maintenance of company values and enhanced customer service through continuity of roles, are good reasons for employing older workers. Manufacturing companies point to the skills and experience of older employees being valuable in assuring safety at work, and in transmitting to younger workers the philosophy of the company in this regard, for instance in mixed-age teams. Emphases on knowledge retention and transfer requires companies to recognize the need for inter-generational exchanges, for instance in areas such as industrial machinery maintenance and plant management. However, they make rather negative assessments of their attributes in areas that could be considered "fluid" abilities, such as technological competence (including, but not limited to IT literacy) and functional flexibility, which are viewed as critical in today's workforce and may be more important than the "crystallized" abilities that workers have accumulated over time.

¹⁴ The Silver Human Resource Centers (employment agencies) are a source of part-time, relatively low-skilled, subsidised community service employment. The Association of Employment Development for Senior Citizens, consisting of employer groups that receive financial support from the government, has been commissioned by the government to encourage companies to devise strategies for retaining and employing older workers. The efforts include counselling and advice on working conditions that foster the employment of older people, adjustment to HRM systems to adopt HRM policies that encourage their employment and improve working environments.

The problem is serious in the case of white-collar employees who very often have not acquired new skills in their 50s. It may take a generation before more specialized white-collar workers, who made their careers under performance-driven evaluation and reward systems and have received more specialized training, replace the current white-collar generalists. But the two manufacturing companies add that appropriate skills and experience are also increasingly a concern in the case of elderly blue-collar workers. Technological and market environment changes lead to de-skilling of many occupations, but also to the need for the up-skilling of others. Many blue-collar workers have skills and experience that are not suitable for the new types of jobs in their own field. This calls for changes in job and career design (and subsequent specific training in some cases), a task that requires time and financial resources and, first of all, a focused fine-tuning of the selection of those who should be trained, their working conditions and reward systems.

In the finance and insurance companies, listening and counseling activities are organized yearly for the over 55 year old employees. This is also the case for the two manufacturing companies but only every two years for employees from 56 years old onwards. The companies declare that they want to know as accurately as possible the learning potential but also the career intentions of those workers. This helps understanding to what extent they will be able to take advantage of older workers' capabilities after mandatory retirement (workplace location, working hours, scope of duties, etc.), and the type of training they might need.

It could be argued that the shift away from the seniority system may be beneficial to (some) older white-collar workers. Especially when coupled with skills erosion, the seniority system undermines efforts to promote the employment of older white-collar workers – too many of them are not re-employable in skilled jobs. In the future, companies can be further encouraged to continue to devote resources to the specialized training of older workers, who already have specialized knowledge and still have learning potential.

The opportunities of higher status flexibility

In view of the disparities in terms of business needs, skill levels, physical capabilities, and variety of lifestyles and time availability, many workers are likely to continue to shift to non-regular jobs after retirement. At the same time it is a plausible hypothesis that regular-type jobs can also be created for these workers. Although the rules relating to lay-offs are unlikely to be changed abruptly, a gradual evolution can be expected. It will probably be linked to the emergence of new working statuses that will dilute the regular – non-regular status dichotomy and lead to “limited” (in some dimensions) but regular-type jobs with access to bonuses, fringe benefits, and equal salaries for equivalent work. Because of the jobs limitations (no overtime, flextime, narrower job scope) it would be possible to compromise over compensation, if the terms of the deal are transparent and legally protected. It could make regular elderly employment more affordable to companies, while responding to elderly employees' needs for smooth transitions to definitive retirement.

A growing number of companies have introduced the status of limited regular employees (*Gentei seishain*) for older employees. This is the case in respect of the five respondent companies. Employees are given the choice between different options in relation to the scope and requirements of duties (difficulty of tasks, physical and psychological requirements), working hours and workplace location. The scope of the work often remains the same as that of pre-retirement regular employees, but working hours are generally shorter with the introduction of flextime schedules for those who have care duties or prefer to decrease their working time. Generally, a mix of different working conditions can be observed. In the two respondent manufacturing companies the programs focus on geographic restrictions. They provide for transfers from the company and re-employment with five years contracts in subsidiaries, where

the workers are expected to stay until definitive retirement. Wage levels differ according to the cost of living in the workplace location and the scope of the work. Wages are in the range of 65 to 75 percent of pre-retirement wages. There are cases where the jobs' characteristics are similar to those of typical regular employees in terms of working hours and scope of the work, but the jobs are geographically limited. Conversely, there are cases in which the jobs' scope and duties are limited, as well as working hours in order to satisfy the need for workers to take care of elderly parents. Key points are discussed with the unions in respect of the maintenance of internal company equity, in the setting of different wage levels on the grounds of the varied job limitations. It leads to the creation of arbitration rules that are kept as consistent and simple as possible.

Conclusion

Older Japanese workers' issues are factors in the broader transformation of HRM practices, notably in challenging the regular and non-regular status dichotomy that has been the hallmark of postwar HRM architecture. While pursuing a pro-active workfare policy, Japanese authorities and companies have never really considered until recently policies that would favour older workers' employment in good working conditions (decent wages, consideration of age limitations in term of working hours undertaken, mobility, scope of work), and a smooth transition toward retirement. The gap between mandatory retirement age and the age of eligibility for public pension benefits, combined with financial incentives, have made many companies complacent in this respect.

There is a need for flexible pathways as a means of increasing the length of working life. The self-employment option might be promising for some employees, but older workers are likely to remain salaried personnel. If non-regular work conditions can provide decent work for a large number of 60 to 64 year old retired people, and limited regular-type jobs can be created for some of them, convergence with other advanced countries would put Japan in the mainstream of advanced countries, where retirement age is shifting towards 67 and even 70 years of age (World Bank Group, 2015). The issue of providing decent jobs for all workers would remain hard to tackle as it is in Europe, but it should become more palatable for businesses and the unions to accept a move towards mandatory retirement at 65 and even older. As a result it could lead to the building of an employment system making the best use of the older workers in economic and social terms.

However, the question remains as to what would be widely regarded as decent jobs and job conditions in Japan? Is there any possible basis for a widely shared view on such issues in the country? What would be the characteristics of these jobs and their associated conditions? These are questions that need to be carefully addressed...

References

- Bussollo M, Koettl J, Sinnott E (2015), *Golden Aging*, The World Bank Group.
- Debroux P (2013), *Human Resource Management in Japan*, in *Managing Human Resources in Asia-Pacific*; Varma, A. and Budhwar, P. (eds.), London: Routledge, p 105-128.
- Debroux P (2016), *Elderly workers in Japan: the need for a new deal*, In: *Management Rev*, 27(1-2), Rainer Hampp Verlag.
- Dittrich D, Busch V, Micheel F (2011) *Working beyond retirement age in Germany: The employees perspective*, In R. Ennals and R. H. Salomon (Eds.), *Older workers in a sustainable society*, pp. 189- 202. Frankfurt am Main: Peter Lang.

- Grund C, Westergaard-Nielsen N (2008) Age Structure of the Workforce and Firm Performance. *International Journal of Manpower* Vol. 29. No. 5, pp. 410–22
- Hansen G, Imrohroglu S (2013) Fiscal Reform and Government Debt in Japan: a Neoclassical Perspective. Working Paper w19431, National Bureau of Economic Research, Cambridge, MA.
- Heywood J, Jirjahn U (2016) The hiring and employment of older workers in Germany: A comparative perspective, *J Labour Market Res*, DOI 10.1007/s12651-015-0195-4, Springer.
- Hozumi T (2013), German and Japanese labor market in Theo era of globalization, In: *Arbeiten aus dem Forschungsinstitut für r Internationale Fragen der Aichi-Universität* (2013), 1, pp. 88-109. URN: <http://nbn-resolving.de/urn:nbn:de:0168-ssoar-355176>
- Imai J (2011), *The Transformation of Japanese Employment Relations*, London: Palgrave Macmillan.
- International Labour Organisation, (2013), *Estimates and Projections of the Economically Active Population: 1990 – 2030*. Geneva: ILO.
- Jaussaud J, Martine J (2017) L'emploi des seniors au Japon : enjeux et pratiques, *Revue Interdisciplinaire Management, Homme & Entreprise* n°27, juillet.
- Kayanuma M (2010) Kōreisha koyō seisaku no hensen to genjō ni kansuru ikkōsatsu [Examination of the situation and developments in the measures for elderly workers' employment], DISCUSSION PAPER No.48, December, Faculty of Economics, Sangyo University.
- Kessler EM, Staudinger U (2007) Intergenerational Potential: Effects of Social Interaction between Older Adults and Adolescents. *Psychology and Aging*, Vol. 22, No. 4, pp. 690–704.
- Kondo A (2016) Effects of increased elderly employment on other worker's employment and elderly's earnings in Japan, *IZA Journal of Labor Policy*, Springer Open Journal, 23p.
- Loretto W, Vickerstaff S (2013) The domestic and gendered context for retirement. *Human Relations*, 66(1), pp. 65-86, DOI: 10.1177/0018726712455832.
- Martine J (2011) *La gestion des travailleurs seniors dans les economies matures. Une étude approfondie des pratiques développées par les entreprises japonaises*, Sarrebruck: Éditions Universitaires européennes, 400 p.
- Martine J (2012) L'emploi des seniors au Japon : un état des lieux du contexte et des pratiques, *Ebisu*, 48, 2012, pp.173-199.
- Ministry of Health, Labour and Welfare, (MHLW) (2014) Pension eligibility, www.mhlw.go.jp/dl/11e.pdf.
- Martine J (2017) *Nihon ni okeru kōnenreisha koyō to jinjikanri* [Employment and HRM practices in Japan], *Hikaku Nihongaku kyōiku kenkyū sentā kenkyū nepō dai13 gō* [Center for Comparative Japanese Studies Annual Bulletin n°13], pp.127-131.
- Ministry of Health, Labour and Welfare (MHLW) (2015a) *The Act for Partial Revision of the Act on Improvement of the Employment Management for Part-Time Workers*, www.mhlw.go.jp/english/policy/employ-labour/fixed-term-workers/dl/140_711-01.pdf.
- Ministry of Health, Labour and Welfare (MHLW) (2015b) *Chingin kōzō kihon tōkeichōsa* (Basic statistical survey on the composition of wages), <http://www.mhlw.go.jp/toukei/itiran/roudou/chingin/kouzou/z2015/>
- Ministry of Health, Labour and Welfare (MHLW), (2016), « Heisei 28 nen “kōnenreisha no koyō jōkyō” shūkei kekka »Result of the survey “situation of employment of seniors” of 2016, <http://www.mhlw.go.jp/stf/houdou/0000140837.html>
- Ministry of Labour (1994) *Rodo Hakusho: koyo ante i o kiban toshita yutakana kinrosha seikatsu e no kadai* (Labour white Paper: issues to achieve an affluent life for workers based on the employment security), Tokyo: Japan Institute of Labour.

- Nabeta S (2011) 60 Saicho Shain no Sekkyoku Katsuyou Jirei (Cases of active utilization of the over 60 employees), *Rosei Jiho*, No. 3799, June 10, pp. 10-16.
- OECD (2013) *Pensions at a glance*, Paris: Organisation for Economic Cooperation and Development.
- Naito K (2009) Assurance de soins de santé au Japon : au-delà de la vision binaire entre Etat et famille, *Revue Internationale de Sécurité Sociale*, vol. 62 (3): 55-84
- OECD (2015) *Economic Survey of Japan*, Paris: Organisation for Economic Cooperation and Development.
- Seike A (1998) *Shogai Geneki Shakai no Joken* (Conditions of creation of a life-active people' society), Tokyo: Chukoshinsho.
- Skirbekk V (2008) Age and Productivity Capacity: Descriptions, Causes, and Policy Options. *Ageing Horizons* Vol. 8, pp. 4–12.
- Song, J. (2014) *Inequality in the Workplace – Labor Market Reform in Japan and Korea*, Ithaca and London: Cornell University Press.
- Sueki (2013) Jitsurei ni miru Chingin Seido Kaikaku no Gutaisaku (Concrete policy of the wage reform seen from concrete cases), *Chingin – Romu Tsushin*, Vol. 1, No. 5, pp. 3 – 7.
- Taylor P, Earl C (2016) Making the case for older workers, in *Management Revue*, 27(1-2), Rainer Hampp Verlag.
- Ueda K (2012) Deleveraging and Monetary Policy: Japan since the the 1990s and the United States since 2007, *Journal of Economic Perspectives*, Vol. 26, No. 3, pp. 177-201¹¹¹¹_{SEP}
- World Bank Group, (2015), *Live Long and Prosper, Aging in East Asia and Pacific*, World Bank East Asia and Pacific Regional Report.
- Yamada A, Higo M (2015) Mandatory retirement in Japan: An overview of the past and present. In M. Higo and T. Klassen (eds.), *Retirement in Japan and South Korea: The past, the present and the future of mandatory retirement*, pp. 48-72. London: Routledge.