

Achievements and Issues of Academic Exchange to Transfer the Employment of Elderly in Japan to Aging Southeast Asian Region

- Lesson from Employment of Elderly in Japan -

Iwao Kato*

* Professor, Wako University

2160 Kanaimachi Machidashi Tokyo, 195-8585 Japan

Tel 81(44) 9897497, Fax 81(44) 9881435,

Email: iwao@wako.ac.jp

Abstract

This paper reviews some examples on employment of elderly in Japan and discusses the employability in aging society. In terms of this concept, employability of elderly people, we all can learn from Japan's recent experiences. In other words, Japan is currently required to utilize all human resources including elderly people under the pressure of social rapid aging. With being widely reported, the situation of Japan's recent population aging is severe. In May 2019, Statistic Bureau of Japan released the newly adjusted population census that the proportion of elderly who is 65 years and older reached 28.2% in 2018 and it will be 33.3% in 2036. These aging figures indicate that one third of Japanese people will be elderly person in the year of 2036. In this social circumstance, Japan's public and private sectors are both keenly discussing about employability of elderly people. Recently the Diet in Japan has been discussing to extend people's retirement age up to 70 years old. In the private sector, some particular companies have started hiring their retired employees as nearly full-time regular workers. Some other companies are much more aggressive, which employ senior citizen as specialists for the public relations, engineering, and business management. And recently "Silver Human Resource Center" or SHRC which is a public job information center for senior citizen provides job opportunities for elderly more than previously. These Japan's experiences are supposed to be adapted for Southeast Asian countries which are expected to have similar aging pressure in the near future.

Keywords

Employment of elderly, Lesson from Japan's experience, Aging society in Southeast Asia

JEL classifications: Labor and Demographic Economics

1. Introduction -Population aging in Japan-

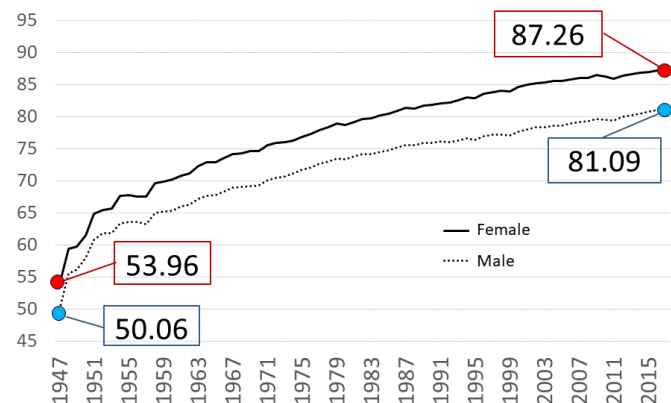
Since the end of Second World War, Japan had drastically boomed their economy. Especially in 1960s they successfully doubled their national income and in 1968 Japan became the second biggest economy in the world. Their dramatic economic success has been called “Miracle in East Asia”¹. Those rapid nationwide socio-economic prosperities have improved their standard of living.

At present Japanese people enjoy the longest life expectancy in the world. According to data released by Ministry of Health, Labour and Welfare in 2018, the female average life span reached 87.26 years old and the male average life span reached 81.09 years old. In comparison with 1947, roughly seventy years ago, their life spans were only 53.96 years for women and 50.06 years for men. Figure 1 shows that for the past seventy years, their average life span has been lengthened steadily.

On the other hand, during the post-war era, Japanese total fertility rate has been declining continuously². For instance, Japan’s total fertility rate has declined from 4.54 (1947) to 1.42 (2018)³. This historical fact indicates that the number of children which an average Japanese couple would have in their life has recently become one-third, compared with seventy years ago.

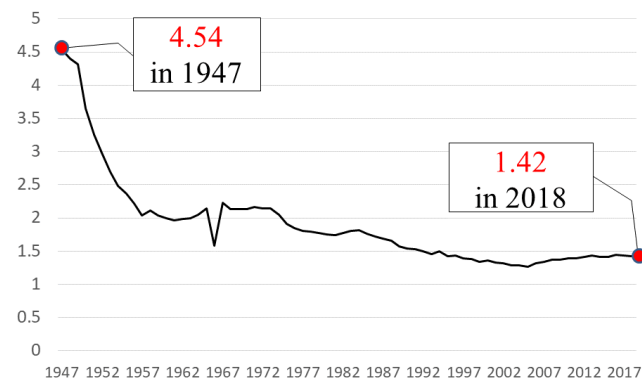
As a result of less-children trend and improvement of life expectancy, the percentage of senior citizen in the total population has recently reached to 28.2% (2018)⁴. In particular, the senior citizen, older than 75 years old, called “latter period senior citizen”,

**Figure 1: Average Life Span in Japan
1947-2017**



Source: Ministry of Health Labour and Welfare (2018), *Vital Statistics*.

**Figure 2: Total Fertility Rate in Japan
1947 to 2018**



Source: National Institute of Population and Social Security Research, “*Population Statistic*”, 2018.

¹ Friedman, George, “*The Next 100 Years*”, Doubleday, 2009, pp.139-142.

² Total fertility rate indicates the average number of babies which a female delivers in her whole life.

³ UN Population Division, “*World Population Prospects 2017 Revision*”, United Nations, 2017.

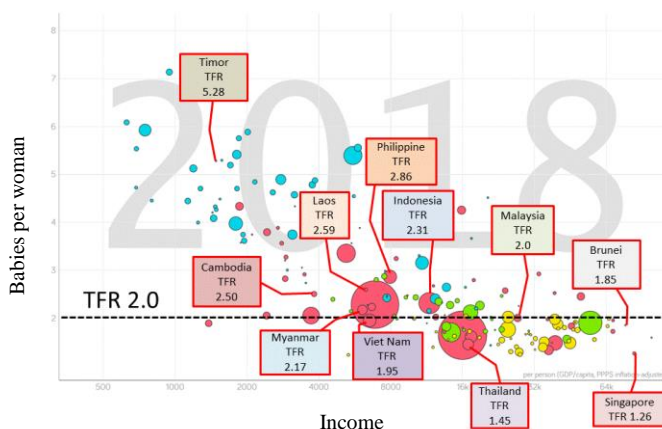
⁴ Cabinet Office, “*Annual Report on the Aging Society*”, 2018, pp.2-4.

occupied 13.8% in the total population It is historically first time that the ratio reached 10% by the investigation of Ministry of Internal Affairs and Communications (MIC) in Japan which began in 1950⁵.

2. Speed of population aging -Japan and Southeast Asia-

Figure 3 describes the correlation between average income and number of babies per woman, TFR, in the world. One bubble is one country, which its circle size indicates population scale. This figure shows the current TFR of Southeast Asian countries except Timor are close to 2.0 or under 2.0. TFR in the region has decreased recently. If their TFR stays close or below this level, these countries would face difficulty to sustain their population scale.

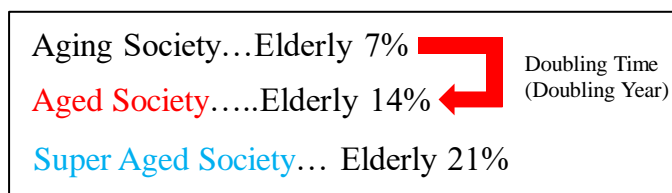
Figure 3: TFR in Southeast Asia 2018



Source: Gapminder Foundation, *Gapminder ver. 4.1.0*, Dataset ver.1.16.1, 2019.

Another serious issue is “speed” of population aging or fast progress of population aging. It is believed the newly industrializing countries have particular tendency to be aging faster, compared with the previous advanced countries' experiences.

Figure 4: Criteria of aging society



Source: United Nations, “*The Aging of Populations and Its Economic and Social Implications*”, 1956, UN Department of Economic and Social Affairs.

Figure 4 describes how to check

the ‘speed’ of population aging. We use the definition by UN, ‘Doubling Time (years)’, which is a time duration, how many years the country would spend to double the proportion of elderly from 7% to 14%. In other word, it is a time or period to transform “Aging Society” to “Aged Society”.

Figure 5 shows that Japan spent 24 years to have transformed "Aging Society" (1970) to "Aged Society" (1994). This Japanese Doubling Time, 24 years, is the world shortest record. From the figure, we recognize that "Doubling Time" in Southeast Asia would be similar or shorter than Japan's experience. This comparison indicates that not only Japan but also Southeast Asian nations should prepare for the “speedy” population aging. From the view of

⁵ In 2005, Japan's population decreased for the first time since 1899. Japan became the depopulation country. In 2006, Japan's population once increased. However it decreased in 2007 again.

their sharply depressing birth-rate, some countries in the region are expected to be suffering from shortage of young labour in the future.

Those predictions indicate that newly industrializing countries in the region had better to study on Japanese experience in labour market.

3. Case study on employment of elderly by Kato Seisakujo

In this section, to study measure to prepare for aging society, we look at the ever-successful company "Kato Seisakujo" adapting senior citizen employment. This is the story of a company which obtained respect by providing job opportunities for the elderly.

In 2001, "Kato Seisakujo", a company in Gifu prefecture Japan producing equipment of automobile, airplane and electronics, began the employment of over 60 years-old senior citizens. The company employed 15 senior citizens at first. The oldest woman employed by the company was 79 years old at that time.

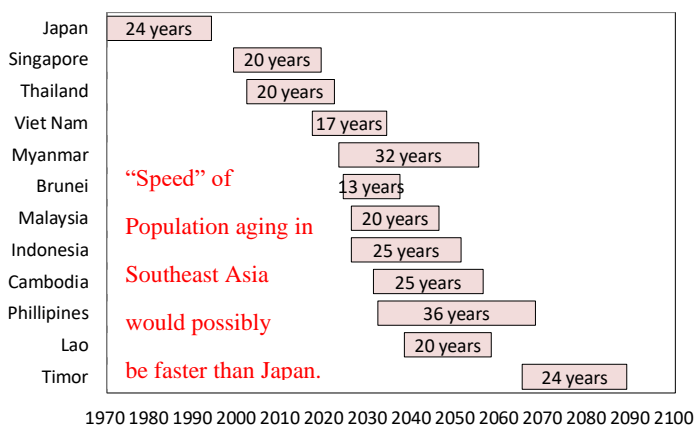
Many mass-media including international ones have reported this challenging employment. Wall Street Journal introduced the senior citizen employment by Kato Seisakujo as one of the most successful employment models in Japan and they spotlighted the company as a symbol of Japan's recent changing employment circumstances.

In addition, this paper reviews the interview with CEO of Kato Seisakujo and a survey on the senior citizen workers of the company. In the interview, Mr. Keishi Kato, CEO of Kato Seisakujo, explained about the motive of senior citizens' employment and the business circumstances surrounding the company in those days⁶.

Previously, our clients gave us very strict orders about prices of our products. Therefore, we should have considered reducing the cost. On the other hand, we needed to increase sales, because of the price cut. We were supposed to aim two different goals. Reducing the cost and increasing the sales at the same time were antinomy. In fact, the easiest solution was lay-off, although Kato Seisakujo has kept lifetime employment system. Nobody in the company agreed the idea that lay-off was only one solution. The management tried to find any other option.

We had a long discussion and finally we arrived at one conclusion. The five days operating could be extended to weekend, Saturday and Sunday. We simply thought that further

Figure 5: Speed of Population Aging



Source: UN, "World Population Prospects 2017 Revision", UN, 2017.

⁶ Kato Iwao, Others, "Case Study of Successful Senior Citizen Employment in Japan", Researchers World, Journal of Arts Science & Commerce Research, Vol.1, No.1, Oct 2010.

operating our factory on Saturday and Sunday could give us extra profits. We calculated that operating our factory during holidays, could increase our profit. We thought it was a good idea. But there was another issue to solve. Who were going to operate our factory on Saturday and Sunday?

When we were looking for the solution, we received the letter from Associate Professor Iwao Kato at the local university with his research paper. That paper taught us a result of the research-investigation on daily life of local senior citizens in Gifu Prefecture. According to the report, there were a large number of senior citizens who wished to work, though there were few chances to get any jobs.

We immediately recognized this fact could be the solution for our problem. The company management started to consider hiring senior citizens to operate the factory on Saturday and Sunday. We started off with several examinations for the employment of senior citizen in the factory, and finally decided to recruit the senior citizens to operate the factory on Saturday and Sunday.

In the early Spring of 2001, senior citizen applicants were interviewed in several days. The potentiality and situation of each applicant were carefully examined. The company finally adopted 15 senior citizens, from 60 years old male to 79 years old female. The career of adopted workers was multifarious. Some of the former occupations were carpenter, fisherman, mechanic of railway company, stock dealer, florist and widows. There were few experienced people who had worked in manufacturing industry.

In the following part, this paper summarizes three specific features of the senior citizen employment by Kato Seisakujo.

First, in case of Kato Seisakujo, elderly people (over 60 years old) are main recruiting target, which was contrary to usual recruitment conducted by ordinal private companies. Therefore, their recruiting method gave big impacts not only to the labor market, but also widely to the society. Many mass media repeatedly reported that “targeting on only senior citizen” was the biggest uniqueness of Kato Seisakujo. And its “uniqueness” made the company famous, and gave the opportunity to collect the relatively high qualified senior citizen labor forces in a long run.

Second, the senior citizen workers at weekend have steadily gained self-confidence. Impressively, elderly employees told that they were not “assistants” anymore and proud of themselves as “player” of the company. Some of them had an experience to have been treated as a cheap labor force by other companies mainly because of their age.

Generally, people can hardly understand the senior citizen are able to operate the manufacturing factory. In fact, the idea “operating the factory by only elderly” was the most anxious point for the company management until the operation started. However, this concept has given the positive influences to elderly employees. They now make decisions for the

factory operation with self-confidence, and they positively support each other for "their factory" with royalty to the company and colleague. For instance, one of the elderly employees, Mr. Kitamura, who was once the head officer of the Japanese car maker's factory, keened to share his skills and knowledge with colleagues. Even in the weekdays, he sometimes came to Kato Seisakujo to check the condition of factory operation, and helped new colleagues.

Third, Kato Seisakujo has offered the normal job to senior citizen employees. The job itself was not necessarily adjusted for the senior citizen employees. Seniors could adjust themselves for the job. Kato Seisakujo only needed to slightly change the work-process and to fit the workplace for the health condition and physical capability of senior citizen. From this point of view, the factory needed comparatively only small improvements.

Regarding the improvement of work-process and workplace, Mr. Keishi Kato, CEO of Kato Seisakujo, insisted three factors such as "factory barrier-free improvement", "teaching aged workers by experts" and "consulting for the elder employees by veteran" were important. Especially, factory barrier-free improvement for elderly workers has been crucial for smooth weekend operation. In the first year of senior citizen employment, the company spent around 30 million yen for product line improvement and new facilities for elderly, which was 1% of their total sales. And teaching the factory operation for senior citizen employees was also crucial. Usually two young workers come to factory on weekend to assist senior citizen employees, and they conduct OJT or "on the job training" for elderly. Elderly workers' productivity has been improved steadily.

4. Study on employment of senior citizen by Malaysian researchers

Since 2010, some Malaysian researchers have visited Japan and studied on Japanese aging experiences, especially on employment of elderly, supported by several Japanese universities. This paper reviews the comments by Malaysian researchers on the case studies mentioned above. One of them, Dr. Beatrice Lim pointed one particular feature of Kato Seisakujo⁷.

As matter of fact, "Saturday and Sunday operation by elderly" increased their operating days up to 30% and Kato Seisakujo's sale also increased 30%. It simply means that productivity of senior citizen labor forces was same level to its young worker's productivity. Of course, it is not a simple story in that way. The increment of sales in Kato Seisakujo should be seen in a bigger picture. A longer activity day does not always bring bigger sales amount. Actually, the relations of these two matters are complicated. However, it is true that the senior citizen employment was big driving force for the improvement of their turnovers.

⁷ Kato Iwao & Lim, Beatrice, "Consideration on transfer of Japan's aging experience to South East Asia", Chikyu-Kankyo Jidai no Keizai to Keiei, Hakuto Shobo, 『地球環境時代の経済と経営』白桃書房 2012.

Also, Dr. Lim showed what Malaysia needs to adapt employment of elderly in the future. *In order to ensure that elderly can be guided properly for a reemployment, the set-up of an employment counseling office by the government is important to promote re-entering employment. The elderly should be given proper assistance and counseling before they are being reemployed again. Their 'new' jobs may be different from previous employment. They may have to work with younger superiors and these are all challenges to elderly workers. Therefore, they have to be properly counseled before taking up a job.*

The work hours for elderly workers may also be different from full-time workers. Due to physical limitations, it may be necessary to encourage short term and temporary employment. Employers should be given encouragement to extend services of their elderly workers and to create flexible working hours. Older workers can be redeployed in other working areas that require less physical strength and less mentally demanding job.

In Malaysia, the government emphasizes very much on the importance of life-long learning. Working adults are encouraged to acquire further education and training. At the same time, with the emerging trend of elderly employment, education and retraining for the elderly workers is equally important. Relevant programs should be developed to retrain the elderly in order to help realize the principles of independence, participation and self-fulfillment among these workers. Education to prepare the elderly to face the challenges of ageing can be introduced as a pre-retirement course. Retraining should be introduced to promote productive aging. In conclusion, Malaysia can learn from the system in Japan and adapt according to the needs of the local labor market.

5. Discussion and conclusion

Rapidly population aging in Japan, the senior citizens intend to protect their life with "self-defense" action. It brings more senior citizen to labor market. The ratio of senior citizen labor participation has increased. Therefore, to ease the pressure from demographic changes, the employment of elderly is one of the effective options. In this field, practices in Japan would be valuable research issues, to utilize its human resources, and to improve the employability of future aging Southeast Asian countries.

Reference

- Friedman, George, "*The Next 100 Years*", Doubleday, 2009.
- Hirschman. C. & P. Guest, "*The emerging demographic transitions of Southeast Asia*", Population and Development Review, Vol.16, No.1, 1990.
- Kato Iwao, "*Proposal of additional criteria to aging society*", Wako Keizai Vol.51, No.3, 2019.
- Kato Keishi, "Iyoku no aru hi, Motomemasu, Tadashi 60saijyo", written in Japanese, PHP, 2013.
- Magnus, George, "*The Age of Aging*", John Wiley & Sons Pte. Ltd., 2009.
- UN DESA, "*The Aging of Populations and Its Economic and Social Implications*", UN, 1956.

UN Population Division, “*World Population Prospects 2017 Revision*”, UN, 2017.