

Offering **the Elderly** the Opportunity to Work

The population of healthy and able elderly citizens is increasing in Japan. As the nation's declining birthrate and aging population result in an ongoing decline in the working population who pay social security premiums to support future pension payments, the need to establish an environment in which elderly citizens who wish to work are able to continue their working lives and become independent is increasing. How can we organize society, establish modes of work, and create employment systems to enable a greater number of Japan's elderly to continue working?

MyVision

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Expert Opinions

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How can We Enable the Healthy Elderly Population to Lead Fulfilling Working Lives?

What approach should we take to employment for the elderly? In this issue of *My Vision*, we ask academics in the fields of labor management and labor law, a researcher seeking to support the employment of elderly workers through the use of ICT, the founder of a temp company for elderly workers, and an American cultural anthropologist who has conducted extensive field work at a company that employs elderly workers.

Interviewer: Maiko Sakaki, Mari Kawamoto

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Period of interviews: January 2015

Towards a society in which one's working life can last one's entire life

Kenji Ueda

Senior Advisor, KOUREISHA Co.

I believe that a society in which people who wish to work following their retirement are able to extend their working lives indefinitely is desirable. After retirement, people throw themselves into enjoying travel and golf, but they ultimately become tired of a life in which every day is like Sunday. KOUREISHA, the company that I founded, is a temp company for just this type of over-60 year-old, and its goal is to provide them with the opportunity to work and find purpose in life.

Retirees who wish to work around three days a week preponderate overwhelmingly among the people who register with my company. What the elderly want is a place to belong, a purpose in life, and connection with other people. Often they have tried using the government's Employment Service Center, but have had their expectations disappointed, and so they welcome our services. The mode of work that we employ is to use two people for the work of one, and to have these two people supplement each other in their performance of the work duties.

The types of work we deal with are diverse, and include inspection work, sales rounds, the provision of customer service when regular staff members are not at their desks, convenience store work, and driver assistance, and it is extremely difficult to match our clients with the right job. We operate on the basis of an hourly wage system with no bonuses or premium payments. We are able to function as a company because these conditions are acceptable to the pension recipients who we find employment for.

The way my company works is to provide a mechanism that offers positive benefits for the elderly workers, their spouses, the companies they work for, KOUREISHA, and everyone concerned. For example, let's assume that a company wants to offer its customers services on weekdays, but that its customers would prefer to use it on weekends. Employees with small children are reluctant to work on weekends and

holidays. That's where we come in. The company doesn't have to pay weekend premiums, and the other employees are happy because they can have their weekends off.

In the future, it is predicted that throughout Japan there will be a polarization of the elderly into those who receive company pensions and those who do not, for example as a result of having worked for micro-enterprises during their working lives. We need to take measures in response to this situation. It will be important for the elderly to learn new job skills following their retirement, and we need to create a system of education and training in which the burden of cost is shared between the government, companies, and the individuals receiving training. It will be essential for all of us, young and old, male and female, to think together about how to respond to an aging society. ■

Mr. Ueda is the founder of KOUREISHA, a temp company for individuals in the 60-75 age bracket. Operating based on a system in which workers are remunerated in combination with their pension payments, the company offers the elderly the opportunity to work and find purpose in life.

Supporting the able elderly through the "Senior Cloud"

Michitaka Hirose

Professor, Graduate School of Information Science and Technology, The University of Tokyo

It has been indicated that Japan's declining birthrate and aging population will result in every 1.3 workers being forced to support one elderly person in 2055. To the extent that we see the elderly as people in need of support, it is clear that we will find no solution to this problem. However, many of the elderly population have the desire to work and are healthy enough to do so, and it is likely that we would see the light at the end of the tunnel in relation to this problem if these people were to actively participate in society as a labor force.

Knowledge and the ability to respond are among the strengths

possessed by the elderly in comparison to young people. At the same time, there are many factors that prevent the elderly from finding employment, among them the decline in their physical capacity and the fact that the other side of their specialized knowledge and experience is an inability to perform other tasks. The characteristics of elderly people are quite diverse in comparison to young people, and companies therefore hesitate to employ them. We are at present engaged in a research and development project called “Senior Cloud,” which is attempting to use ICT to create mechanisms that will enable us to utilize this labor force which is so rich in diversity. If this research bears fruit, it may be possible for us to stabilize a new social structure.

In the “Senior Cloud,” we will disaggregate the time, potential working spaces and skills of different individuals, and recombine them to create “virtual workers” who will each perform the work of one person. This new system of work, which we call a “mosaic-type work model,” is able to reconcile flexible working patterns with the efficient supply of stable labor power. Precise matching of factors including the experience, knowledge and skills of potential elderly workers and their desired type of work with job data will ensure, for example, that someone with experience as a department head in an overseas company will not be offered work pulling weeds in a garden.

The number of companies providing job-seeking assistance that are interested in this type of electronic temp system using ICT is increasing. In the future we will commence tests using data, but at present a process of trial and error is ongoing. ■

Professor Hirose leads research and development efforts in the “Senior Cloud” project, which seeks to create a system that enables the experience, knowledge and skills of senior citizens to be put to use as a new driving force for a super-aging society.

Create meaningful jobs for the elderly

Caitrin Lynch

Associate Professor of Anthropology, Olin College of Engineering

For the elderly, the meaning of “working” is more than merely earning money; it is also about the ability to lead a fulfilling life. Rather than forcing the elderly to work, governments should encourage people looking forward to retirement to realize that working in their old age will offer them satisfaction. One of the lessons of my study of Vita Needle, a small, family-owned factory outside of Boston, is that work can provide the elderly with a sense of meaning and belonging. About half of the workers at Vita Needle are 74 or older, and in the workplace they feel that they matter. In Japan, at the “Silver Jinzai Centers,” older workers are doing jobs like sweeping, and planting flowers, and picking up garbage. But the important thing is whether or not the work gives them a sense of meaning in life, a sense of belonging and connection to others.

We need to get employers to think differently about the value that older workers bring to the workplace, and to create working environments and working conditions that make work easier for the elderly. The automobile manufacturer BMW did a study in Germany in which they made adjustments to one production line to suit it to older workers, for example by making the flooring softer and improving the lighting, and they found that this became a very productive line. Older workers have many years of experience, and they have different motivations to be at work and, possibly, a different work ethic to younger people, and so might actually be more reliable workers. It might cost a company a little to make adjustments for older workers, but in the end it pays off.

It is also important for us to think about government policies that notice all the kinds of work that people are doing, not just office work and manufacturing work, and to offer remuneration, for example, for

care-giving and other types of informal work that women have done up to the present. Another way of keeping older people working is by allowing them a flexible schedule. Unless we have systems in a society to enable people to feel like they still belong, and they still matter, then we’re just going to have a lot of problems, and also lose a lot of rich opportunities for intergenerational connections. ■

Dr. Lynch studies the dynamics of the relationship between work and culture, with a focus on areas including aging, gender, and offshore industries. She is well known for her field study of Vita Needle, a U.S. company that maintains high productivity while actively employing seniors, which has been featured on U.S. media.

How can we harmonize elderly employment with corporate profitability?

Atsushi Yashiro

Professor, Faculty of Business and Commerce, Keio University

Currently, the legal age of mandatory retirement in Japan is 60, as specified by the Act for Stabilization of Employment of Older Persons. As means of providing employment for the staff over 60 years old, companies have to either extend the mandatory retirement age to 65, to abolish mandatory retirement, or to offer their employees continued employment until the age of 65. According to the questionnaire survey for companies in Japan, more than 80% of the surveyed would select the option of setting 60-64 as the mandatory retirement age, offering their staff continued employment. The reason why most companies select this option lies in that even though it would extend the duration of employment, the company could flexibly adjust working conditions. It is because their working hours are shorter than regular workers. It means offering continued employment would effectively function as ‘work sharing’ because the wage of a single employee reaching the mandatory retirement age could be distributed to several workers. So far, the continued employment beyond the mandatory retirement age can be seen to represent ‘Best Practice’ as a mean of elderly employment after 60 years old.

In the long run, however, the extension of elderly employment may affect corporate profitability because companies would not be able to execute the right to dismiss employees by the established legal precedents. Ideally, each company should decide the duration of employment from the viewpoint of development and utilization of human resources in competition with other companies. For some companies with difficulties in attracting new graduates and companies with high employee turnover rates, it is rational to extend the mandatory retirement age in order to retain the incumbent staff. In some cases, leading companies may use the extension of the mandatory retirement age as their ‘branding strategy’.

As aging and the declining birthrate proceeding in Japan, we must give serious consideration to elderly employment, for which private companies currently taking sole responsibility. Promoting elderly employment is, of course, very important. However, it should not squeeze corporate profitability. We will need to consider how to boost the demand for elderly workers beyond making their employment an obligation for the private sector. ■

Professor Yashiro conducts research on human resources management in modern Japanese companies, based on the theory of internal labor markets. He is now engaged in conducting international comparisons of human resources management as well as human resources management after the Second World War based on the method of Oral History.

Promote the formulation of employment policies that consider the social future of employment

Shinya Ouchi

Professor, Graduate School of Law, Kobe University

The Revised Act for Stabilization of Employment of Older Persons etc., which obliges companies to employ workers until the age of 65 if the worker wishes it, will be useful in increasing work opportunities for the elderly and reducing the financial burden of public pensions, but can also be assumed to have certain follow-on effects. The first of these is that it may restrict employment opportunities for young people. The second is that companies which are obliged to continue employing elderly workers whose productivity is declining may apply severe working conditions in an attempt to utilize these workers as a high-productivity labor force.

In addition, there is a balance between the termination of employment after having worked until retirement age and the guarantee of employment until retirement age. The fact that the Revised Act effectively does away with the former by obliging companies to continue to employ workers after retirement age, destroying this balance, is an important point. Because of this, it is predicted that the Japanese-style system, organized around the axis of guaranteed employment until retirement, will be transformed. This means a transition to a merit-based system.

At the same time, the significance of the retirement age system in itself is changing. This is related to changes in the nature of the

regular employee. In return for the guarantee of employment until retirement age, the traditional regular employee accepted the company's wide discretion concerning working conditions, and developed particular skills in order to contribute to the company over the course of their working life. However, with intensifying competition as a result of globalization and the rapid development of IT, the need for this type of regular employee is diminishing, and the need for professional workers to function as work-ready resources is increasing. It is assumed that these professional workers will not be employed over the long term, and retirement age does not enter into the picture.

In an era of declining labor power, the elderly, with their abundant experience, are a precious resource. The development of IT is able to supplement the decline in physical powers among elderly workers and create the conditions for them to make use of their accumulated skills, but at the same time it brings with it the danger that those skills will rapidly become obsolete. It will be essential for the government to accurately predict changes in the social nature of employment and work to realize employment policies that enable workers to maintain high productivity throughout their working lives. ■

Professor Ouchi emphasizes that in an aging society, not only will companies necessarily have to make use of the labor power of the elderly, but a merit-based system will also be demanded. He indicates that the government must strengthen policy measures designed to raise the weak to the position of the strong.

This is a translation of a paper originally published in Japanese. NIRA bears full responsibility for the translation presented here.

About this Issue

Offering the Elderly the Opportunity to Work

The negative economic impact of a low birthrate and an aging society has been sufficiently pointed out. However, it is also the case that many seniors possess long years of experience and abundant knowledge. Many seniors are also energetic and motivated. It would be a great waste for our society not to make adequate use of these elderly people, treating their existence rather as a burden. Surely it could be possible to consider the elderly in a positive light? This was the point of origin of the latest issue of My Vision.

The naïve assertion that we should simply provide more employment for the elderly, however, does not take the full picture into consideration. If someone with an inherent ability becomes unable to display that ability, then we should suspect that systemic factors or a problem of the overall system lies behind it. No doubt it is difficult to put systemic factors right immediately. But doing nothing simply because the problem is difficult has meant that no progress has been made. What we need is for many people to pool their knowledge in order to overcome the difficulty and realize multifaceted change in the situation.

Based on this perspective, the interviewees in this issue of My Vision come at the issues from multifaceted perspectives, indicating fascinating aspects of the problem and proposing directions for the future. We

can broadly divide the points highlighted by these proposals into two.

The first of these is that modern seniors differ significantly from the vision of the elderly that we have harbored up to the present. Lifespans have increased, and the state of health among seniors has improved considerably. The elderly are also physically more able than was formerly the case. A particularly noteworthy aspect of contemporary changes is the fact that the development of IT has dramatically increased the possibilities for the elderly to be involved in a variety of ways. We must make active use of this change.

The other point is that Japan's social systems remain unchanged, and we do not possess mechanisms sufficiently able to provide the healthy elderly with opportunities to involve themselves and places in which they can do so. With a focus on the employment system, it is an urgent matter for us to establish such mechanisms and enable the elderly to be more actively involved in society.

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