



Japanese businesses need to make the workplace safer for older workers as they keep them on payrolls longer to cope with labor shortages.

DATAWATCH

Nearly 40% of Japanese companies hire people over 70 years old

Facing labor shortages, Japan Inc. turns to elderly to fill jobs

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TOKYO -- Japanese companies are increasingly counting on elderly workers to plug labor shortages and make business more competitive. Last year, nearly 40% of businesses -- double the ratio a decade earlier -- let employees work until 70 and beyond. In the construction and retail sectors, workers 65 or older made up more than 10% of the workforce.

Many companies seem to have little choice, as the yen's recent weakness has made it harder to hire foreign workers. Still, there is a drawback in retaining older workers, as they are more prone to on-the-job accidents and employers need to work harder to ensure their safety.

"I feel more confident about myself after a day's work," said Emiko Kumagai, 81, who works for retail electronics company Nojima in the city of Kawaguchi, north of Tokyo. "I'm happy to make myself useful because I don't want to be left behind socially." Working four days a week, she does everything from wheeling in merchandise and creating displays to helping customers. Kumagai, who has been selling home electronics for 20 years, started her stint at Nojima when she was 69.

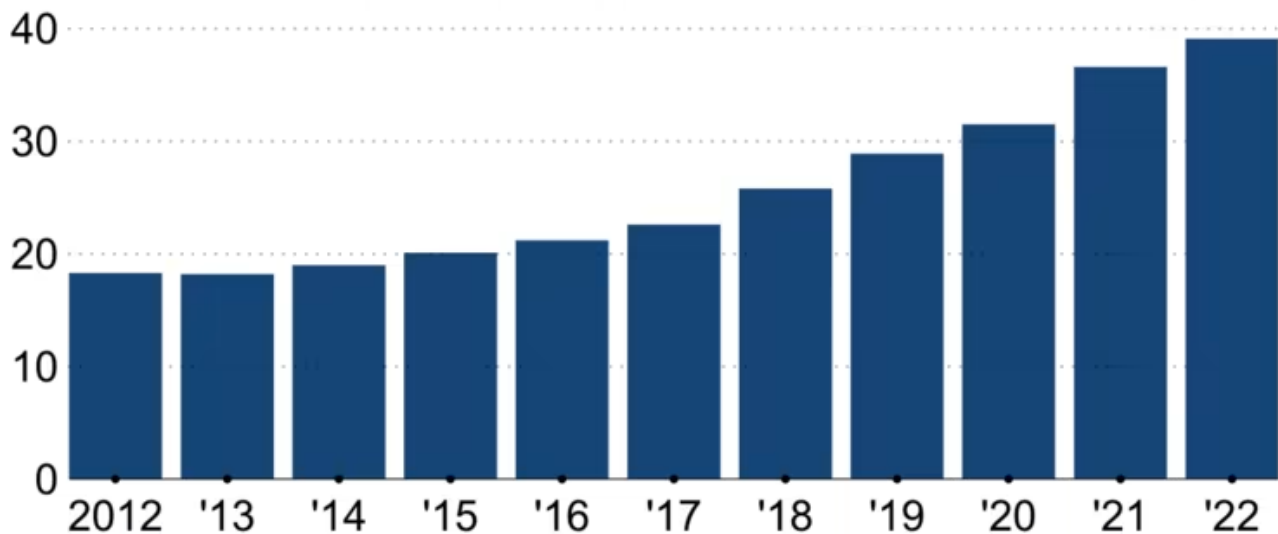
Nojima, which removed its retirement age limit in 2021, now employs about 30 workers aged 70 or older, including three who are at least 80. Age-based curbs are "not suitable for this era of '100-year life'," said Yutaka Tajima, one of Nojima's directors. "Failure to make good use of the elderly is such a waste."

The percentage of companies with programs to employ people aged 70 and older more than doubled over the decade through 2022 to 39%, according to the Ministry of Health, Labor and Welfare. The ratio of businesses having mandatory retirement ages of 65 or older rose 12 percentage points to 25% in the same period.

Following a legal revision in 2013, companies are required to employ workers until age 65 if the employees so wish. Businesses that initially opposed the change for fear of higher costs are now vying to hire older workers to cope with acute labor shortages.

Employment of seniors is rising in Japan

(Percentages of businesses accepting workers over age 70)



Source: Ministry of Health, Labor and Welfare

Last year, working-age people accounted for 59% of the population in Japan, down 9 points from 2000. Given the difficulty of securing foreign workers and stalled growth in labor participation among women with small children, employers have to rely on the elderly to make up for the dwindling number of workers ages 15 to 64.

Of all people employed, those aged 65 and older totaled 6.39 million in 2022, accounting for a record 10.6%, according to the Ministry of Internal Affairs and Communications. The ratios of older workers were high in industries facing serious labor crunches -- 15% for construction and nursing care and more than 10% for transportation. About 30% of taxi and bus drivers in the transportation sector were 65 or older.

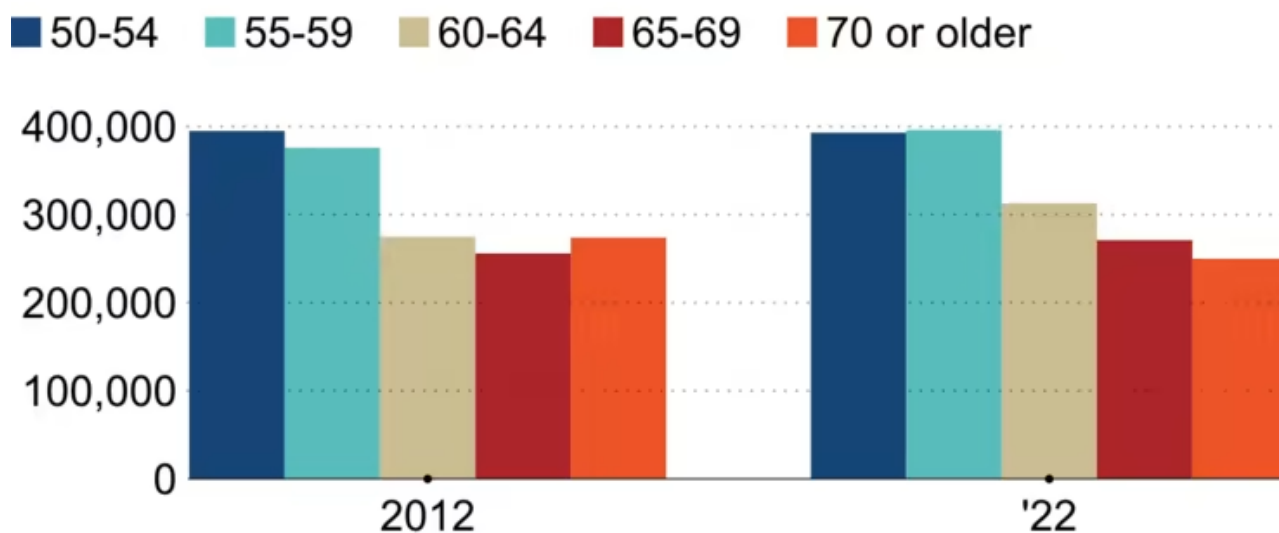
Ukita Sangyo Kotsu, a taxi fleet operator in Akita prefecture in northern Japan, employs some 25 drivers, most of them 65 or older. "Only one person applied to our job offers in two months," said Tadakatsu Ukita, company president. "With younger people moving out of the prefecture, we cannot survive without senior workers." Among Japan's 47 prefectures, Akita has the highest ratio of those 65 or older in the population.

According to the Organisation for Economic Co-operation and Development, those aged 65 or older comprise 7% of the working population in the U.S. and 4% in Germany, much lower than 10.6% in Japan.

While the number of elderly workers increases, workplace accidents are also on the rise. Accidents involving employees 60 or older totaled about 38,000 in 2022, up 26% from five years earlier and rising at a pace three times faster than the overall average. If employers neglect to create a safe working environment for older workers, overall productivity could suffer.

Average monthly wages in Japan by age group

(In yen)



Source: Ministry of Health, Labor and Welfare

"Companies must invest in automatization and other means to make work less physically demanding for the elderly," said Takashi Sakamoto, an analyst at Recruit Works Institute.

Despite growing job demand, wages have not risen for all elderly workers. The average wage rose 6% for workers aged 65 to 69 over the decade through 2022 but fell 9% for those 70 or older, according to the labor ministry. Good jobs are not always available to workers in their 70s and above, who then have to take jobs shunned by younger workers for their low pay and physical hardship.

To make the country strong and competitive, Japan needs to promote labor participation among senior workers. But to do that, the government and industry must cooperate closely in creating a better work environment for the elderly.