

# Healthy Elderly Persons Working in the Era of 100- Year Life Expectancy

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# Changes to the Environment Surrounding Businesses

## —The Aging of Society

- Japan's total population (2023) is 124.35 million.
- The population of people 65 or over is 36.22 million (75 or over is 20.07 million). People 65 or over account for 29.1% of the population as a whole.
- The productive age population (15 to 64) is 73.95 million.
- In 2030, the productive age population will be 70.76 million, and the 65 or over population will be 36.96 million (75 or over, 22.61 million).
- In 2040, the productive age population will be 62.13 million, and the 65 or over population will be 39.28 million (75 or over, 22.27 million).

\*Source: Cabinet Office, 2024 Annual Report on the Ageing Society

# Issues Caused by an Aging Society

## 1. Labor shortage and stagnation of economic growth

- Businesses will face more severe labor shortages
- Decreased labor force will lead to a lower growth rate and economic stagnation.

## 2. Difficulty maintaining social security systems

- Spending on pensions, health care, and nursing will rise, increasing the financial burden.
- Unavoidable increase in the tax/social security premium burdens for working age generations.

## 3. Regional decline and urban overpopulation

- Even more of younger generations will go to cities, regional decline will progress.

# Methods to Find Workers

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## Traditional Methods

- Employing **elderly persons**, women and foreign nationals

## Methods Recently Gaining Popularity

- Employing people with disabilities/youths

## Methods with Future Potential

- **Using digital technology (robots and AI)**

## Currently Promising Method

- Employing **elderly persons** using **digital technology**

# The Act on Stabilization of Employment of Elderly Persons

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Declining birthrate and aging population putting pressure on pension finances⇒Raise the starting age for pensions⇒Necessity of public assistance for workers⇒Respond with employment policies

Mandatory retirement age cannot be less than 60+Measures to secure stable **employment** up to 65 must be taken

Measures for securing **job opportunities** for seniors 65 to 70 (not legally enforceable, “employers must endeavor”): Entered force in April 2021

# Measures to Secure Stable Employment (3 Options)

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① Raising retirement age to 65

② Introducing a continuous employment system up until 65

- Selected based on an agreement with a representative of a majority of the workers (eliminated in 2012 revision. In place as a transitional measure until March 2025) ⇒ From April 2025 on, everyone who wants can be employed until 65
- Continuous employment can be (a) concluding a new contract while ending the current contract, or (b) extend contract without ending employment ⇒ Many choose (a) as it is possible to reset the terms and conditions of the contract

③ Eliminate retirement age

# Measures to Secure Job Opportunities (4 Options)

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① Raising retirement age to 70

② Introducing a continuous employment system up until 70 (continuous employment outside of the original company or its affiliates is also OK)

③ Eliminate retirement age

④ Measures for start-up support, etc. (This option includes three options itself)

# Measures for Start-up Support, Etc.

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In addition to the elderly person desiring so and having agreement from a representative of the majority of the workers, one of the following measures (a)–(c) will be implemented (a plan must be made and disseminated as well)

(a) Enter into an entrustment contract with the elderly person working freelance or as an independent operator

(b) Enter into an entrustment contract with the elderly person working at the employer's social contribution business

(c) Enter into an entrustment contract with the elderly person working at a social contribution business implemented by an organization the employer has subcontracted or funded



# Changing Views of Workers

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## An Aging Society Called the Era of 100-Year Life Expectancy

- Until now, working life ended at retirement ⇒ However, with extended average life expectancy life after retirement is long ⇒ There are elderly persons who want to work to afford to live or to have a purpose: However, they want more flexible working styles compared to before they retired (due to significant differences in vitality, ambition, and skills)

## Expansion of Working Styles Without Being Employed

- Working at your own pace using ICT (independent remote work: The government also supports it (new Freelance Act implemented in November 2024): Appropriate work style for elderly persons

## Using Digital Technology

- Digital technology can be used to compensate for elderly persons' declining skills, allowing them to continue to apply their skills

# How Should Businesses Approach a Society Where People Work at 70

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Providing job opportunities to elderly persons is a social responsibility of companies

- Although providing job opportunities for people 65 and over is only a “responsibility to make an effort,” it is still a legal responsibility.
- By putting in an effort, companies can demonstrate to society they are trying to comply and fulfill their social responsibility (improved reputation).

There are benefits for companies as well

- Veteran workers are a valuable resource considering the labor shortage: No need to train them, they can immediately work.
- A workplace with men and women of all ages has a high potential for increased productivity (diversity management).
- Entrustment contracts can reduce costs (not all labor laws apply. Subsidies can also be used)

# Points When Employing Elderly Persons 1

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## Employment Management Outside a Japanese-style Employment System

- Japanese-style seniority-based treatment ends with retirement⇒Treatment after retirement is a new challenge for companies as well (how to use workers' potential)
- Customizing working conditions to meet elderly persons' varied needs (emphasis on a sense of purpose, etc.) is necessary (Japanese companies which focused on collective management have issues with this)
- Legally, for fixed-term employment, unreasonable disparity in working conditions with permanent employees is forbidden: This is difficult for companies to deal with (standards for determining what is unreasonable are vague)

# Points When Employing Elderly Persons 2

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## Using Entrustment Contracts

- Use workers as freelance (entrustment contract)=Management is necessary to ensure they are not an independent contractor in name only: Must also abide by the Freelance Act (clearly indicating contract conditions, etc.)
- Management skills to allow them to work without constant supervision are necessary=Importance of establishing contract conditions (incentives, compensation structure, etc.): New territory for HR departments in Japanese companies which have not placed heavy emphasis on contracts.

# Conclusion

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Improving the work styles of elderly workers serves as an experimental case of the work style reform of general Japanese workers

- 1 Job description
- 2 Work Life Balance
- 3 Telework
- 4 Digitalization