

Employment Measures for Older People in Japan

Prepared by the Ministry of Health, Labour and Welfare, Japan
2008

Contents

| | | |
|------|---|----|
| I | Preface | 1 |
| II | Employment Measures for Older People in Japan at Present (Concerning raise the mandatory retirement age etc. to 65 years)..... | 5 |
| III | Employment Environment Surrounding Older People | 11 |
| IV | Future Employment Measures | 21 |
| | for Older People (Report) | 21 |
| | Introduction | 22 |
| [I] | Basic concept of employment measures for older people | 23 |
| 1. | Basic concept..... | 23 |
| 2. | Relation to employment measures for young people | 24 |
| [II] | Future Employment Measures for Older People | 25 |
| 1. | Measures to ensure employment up to the pension age (65 years old)..... | 25 |
| 2. | Promotion plan for the reemployment of middle-aged and older people | 26 |
| 3. | Measures to ensure job opportunities according to older people's various work styles | 30 |
| | Closing remarks | 32 |

I Preface

Japan, where an aging society is prevailing, has been building a society where older people who have high working motivation form a society by making the best use of their knowledge and experience for a long time, so that they can continue to work at least up to the pension age. Japan has been revising the Elderly Employment Stabilization Law.

The relative Employment Measures Laws for older people have been established and developed as follows:

- In 1963 Establishing the employment promotion system for unemployed middle-aged and older people by revising the Employment Security Law
- In 1966 Establishing the employment rate system for middle-aged and older people by establishing the Employment Measures Law and revising the Employment Security Law
- In 1976 Establishing a comprehensive employment rate system by the revision of the Law concerning Special Measures for Employment Promotion for Middle-aged and Older Workers
Establishing a comprehensive employment rate (6%) for aged people (older than 55) for the private sector
- In 1986 Obligating efforts to try to establish the mandatory retirement age at 60 by the Law concerning Special Measures for Employment Promotion for Middle-aged and Older Workers (a drastic revision to the Elderly Employment Stabilization Law)
- In 1994 Obligating the mandatory retirement age of 60 by the revision of the Elderly Employment Stabilization Law
- In 2000 Obligating efforts to introduce measures to ensure elderly employment by raising the mandatory retirement age etc. in accordance with the revision of the Elderly Employment Stabilization Law
- In 2004 Obligating to raise the mandatory retirement age to 65 or to introduce continued employment system to 65 by the revision of the Elderly Employment Stabilization Law

The aging of population is proceeding, not only in Japan but also in various foreign countries. Many inquiries for the measurements of older people have been brought to Japan from various organizations in foreign countries with increasing interest.

In an international comparison with various foreign countries addressing such common issues, it is important to verify the characteristics and points of issues of the systems of relative countries and establish our policy in Japan.

With this in mind, we provide information with foreign countries for reports etc. on "the employment measures for older people in Japan at present" and "Workshop concerning future employment measures for older people" as a means of international cooperation for policy proposal and system construction to various foreign countries. The information involves comprehensive measures to secure opportunities for employment and job opportunities for older people, together with the outline of the Law Concerning Stabilization of Employment of Older Persons, which was revised in 2004 and 2006.

In these basic policy description materials, we introduce the background of our policy revisions and the outline of study together with the descriptions of our current systems.

Details comprise the following:

II "Employment measures for older people in Japan at present (concerning raise the mandatory retirement age etc.)"

We introduce the employment measures for older people focusing on raise the mandatory retirement age to 65 years as of 2008.

III "Employment environment surrounding older people"

The situation data surrounding older people in Japan is provided.

This data covers those as of 2008 and therefore, please note that it should not be compared with that prepared "Future employment measures for older people (Report)" in 2003 described in IV.

IV "Future employment measures for older people (Report)"

This is a report (full text) arranged as of 2003 before the currently applicable employment measures for older people were implemented; focusing on raise the mandatory retirement age to 65 years.

Moreover, the report exhaustively introduces the situation surrounding older people in 2003 when the "workshop concerning future employment measures for older people" was held and why the authority concerned should require employers to raise the mandatory retirement age to 65 years or introduce continued employment system by the revision of the Law Concerning Stabilization of Employment of Older Persons in 2004 and 2006.

(Aging and labour market of Japan)

- (1) Aging in Japan has been rapidly advancing; making Japan the world leader in this area, and measures to cope with the declining birthrate have been seriously studied.
- (2) The working motivation of older people is very high, with two out of three men in the first half of their 60s and one in two in their second half working. For females, 40% in their first half of 60s worked with a higher working motivation (as of 2000).
- (3) The employment environment over middle age was extremely severe, and the rate of complete unemployment was at a high-level for the age group of 55 to 64 years, next to that for people of 24 years old or less. The job offer to older people was few. The pay decrease after reemployment was large.

(Relation among the employment management of employers for older people, labour and management response and the public pension plan)

- (1) In Japan, a so-called retirement system applies that stipulates the automatic termination of labour contracts when employees reach a prescribed age. Mandatory retirement age was generally 55 years old for a long time after the end of World War II but its raise to 60 has been rapidly applied since the latter half of the 1980s. As of 2003, Raising the pension age to 65 years old was being gradually implemented, and continuous employment after 60 years old became a serious issue.
- (2) Both labour and management were well aware of the significance of the employment issue of older people, however, it has been necessary to discuss review of wages and personnel treatment systems etc. in detail at the levels of industries and employers.

(3) Concerning the public pension system cited in (1), participants reached the level of about 71 million people (out of a total population of about 120 million in Japan), and the total pension payment amounted to about 38 trillion yen for about 28 million recipients as of the end of March, 2000. Moreover, the public pension plan accounts for 60 percent or more of the income of older people's households, giving it a crucial role in national life as the main pillar of the income security of the senior state.

Finally, older people who have a high working motivation are valuable talents in Japan with professional capability accumulated during their vocational lives. While the aging of the population will advance more and more in future, especially in 2012, as the baby boom generation begins to reach the age of 65, there is an urgent need to promote measures that address the need to utilize the capability of older people.

It is necessary to promote such efforts in order to form a society that allows people to work, not only up to 65 but also beyond as long as they have motivation and capabilities. As part of our efforts to target a society that allows us to continue working regardless of age, the opportunity to apply works should be expanded by the promulgation and promotion of "employers that allow people to continue working up to 70 years old", by increasing job facilities for older people post 60 years. Forcing employer management to prohibit setting an age limits in recruiting and employing employees based on the "Employment Measures Law" can carry this out.

It would be greatly appreciated if the content of our policy materials and know-how were helpful in helping to draw up systems in your countries.

**II Employment Measures for Older People
in Japan at Present
(Concerning raise the mandatory retirement
age etc. to 65 years)**

1. Outline

The Japanese Government understands it is important that the older workers are able to continue working as part of workforce making most of knowledge and experience they acquired over a long time to maintain the socioeconomic vitality in Japan, while the working population is expected to decrease from now on; accompanied by the rapid pace of population aging and the declining birthrate.

For that purpose, we revised the Law Concerning Stabilization of Employment of Older Persons in 2004 and 2006 to maintain an environment in which older people can continue working as long as they want and have abilities until the commencement of the annuity provision for older persons.

In addition to the obligation of the employer entities to introduce measures to ensure elderly employment up to 65 years old to allow workers to ensure stable employment, the revision stipulates that measures to promote the reemployment of older people be implemented. The main concrete measures are as follows:

2. Content of the revision

- (1) Raising the mandatory retirement age and the obligation to introduce continued employment system up to 65 years old

[Enforcement on April 1, 2006]

Employers stipulating the mandatory retirement age (limited to that under 65) must apply either of the following measures (Measures to ensure elderly employment) to secure the stable employment of their employees until they reach 65^(Note 1) years:

- (a) Raising the mandatory retirement age
- (b) Introduction of a continued employment system^(Note 2)
- (c) Abolishment of the mandatory retirement system

However, employers are considered to take the measure of (b) when they provide a standard for older people subject to (b) by labour and management agreement and introduce the system under such standard^(Note 3).

(Note 1) This age is stipulated to increase gradually by April 1, 2013 for both men and women in accordance with the raise schedule of men's pension age (flat rate basic pension):

- I. From April 1, 2006 to March 31, 2007, both inclusive 62 years old
- II. From April 1, 2007 to March 31, 2010, both inclusive 63 years old
- III. From April 1, 2010 to March 31, 2013, both inclusive 64 years old
- IV. After April 1, 2013 65 years old

(Note 2) The continued employment system means "that the system will be employed continuously after the mandatory retirement age of such an employee when he/she desires to continue working".

(Note 3) When not successful in reaching labour and management agreement, despite

employer's efforts, the employers of major employers until March 31, 2009, and employers of small and medium-sized employers (applicable to employers with 300 people or fewer of employees at any time), until March 31, 2011, will be able to introduce a system based on such standard by stipulating the standard concerning older people pursuant to working rules etc.

- (2) Obligation to prepare and deliver a supporting document for seeking job search for older people expected to resign by dismissal etc.

[Enforced on December 1, 2004]

When older people etc. (ranging from 45 or more to 65 years of age) who are expected to leave office, by dismissal due to the employers' convenience, employers, upon hearing the hope of those older people etc., are obligated to prepare and deliver documents (**supporting documents for seeking work**) that contribute to evaluating the career and vocational capability etc. of such employees.

- (3) Obligation to disclose the reason when employers set upper age limit at recruitment.

[Enforced on December 1, 2004]

When employers recruit and adopt employees, and if the ceiling age (limited to employees of less than 65 years old) is cited for unavoidable reasons^(Note 1), they must show this reason to jobseekers^(Note 2).

(Note 1) "Unavoidable reason" means that a limitation of either one of the articles restrictively enumerated in Nos. 1 to 3 of Article 1-3 of the Employment Measures Law (No. 132 of the law in 1966), as stipulated under Article 10 of the Law as the case age limit is admitted. Otherwise, no age limit is permissible.

(Note 2) As the method of presenting the reason, there is a need to describe (record) in accordance with letters or digital records (electronic mail etc.) used at the time of employee's recruitment. When applying for public employment security offices or job introduction undertakers, the reason is to be specified in the job offer application etc. However, when recruiting and adopting employees through newspapers, magazines, or job advertisements, etc., letters, electronic mails and faxes can present the reason in accordance with the request from job seekers if it is difficult to present it in advance.

**<Reference Articles> "Law Concerning Stabilization of Employment of Older Persons"
(Law No. 68 of 1971) (Excerpt)**

These are unofficial translations. Only the original Japanese texts of laws and regulations have legal effect, and the translations are to be used solely as reference material to aid in the understanding of Japanese laws and regulations.

The Government of Japan shall not be responsible for the accuracy, reliability or currency of the legislative material provided on this website, or for any consequence resulting from use of the information in this website. For all purposes of interpreting and applying law to any legal issue or dispute, users should consult the original Japanese texts published in the Official Gazette.

(Measures for securing employment for older persons) *Enforced on April 1, 2006

Article 9 In cases where the employer fixes the retirement age (limited to under 65 years old; hereinafter the same shall apply), he or she shall conduct any one of the measures listed in the items below in order to secure stable employment for older workers until the age of 65 (hereinafter referred to as "measures for securing employment for older persons"):

- 1) Raising the retirement age;
- 2) Introduction of a continuous employment system (refers to the system of continuing to employ an older person wishing to be employed following said employee's retirement; hereinafter the same shall apply);
- 3) Abolition of the retirement age.

2 Employers shall be regarded as having implemented the measures listed in item 2 of the preceding paragraph when it has designated the standards concerning older persons who are subject to the continuous employment system and introduced said system based on said standards, by a contract concluded with a labor union in case it is organized by a majority of workers in the establishment concerned, or by a written agreement concluded with the person representing a majority of the workers in case a labor union organized by a majority of the workers does not exist.

Supplementary Provisions

(Special provisions concerning measures for securing employment for older persons, etc.)

Article 4 Concerning the application of the provisions of paragraph 1 of Article 9 during a period set forth in the top column of the following table, in accordance with the criteria presented in the top column of the same table, "65 years old" in the same paragraph shall be read as terms presented in the bottom column of the same table respectively.

| | |
|--------------------------------------|--------------|
| From April 1, 2006 to March 31, 2007 | 62 years old |
| From April 1, 2007 to March 31, 2010 | 63 years old |
| From April 1, 2010 to March 31, 2013 | 64 years old |

2. In cases where the employer fixes the retirement age (limited to under 65 years old), until 31 March 2013, the employer shall endeavor to raise said retirement age, introduce or improve the continuous employment system, or conduct other

necessary measures in order to secure stable employment for the older workers concerned until they reach age 65.

- Article 5 As the necessary preparation period for implementing the measures for securing employment for older persons, from the day after 3 years have passed since the enforcement date of the provisions stipulated in item 2 of Article 1 of the supplementary provisions to the Law for revising the Law Concerning Stabilization of Employment of Older Persons [Law No. 103 of 2004] until the day stipulated in Cabinet Order, the employer may, when an agreement cannot be reached despite efforts to conclude the agreement stipulated in paragraph 2 of Article 9, designate standards concerning older persons who are targeted for the continuous employment system, and introduce the system based on said standards pursuant to employment regulations and others. In this case, the employer who introduced the system based on said standards is deemed to have implemented the measures stipulated in item 2 of paragraph 1 of Article 9.
2. With regard to the application of the provisions stipulated in the preceding paragraph concerning employers of small and medium-sized enterprises (refers to employers that regularly employ a number of workers that is equal to or less than the number prescribed by Cabinet Order), “three years” in the preceding paragraph shall be replaced with “five years.”
 3. The Minister of Health, Labour and Welfare shall, by the date stipulated in paragraph 1 of Cabinet Order, consider the situation concerning the employment of older persons in small and medium-sized enterprises referred in the preceding paragraph, changes in the socioeconomic situation, among other things, pay due consideration to said Order, and implement the necessary measures based on the result of the consideration when deemed necessary.

(Drafting a plan for assistance for job-seeking, etc.) * Enforced on December 1, 2004.

Article 17 Employers shall, in accordance with Ministry of Health, Labour and Welfare Ordinance, draft a plan, from the standpoint of promoting smooth re-employment, when older persons, etc. separate from their jobs due to dismissal (excluding dismissal due to reasons attributable to those persons themselves) and other reasons prescribed by Ministry of Health, Labour and Welfare Ordinance (hereinafter referred to as “dismissal, etc.”) desire to be employed, on matters prescribed by Ministry of Labour, Health and Welfare Ordinance as matters concerning the occupational experience of older persons, etc., occupational ability and other matters related to the reemployment of older persons, etc. concerned (excluding reasons for dismissal, etc.) as well as measures for re-employment assistance to be taken by employers (hereinafter referred to as “a plan for assistance for job-seeking”), and issue it to older persons, etc.

(Submitting the Reason for Recruitment and Hiring, etc.) * Enforced on December 1, 2004.

Article 18-2 When employers conduct labor recruitment and hiring, employers shall, in case an upper

age limit is established for applying (limited to under 65 years old) for unavoidable reasons, clarify the reason concerned to the jobseeker pursuant to a method prescribed by Ministry of Health, Labour and Welfare Ordinance.

Article 42 * Enforced on December 1, 2004

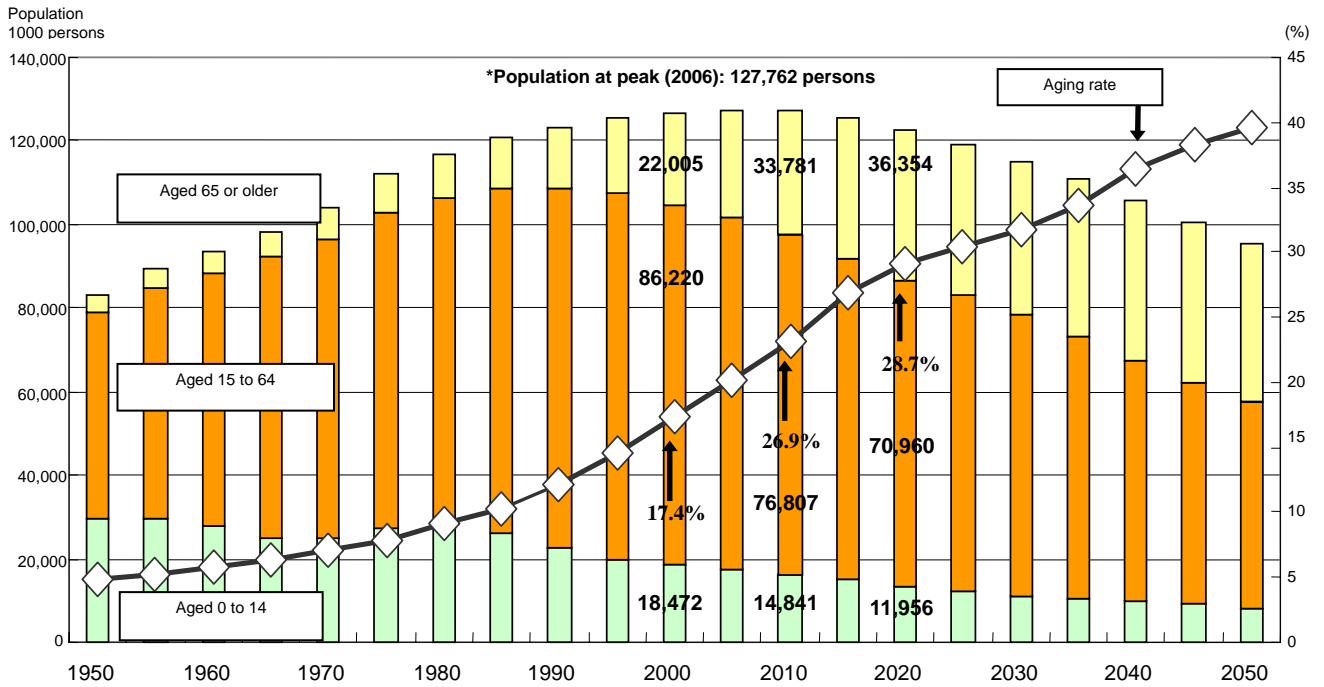
2. Silver human resources centers may, notwithstanding the provision in paragraph 1 of Article 5 in the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers [Act No. 88 of 1985] (hereinafter referred to as “the Worker Dispatching Act”), conduct the general worker dispatching undertakings prescribed in item 4 of Article 2 of the Worker Dispatching Act (hereinafter referred to as “the general worker dispatching undertakings”) only for older retirees, who are its constituents, by submitting a notice to the Minister of Health, Labour and Welfare, as a business prescribed in item 4 of the paragraph 1, in accordance with Ministry of Health, Labour and Welfare Ordinance.

III Employment Environment Surrounding Older People

Note: Please note that these data are as of 2008 and not simply compared with those prepared in 2003 shown in IV of "Future Employment Measures for Older People (Report)"

Employment environment surrounding older people

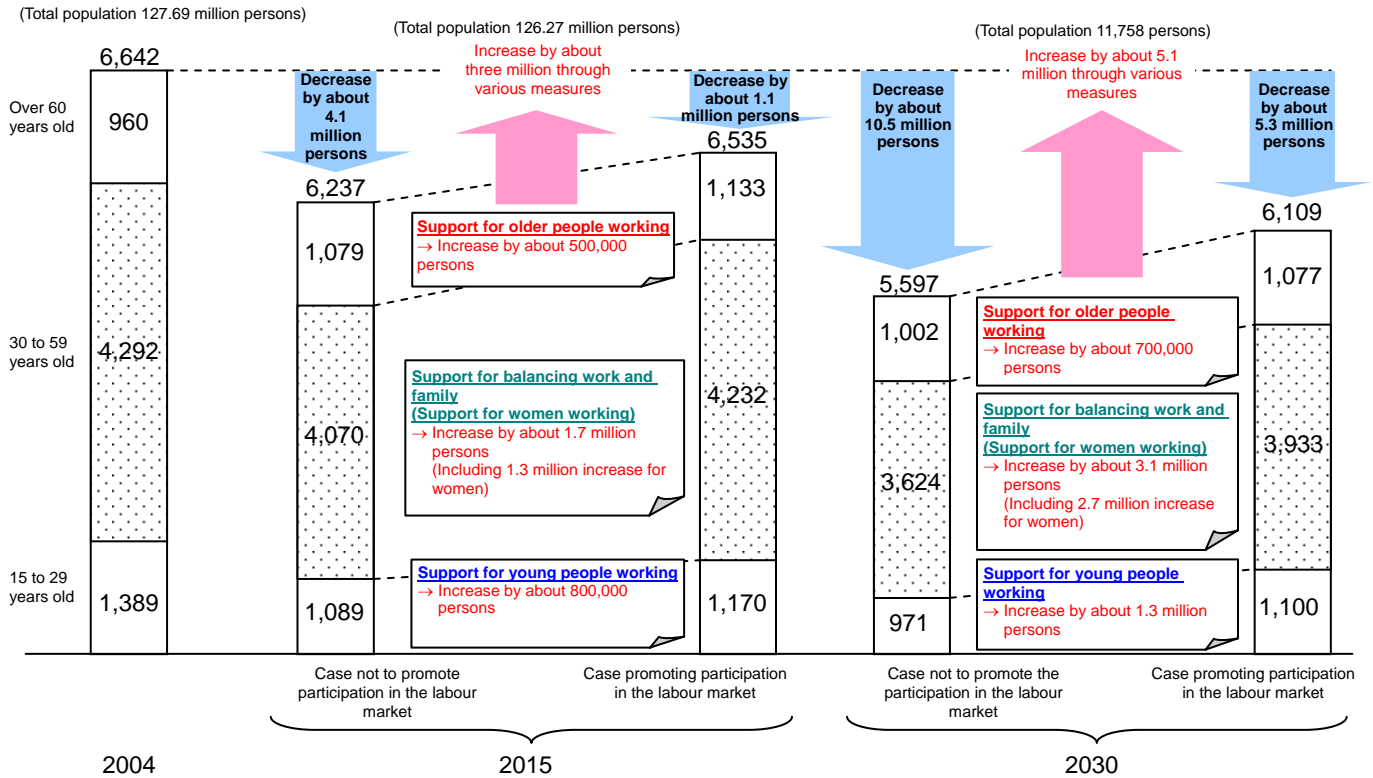
Actual and Projected Population of Japan



Sources: "Population Census", Statistics Bureau, Ministry of Internal Affairs and Communications for data until 2000; "Population Projections for Japan: 2006-2055, December 2006", National Institute of Population and Social Security Research for data after 2003

*Aging rate = ratio of population of 65 years or older in total population

Prospects of changes in labour force - Two scenarios -



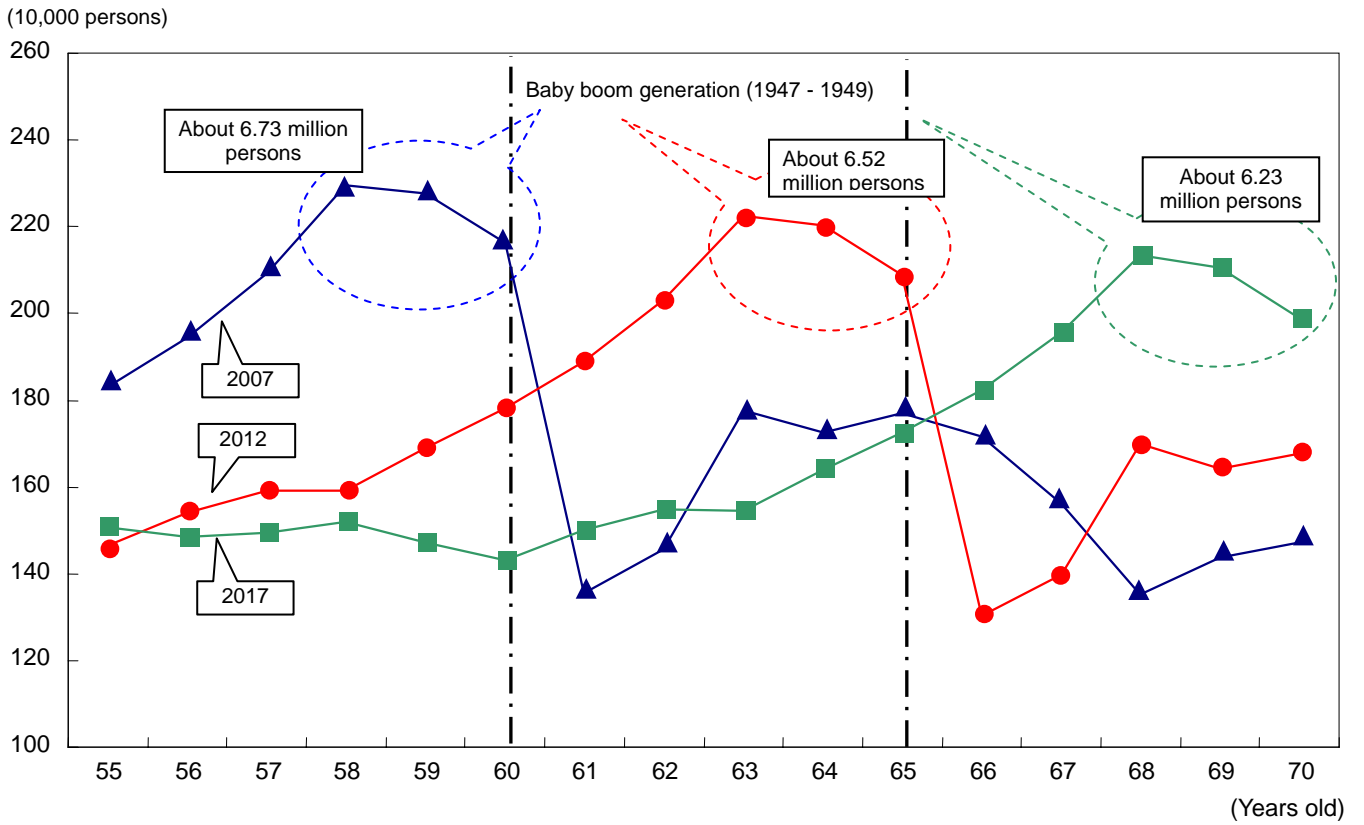
(Source) Total population from "Population Estimates" for 2004, Statistics Bureau, Ministry of Internal Affairs and Communications, and "Population Projections for Japan: 2001-2050, January 2002" for 2015 and 2030, National Institute of Population and Social Security Research.

Labour force population from "Labour Force Survey" for 2004, Statistics Bureau, Ministry of Internal Affairs and Communications, and the estimation issued by the Employment Policy Research Institute (a research institute under the Head of Employment Security Bureau, Ministry of Health, Labour and Welfare for 2015 and 2030.

(Note 1) "Case promoting participation in the labour market" means an assumed case enabling more people to work by taking various measures.

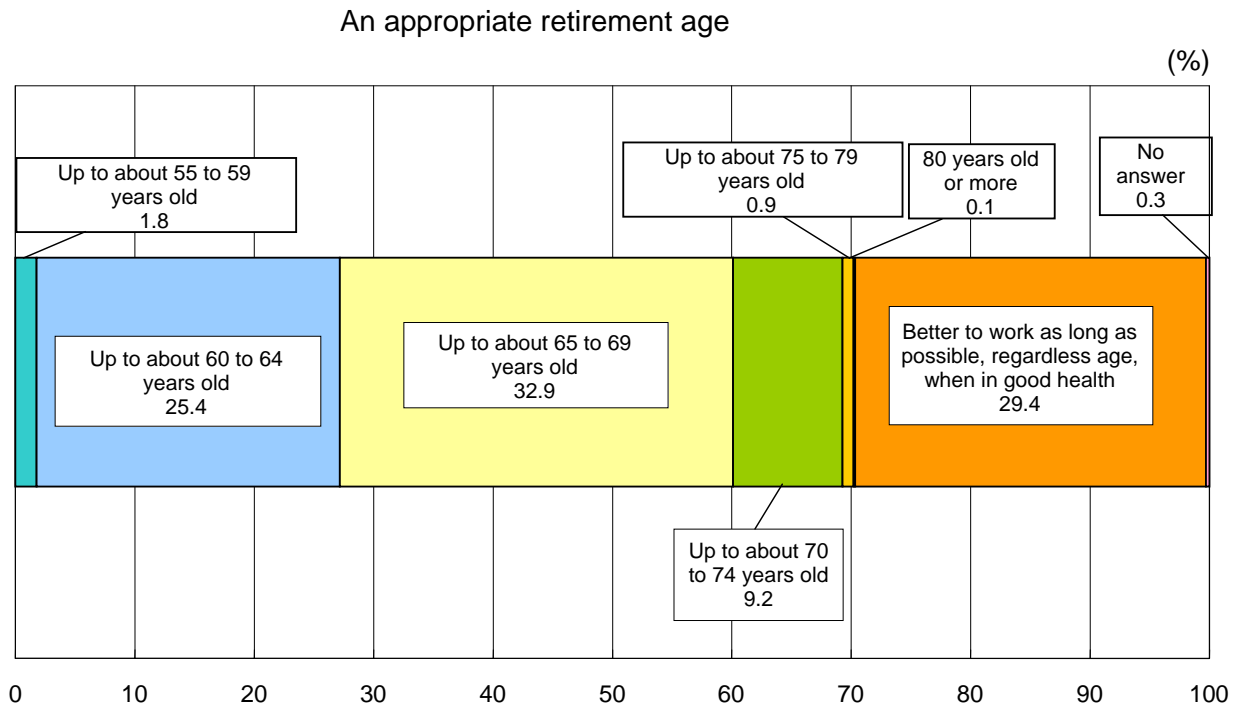
(Note 2) A very rough estimate of labour population in 2030 based on the new population estimates (December, 2006) will be approximately 60 million, decreasing by about one million compared with the above prospect.

Aging of the baby boom generation



(Source) "Population Projections for Japan: 2006-2055, December 2006",
National Institute of Population and Social Security Research

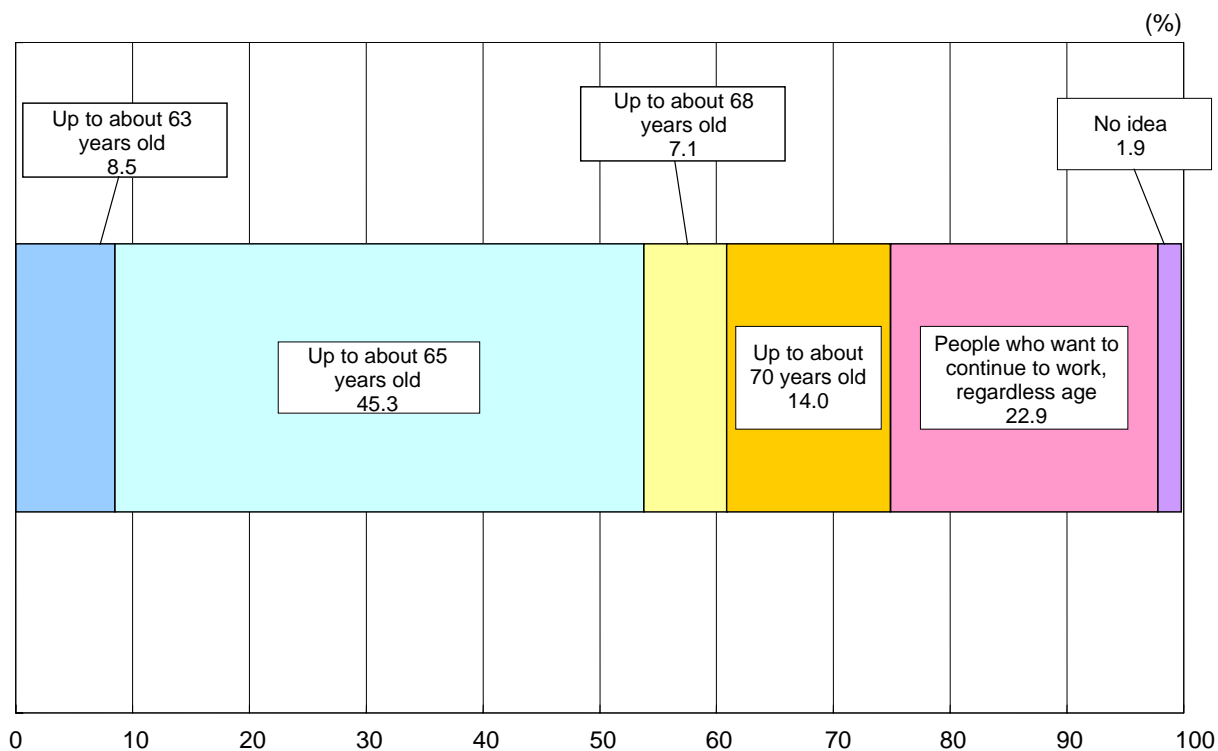
Consciousness of work at a senior stage (1)



Source: "Research result concerning awareness of age and aging" (2004), Cabinet Office, Government of Japan

Consciousness of work at a senior stage (2)

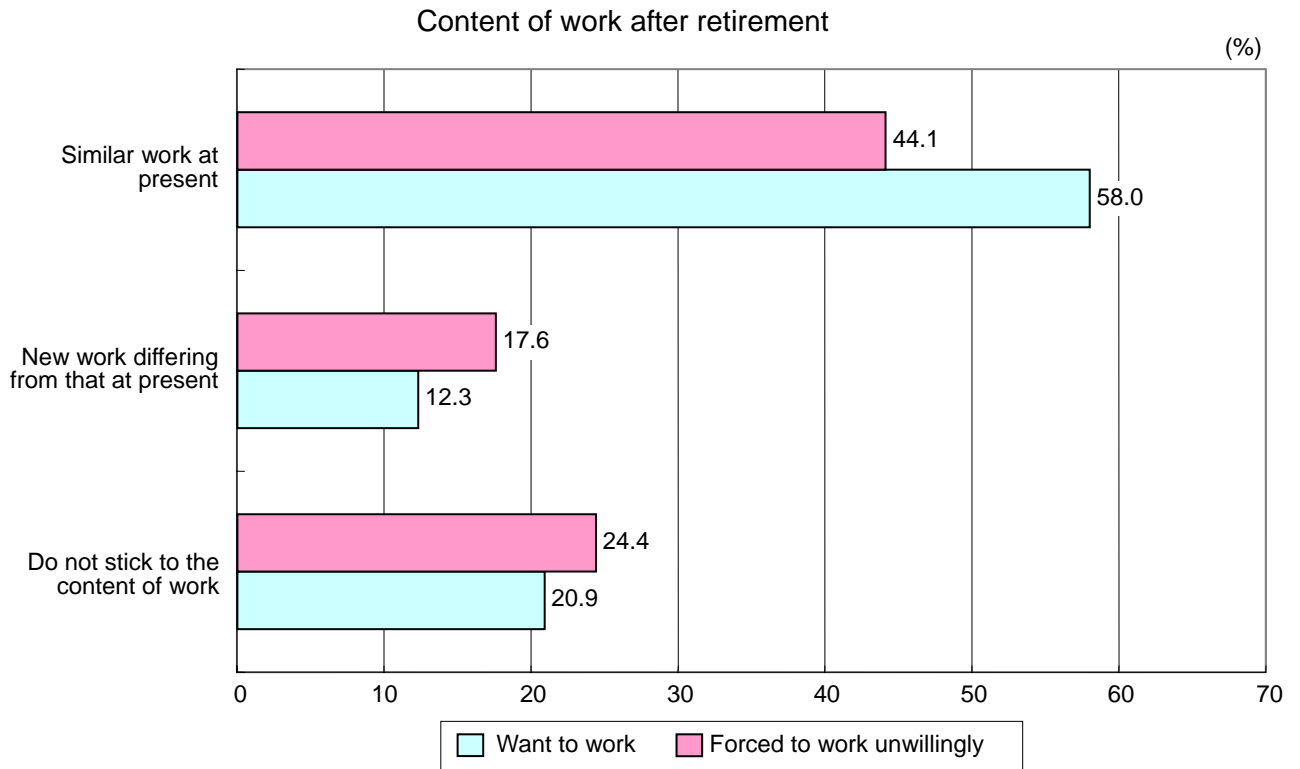
Age until which people want to continue working (people who want to work after retirement)



Source: "The 1st Longitudinal Survey of Middle and Elderly Persons" (2005)", Ministry of Health, Labour and Welfare

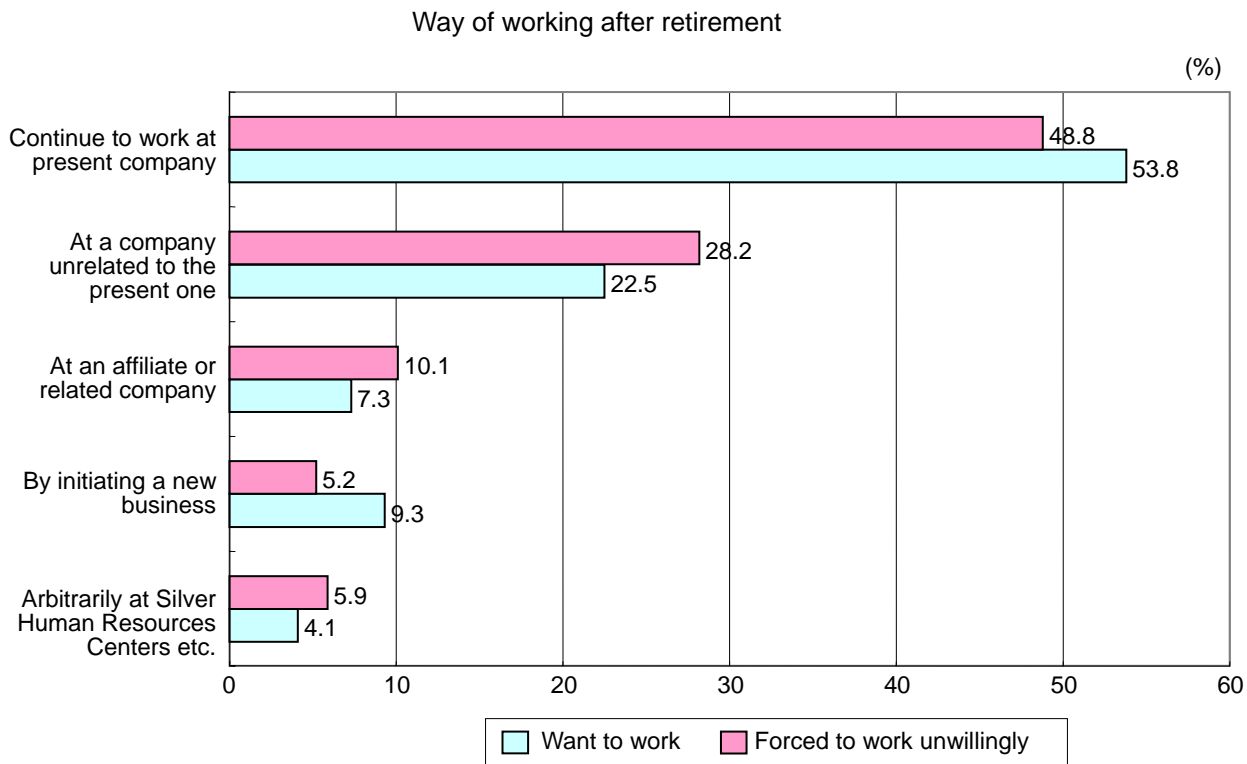
(Note) Total numbers of people who replied "want to continue to work after retirement" only, out of the baby boom generation (50 to 59 years old)

Consciousness of work at a senior stage (3)



Source: Japan Organization for Employment of the Elderly and Persons with Disabilities
"Consciousness survey concerning the work and life of the baby boom generation" (2006)

Consciousness of work at a senior stage (4)



Source: Japan Organization for Employment of the Elderly and Persons with Disabilities
"Consciousness survey concerning the work and life of the baby boom generation" (2006)

Severe Employment and Unemployment Situation of Older People

Employment and unemployment situation by age and sex (July, 2007)

(%, multiplied)

| | Total | 15 to 24 years old | 25 to 34 years old | 35 to 44 years old | 45 to 54 years old | 55 to 59 years old | 60 to 64 years old |
|---|-------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Unemployment rate (Total of men and women) | 3.6 | 6.5 | 4.7 | 3.0 | 2.8 | 2.6 | 3.3 |
| Unemployment rate (Men) | 3.7 | 7.6 | 4.8 | 2.8 | 2.9 | 2.9 | 4.7 |
| Unemployment rate (Women) | 3.3 | 5.3 | 4.7 | 3.3 | 2.6 | 1.8 | 1.7 |
| Active job opening to applicant ratio (Total of man and women) | 1.07 | 1.07 | 1.19 | 1.02 | 0.75 | 0.61 | 0.60 |

(Source) "Labour Force Survey", Statistics Bureau, Ministry of Internal Affairs and Communications, and "Employment Security Service Statistics", Employment Security Bureau, Ministry of Health, Labour and Welfare

(Note) 1. The total unemployment rates are seasonally adjusted figures. Others are original figures.

2. The total Active job opening to applicant ratio is seasonally adjusted figure. Others are original figures (excluding the figures of the total temporary and seasonal workers are original figures).

Under these circumstances, job opportunities for older people after age 60 are limited, and it is very difficult to get reemployed if they become unemployed.

Promoting their reemployment opportunity is considered an urgent and important issue in addition to securing their job opportunity.

International Comparison of Labour Force Participation Rate

| | | | 50 to 54 years old | 55 to 59 years old | 60 to 64 years old | 65 years or older |
|---------|------|-------|-----------------------|-----------------------|-----------------------|----------------------|
| Japan | 2005 | Men | 95.7 | 93.6 | 70.3 | 29.4 |
| | | Women | 68.8 | 60.0 | 40.1 | 12.7 |
| USA | 2005 | Men | 85.9 | 77.6 | 58.0 | 19.8 |
| | | Women | 74.0 | 65.6 | 45.8 | 11.5 |
| UK | 2005 | Men | * 88.9 | 77.9 | 55.5 | 9.2 |
| | | Women | * 78.6 | 63.5 | 31.0 | 4.3 |
| France | 2005 | Men | 87.4 | 66.0 | 18.5 | 1.7 |
| | | Women | 78.5 | 56.0 | 16.7 | 0.9 |
| Germany | 2005 | Men | 91.1 | 82.0 | 40.6 | 5.0 |
| | | Women | 78.2 | 64.4 | 23.0 | 2.1 |
| Sweden | 2005 | Men | 88.7 | 85.4 | 65.1 | - |
| | | Women | 84.7 | 79.5 | 57.0 | - |

(Source) ILO "Yearbook of Labour Statistics"

Japan: "Labour Force Statistics", Statistics Bureau, Ministry
of Internal Affairs and Communications (2004)

UK: OECD "Labour Force Statistics"

Japanese older people
have a strong desire to
work in the world.

Labour force participation rate: Ratio of labour force population in the population at age of 15 or over

Labour force population: Japan → Total of people at work and completely unemployed
The United States → Excluding armed forces
Others → Total of people at work and the unemployed

IV Future Employment Measures for Older People (Report)

- Aiming at connecting employment and pension -

July, 2003

Workshop concerning future employment measures for older people

Introduction

Because of lower fertility rate and population rapidly aging, the working age population is projected to fall by 8.4 million by 2015. Labour force population is also expected to decrease. Another important demographic trend is that from 2007 to 2009, baby boom generation will become 60 years old or older. The pension age for Employees' Pension Insurance Scheme is being raised gradually. Pension age will be raised to 65 by FY 2013 for the fixed amount portion, and by FY 2025 for the income-related portion (women will be delayed for five years).

However, in the prevailing Law Concerning Stabilization of Employment of Older Persons, the mandatory retirement age at 60 is obligated, and there is only an assumed obligation to secure employment up to 65. Actually, about 70% of the employers permit employment until at least 65, and about 30% allow, all employees to work until 65 if they desire to do so in principle. Moreover, environment situation surrounding middle-aged and older people is still very harsh. If they become unemployed, it is very difficult to get reemployed.

On the other hand, compared with other countries, older people in Japan are more willing to continue working than those of other countries. Among people aged 60 to 64, Labour force participation rate is over 70% in Japan.

Under these circumstances, enhancing the connection between employment and pension is a vital matter. Moreover, the government needs to take actions to create a society where older people can continue to work vividly regardless of age, as long as they have motivation and capabilities, using their knowledge and experience they acquired over a long time.

In addition, solving these issues are considered to contribute toward maintaining the vitality of our economic society in future, by older people fulfilling the role as supporters of our society as much as possible, when the young labour force is largely decreasing.

In this workshop, we have been mainly discussing for six times from this April based on awareness of such issues. Our main points concern the three points of the securing plan of employment up to 65 years old, the measures to promote reemployment of middle-aged and older people and the plan to secure job opportunities in accordance with various work styles of older people. We report herein the outcome of our discussion and study.

July 2003

[I] Basic concept of employment measures for older people

1. Basic concept

(1) Basic direction in future

When we consider the lower fertility rate and rapidly aging population in future, it is important for us to target the effective use of older person's capability so that they can fulfill the role as part of workforce as much as possible, in addition to supporting efforts to materialize their continuing work according to their motivation and capabilities. For that purpose, we are required to reform our employment system, and to attempt to establish a society where people are able to continue working regardless of age as long as they have motivation and capabilities.

Especially, as a current issue, there is an urgent need to strengthen the connection between employment and pension in consideration of the pension age raise and the aging of the baby boom generation, and at least to make the system against working opportunities hampered by age before pension age, which is 65.

(2) How to proceed with a future approach

One of the ways to a drastic future approach is to generally engage in prohibition according to age-related differences by law, namely the overall prohibition of employment management by age.

In this respect:

- (a) The element of age still plays an important role in deciding the manner of adoption, treatment, and retirement in Japan. Problems may affect the labour market if the method of prohibition according to age-related difference were adopted at once, while no standard to replace the age has yet been established,
- (b) At the same time when the mandatory retirement system is prohibited, the virtual employment security function from that system is lost, which might adversely affect the chances of older people to ensure employment opportunities,
- (c) Because the concept of "prohibition according to the age-related difference" differs from a genuine human right regulation, due to the fact that all people eventually reach old age, we have to consider the influence on society and employment of the system multilaterally in achieving to prohibit the discrimination.

When considering these factors, it is inappropriate to manage via a general prohibition according to age-related difference at present, based on the viewpoint of the actual situation of Japanese society.

Rather, it is considered realistic and effective to ensure an approach to society that employees continue to work regardless of age as long as they have motivation and capabilities. This can be materialized through a revised age limit at the time of recruiting and adoption, by attempting to secure job opportunities for older people and by taking advantage of the mandatory retirement system generally applied in Japanese corporations, in addition to efforts to revise the system in accordance with policy purposes for respective situations.

(Reference) Situation of various foreign countries

(a) The United States:

Discrimination in employment because of age is generally prohibited under "The Age Discrimination in Employment Act of 1967". The background that made possible to this prohibition is enumerated as follows: Employee's adoption and dismissal have traditionally been free (Principle of voluntary employment: Employment at Will) in the United States;

Reduced influence on employers if age discrimination is prohibited;

The way of working relies on non-long service, with some exceptions being regulated for certain jobs, and employees are inclined to want early retirement; meaning there is less influence on employers, even if the retirement age has been prohibited by law.

(b) EU: "Proposal for an EU Directive establishing a general framework for equal treatment in employment and occupation", stipulates that member states shall maintain domestic laws by December 2003 to secure even treatment for anybody, irrespective of religion, creed, encumbrance, age, and sexuality in terms of access to employment and occupation. The directive, however, provides that it is not excluded to stipulate a retirement age, and there is the possibility to provide the exception of prohibition according to age-related differences when the purposes of stipulating such difference are legally accepted. Moreover, an introductory period of three years (until December 2006) is admitted to the discrimination by disability and age.

2. Relation to employment measures for young people

Relation between the employment for young and older people respectively

- From the viewpoint of total personal costs, it is difficult to employ young people because personnel costs increase when middle-aged and older employees increase under the seniority-based wage system.
- Prioritized employment measures for young people should be implemented because there is the possibility of an impact on the entire economic society, such as an overall effect on labour productivity or maintaining vitality on a macro level by transferring the generation with higher unemployment to the higher aged generation as it is.
- There is the opinion that in converting the past industrial structure, young labour force played an important role, but the opportunity to develop their capability has been lost.

On the other hand,

- The severe employment situation for young people is considered to be dependent on the background of the recent severe economic situation and the change in corporate adoption behavior to request skilled young labour.
- As for older people, there are fewer job openings and a higher unemployment rate due to the age limits imposed at the time of recruitment and adoption. On the other hand, as for young people there are some job offers but due to insufficient experience or lack of professional conscience, many of them are unsuccessful in getting jobs or quit earlier. There is a qualitative difference in the employment and unemployment situations between young and older people.

- Early retirement expediting policy for older people had been promoted once in Europe to deal with the unemployment of young people, which was actually ineffective to solve the unemployment of young people. Rather, that policy is recognized as increasing the social cost and it is not possible to increase the adoption of young people, even if the early retirement for older people were promoted.

There are pros and cons in this respect.

In this respect, there is the concept of promotion of the employment policy for older people in accordance with the concept that the government needs to take actions to create a society where older people can continue to work regardless of age, as long as they have motivation, which would also contribute to maintain the vitality of the entire economic society through solution of future anxiety.

Anyway, there is a need for employers to employ an employee to take actions to create a society that enables selection of employees based on their motivation, capabilities, or aptitude rather than their ages. At the same time, there is also a need for employees that the environment enabling both young and older people to challenge is fair and even conditions maintained. Concretely, if young people have insufficient accumulation of vocational capability due to a lack of opportunity, it is important to maintain an environment to reinforce capability. Moreover, it is at least, important for older people that the maintenance of the system be attempted so that they are not prevented from continuing to work due to age until the pension age, including the correction of the age limit at the time of recruiting and adoption.

In other words, considering a significant decrease of future young labour force and the current severe employment and unemployment situations for young, middle-aged, and older people, an environmental arrangement enabling older and young people to work based on their motivation and capability is important. In this sense, we consider an employment policy to materialize a society that allows us to work, irrespective of ages, according to the respective actual situation.

[II] Future Employment Measures for Older People

1. Measures to ensure employment up to the pension age (65 years old)

(1) Basic concept

To continue working as long as they have motivation and capabilities until at least the pension age is considered an urgent and important issue. It is very difficult for middle-aged or older people to get reemployed if they become unemployed in a severe employment and unemployment situation, and no personnel labour management system that enables a smooth transfer of labours has yet been maintained. Therefore, to best exploit the abundant vocational experience and knowledge until that time, it is requested for employers to maintain a system to allow such people to continue working as long as they have motivation and capabilities by promoting discussion between management and labour or by taking any measures provided those people wish to work.

On the other hand, while an individual vocational life is prolonged along with aging etc., the fluctuation, or change in the industrial structure of employers due to severe

competition among the same are further expedited. The government needs to take actions through a labour market allowing people to secure employment opportunities (continuing to work) until at least the pension age, by facilitating employees' smooth transfers among employers, when necessary, because it is becoming difficult for individual employers to guarantee long term employment.

(2) Specific ruling

Employers have been requested to ensure stable employment until 65 years old based on the obligation of the mandatory retirement age at 60 years, which is actually insufficient. Anticipating a raise the pension age for a flat rate basic pension, and securing a connection between employment and pensions, attempts to stabilize the employment of older people, by preparing a rule not to make employees resign due to age until at least 65 years of the pension age.

For this purpose, the respective employer should raise the mandatory retirement age in stages, in accordance with a raise the pension age, with a flat rate basic pension as a basis. When raising the mandatory retirement age is difficult from an actual aspect of the employment management of the employer, the employment until the pension age provision should be ensured by introducing a continued employment system such as reemployment system. for any employee who wishes to continue working.

In other words, all employers are requested to convert from the conventional way of "addressing the promotion of employment and working in various types until 65 years old based on a mandatory retirement system of 60 under the legal mandatory retirement age" to "based on raising the mandatory retirement age in respective employer and ensuring employment until 65 years old, together with addressing efforts to support various types of working until 65."

Under the severe present economic conditions, there is a vital need to review previous wage and personnel treatment systems, by implementing sufficient consultation for working conditions, such as wages, working hours and ways of work for implementing such measures.

Moreover, maintaining a system that allows individuals to continue working up to the pension age, this rule means that no one shall be dismissed for reasons of age provided as long as he (she) has motivation and capabilities, but this does not mean that employment until such age is guaranteed unconditionally. In that sense, employees themselves are required to review their own physical condition, capability and aptitude together with efforts to maintain and enhance these capabilities.

2. Promotion plan for the reemployment of middle-aged and older people

(1) Necessity for assistance with the reemployment and direction of the approach

As explained to date, it is requested that respective employers initially establish a system enabling employees to continue working. Amid the ongoing structural change in the economic society, all employers face a difficult task is maintaining stable management and there is anticipation that employees may have to resign unavoidably before pension

age; encountering difficulty in maintaining the employment of their own labour. Therefore, in such cases, ensuring employment opportunities through the labour market is requested to employers that attempt to increase employment from other employers, which became unable to retain the same. This gives an opportunity for employees to continue working without experiencing the loss of employment.

Especially, for middle-aged and older people, it is difficult to get reemployed if they become unemployed with the fear of anticipation of a prolonged unemployment period. It is thus necessary to enhance promotion measures for the reemployment of such middle-aged or older people who are forced to resign, judging from the fact that middle-aged and older people aged from 45 to 59 years old represent 540,000; namely one-third of those involuntarily losing their jobs.

Moreover, as problematic point for the reemployment of middle-aged and older people, employers tends to exclude them from their recruitment and adoption targets due to age, while employees tend to fail to realize their capabilities objectively, hence reminders are necessary.

Therefore, it is specifically requested that the following measures be addressed:

- (a) Revision of age limits when recruiting and adopting,
- (b) Promotion of mutual understanding between jobseekers and job offers,
- (c) Reemployment assistance for employers to resign at their own convenience, and
- (d) Support in efforts to develop employees' capability etc.

(2) Revision of the age limit when recruiting and adopting

The age limit when recruiting and adopting deprives seekers of employment opportunities for the reason of the given fact of age that is unable to move by individual will and capability, and whereby the arrangement function of the labour market to be negotiated over wage and working conditions between jobseekers and job offer is lost, which causes problems in terms of hampering market efficiency. Moreover, about 50% of the reasons for the hampered reemployment of those having lost their jobs over 45 years old are accounted for by "the mismatch of the ages of job seekers and job offers" actually.

To cope with such circumstances, the duty to try to improve the age limit is provided for in the Employment Measures Law, and the government has been addressing efforts to instruct public employment security offices with guidance targeting 30% of job offers without requiring age in three years. The rate not asking jobseeker's age was about 13% and the upper age limit was about 45 years old as average figures as of May 2003. Therefore, it is necessary to strengthen action to improve age limits when recruiting and helping promote the reemployment of middle-aged and older people.

As one of the measures to improve the efficiency of the age limit when recruiting and adopting, the Employment Measures Law presently stipulates that "employers should try to give even opportunities regardless of age for employee's recruitment and adoption". However, this duty to attempt is considered to be revised to a duty to prohibit age limits when recruiting and adopting employees. For this, it is also pointed out that both employees and employers are confused at the time of recruiting and adopting. When

prohibited by law and if the age limit is prohibited without any standard to replace the age, there is the possibility that middle-aged and older people may be substantially excluded unless employers really understand with a significant possibility of making the law ineffective.

The imposition of other measures is considered for employers who try to apply age limits when recruiting and adopting more severe accountability than the current level. This will be applied in order for them to reconsider whether such age limits are truly necessary or not, and consequently, whether older people may not be considered for such jobs.

This measure expects to achieve a reduction in the age limit for unreasonable reasons or the age limit itself by taking measures to ensure proper efficiency on top of imposing such a duty. In order to address efforts to enhance the revision of the age limit upon recruitment and adopting at once, there is a need to select either of the measures immediately after through discussion and move toward implementation.

Even in implementing either of the measures, clarification for the vocational capability and job content requested by the job offer and the promotion of understanding for proper labour management after the adoption are required, in order to enhance efficiency for the revision of the age limit when recruiting and adopting. An integral strategy involves enhancing the consulting system and there is a need to start with guidance and assistance for employers that implement the age limit.

(3) Promoting the mutual understanding of jobseekers and job offers

As a main issue at the time of reemployment of middle-aged and older people, the employers pointed out that they did "not realize what capability and aptitude the applicants had until they were employed" and that "the applicant did not have the capability that he/she explained", while employees said that "they did not realize how much value they had outside (in other employers)", or "there was an age limit". Unlike new graduate employment, mid-career employment is generally made on the assumption that the applicant has a specific capability and it is therefore important for the job offering employer to carry out a proper evaluation of job seekers. Moreover, it is also vital for the employee to judge whether he or she can become familiar with the employer on his/her reemployment.

Therefore, when considering the promotion of middle-aged people and older, it is considered effective for both employers and jobseekers that the employer employs the employee on a trial basis, in order to ascertain the capability and aptitude, while the employee judges the characteristics of that employer. At the same time it is also useful to provide a time allowance to understand, which allows both job seeker and job offer to understand each other by making positive use of the temp to perm system.

Moreover, in order to clarify the nature of the capability of the employee, it is useful to implement a so-called career inventory for such as the vocational category and job content, that the employee has experienced to date. In that case, it is necessary to promote the use of a common language among employers and employees in order for them to express themselves in a mutually understandable formula. This may contribute to

an objective assessment of the employee himself.

In addition, for an objective recognition of the own capability of the employee who seeks reemployment or to ensure a proper understanding of the employee's own aptitude, there is a need for enhancement of the career consulting system by career consultants etc. In using the trial employment system or the temp to perm system, the implementation of such counseling that instructs cause analysis or solution measures when not leading to constant employment, and that supports the re-challenge is also effective.

(4) Reemployment assistance by employers in the case of resignation at an employers' convenience

Presently, for middle-aged and older people who resign for reasons of dismissal, etc. at the employer's convenience, when necessary, the employer is requested by the public employment security office to prepare a reemployment assistance plan where individuals are anticipated to resign and deliver the same after imposing on the employer the duty to strive to implement measures of reemployment assistance, such as the development of job offers.

This system is based on the concept that reemployment assistance is effectively made by the employer who well understands employee's capability and aptitude while the employee is in service, for the reemployment in the early stages of middle-aged and older people. In consideration of the employment and unemployment situation for middle-aged and older people, which remains severe, and especially employees who are forced to resign before the pension age, enhancing the efficiency of the performance of the employer is required. Therefore, enriching the content of this plan and contributing to promote mutual understanding between jobseekers and job offers, as described in the above (3) is considered. Specifically, when implementing the career inventory of the employee in particular, preparation and delivery of such plan by employers should intensely be required, not only for filling out their ranks and departments, but also, for instance, the kinds of work they have been performing to date, together with their performance.

This plan, by enriching and enhancing these systems, can be positioned to unify and is considered useful for a prompt reemployment of middle-aged and older people as follows:

- (a) A function whereby employees make their own careers easy to arrange by this,
- (b) A function whereby employers clarify the kind of reemployment assistance measures to be implemented, and
- (c) A function that enables employees or government to carry out job search behavior and job introduction; based on the reemployment assistance measures implemented by employers.

Moreover, requesting that the employer address to the reemployment assistance activity after the enhancement of such a system involves connecting with the idea of the employers revaluing capable human resources in his company and reconsidering whether such employees should really be dismissed, and, therefore, this seems to promote efforts to maintain employment.

In addition, addressing reemployment assistance provided by employers for employees, for instance, in order to improve efficiency for activities such as supporting career re-evaluation by employees, developing capabilities, holiday grants for reemployment work and the utilization of reemployment supporting companies, the administration should promote the enrichment of the necessary consultation and supporting system and assistance measures to employers.

(5) Support in developing employees' capability etc.

To enable middle-aged and older people forced to resign to reemploy the world of work without experiencing unemployment, they must have acquired abilities that can be utilized in the employer in which they are going to work. It is too late to start acquiring such abilities after reaching middle-age or older. In order for employees to continue working in accordance with their motivation and capabilities, regardless of age, they themselves, from an early stage of their business career, must recognize their capabilities objectively and design their vocational life, including their own career design, and proceed with capability development in accordance with their schedule.

For this purpose, understanding concerning the development of aptitude and capability for employees should be promoted and a career consulting system for the selection of capability development should be enhanced. Employers and government should support from their own respective standpoints in addition to employees helping them. There should be particular focus on the fact that efforts to address the capability development or vacation grants for long-term refreshment have been made, and that middle-aged and older people have been relying on efforts to develop capability by employers to date. Moreover, the arrangement of a system that allows work at other employers at the same time may be effective in implementing personnel allocation; with consideration of work life design and the capability development that uses OJT, or to acquiring a wide career other than work experience in an employer that contributes to the reemployment or the preparation for an independent business run in future.

In addition, especially with reference to the job searching activity of middle-aged and older people, the capability to propose or realize the use in employer of the qualifications they have acquired is required. Therefore, maintaining a support system to help individuals obtain appropriate career consulting and, in the case of failure to get a job through job introduction after the job training, addressing the implementation of effective re-training for future job hunting activity will be useful by seeking the reason for failure, such as in a case study meeting between the job introduction agency and the job training agency.

3. Measures to ensure job opportunities according to older people's various work styles

As employee's individual variations, such as motivation and physical fitness expands when they reach the senior years, the needs for employment and works will diversify in terms of the aspects of employment, working style, working hours and income etc... Therefore, it is also important to ensure employment and job opportunities corresponding to such diversified needs

of employees via cooperation between labour and management.

Specifically, the following measures may be introduced for employees currently employed in order to ensure a diversified working style until the pension age in respective employers. For instance, consideration is made to achieve a working style in accordance with motivation and capabilities by treating employees in accordance with their roles and responsibility and by promoting the introduction of a short-term regular member system for those wishing to implement flexible short-term work based on their physical condition; bearing similar roles and responsibility to regular employees as much as possible. Moreover, it is possible to introduce various working types of work sharing following a thorough consultation between labour and management in order to achieve various work styles by reviewing our conventional work and lifestyles.

On the other hand, ensuring diversified employment and working opportunities is important for employees having resigned voluntarily or involuntarily before pension age. Therefore, for instance, employees intending to establish or create a business may be supported in their challenge through the positive use of subsidies and the enhancement of a consultation and information service system provided by the authorities including Establishment Support Center. For those wishing to obtain income through temporary, short-term employment, it is possible to offer the occasion of a short-term employment and a dispatch work. In addition, for those wishing to work in any form, irrespective of the amount of income or working style, their needs can be satisfied by providing consultation or information service, etc. concerning the mediation of starting work or volunteers.

In this regard, the positive use of the Silver Human Resources Centers, which has already taken root in local communities, is considered to be effective as one of the strategies that is positioned as an integral work support center with a one stop service function for the older people who hope to start work in the local community. Specifically, overall support for various social participation activities is considered by providing a wide range of information service works in relation to consultations concerning volunteers or establishing businesses, and the consultation and implementation of dispatching works, besides offering starting work opportunities in the form of conventional contracts and a free job introduction at the Silver Human Resources Centers.

Moreover, in order to promote employee's various work styles, the basic social security system must remain neutral in the face of selection of an individual work style and of the system of employment by employers. Therefore, with the following pension plan reform, the expansion of applications to part-time employees and the review of the pension system for older people in service are studied. This should be preceded with sufficient consideration to avoid jeopardizing the selection of various types of work styles of older people.

Closing remarks

Concerning the desirable nature of employment measures for older people in future, we have examined the fundamental aspect of the relation between employment and pension for which an increase in the pension age has already been decided, with a sense of crisis for the progress of those aging from now on, especially the imminent aging of the baby boom generation.

As mentioned above, in order to promote the employment of older people, it is necessary the government needs to take actions to create a society where older people are able to continue working regardless of age, as long as they have motivation and capabilities. The discussion in this workshop covers a wide range of themes concerning reform of the adoption behavior of employers, the maintenance of a social capability evaluation system and a review of the wage and personnel treatment system. It also covers maintenance of the system of reemployment support and the ensuring of various employment and job opportunities. Carrying out efforts to maintain the condition and enabling the valuable human resources of older people in order to thoroughly display their motivation and capabilities creates an attractive workplace for every employee, including young people. At the same time this means constructing a system of a full participation type of economic society so to speak, where people are able to work vividly according to their motivation and capabilities.

Based on our proposal, we expect labour and management discuss as soon as possible in concerned councils, in order to reach agreement and to realize a society that the government, labour and management together take actions to create a society where older people are able to continue working regardless of age, as long as they have motivation until at least the pension age.

[Glossary]

■ Seniority-based wage (P. 23)

The method to decide basic wages solely by long service has scarcely been applied in Japan, even during periods of high growth. Instead, wages have been decided in accordance with the overall evaluation of job content and job performance, etc. Actual operations, however, have been made in accordance with a seniority basis meaning the wage profile has risen according to age and seniority. Eventually, this kind of ever-increasing wage profile is known as the seniority-based wage.

■ Temp to perm (PP. 27, 28)

Temp to perm means employee dispatch based on the assumption that employees are scheduled to work at the dispatched place after the dispatch work ends.

■ Career inventory (PP. 27, 28)

Career inventory means clarifying the details of the vocational careers of an employee and the nature of the performance that has been gained with the respective careers together with the self-development etc. that has been made.

■ Career consulting and career consultant (PP. 28, 29)

Career consulting means consulting work at the request of employees with which the work life is designed on a voluntary basis to correspond to aptitude, vocational capability, and vocational experience, etc. including an individual's vocational capability development for a job selection or for receiving the required lectures in professional training necessary to make a career formation. Career Consultants mean those who implement the above consulting works.

■ OJT (P. 29)

OJT is an abbreviation of On the Job Training and means a form of training for employees while they remain in their working positions.

■ A short-term regular member (P. 30)

According to the final report concerning the part-time labour workshop, regular members for a short time mean that they similar roles and responsibilities to constant full time members and are treated under the same application system in terms of capability evaluation and wage determination, while they have a shorter working hours in a week than that of constant full time members.

■ Various working types of work sharing (P. 30)

Work sharing means implementing shortened working hours in attempting to maintain and create employment and various work type work sharing means in order to select various working styles appropriately by making use of work sharing.

■ Establishment Support Center (P. 30)

Establishment Support Center means an organization established for the purpose of business

establishment and the materialization of a good employment creation. The center carries out the support focused on developing the capability or human training for those wishing to create new businesses and for employers planning to develop into a new field. The pet name applied is the "Establishment and new field development support center".