

Labor Shortage and the Retirement Age

For the past 30 years, Japan's work force has increased at an annual rate of about 1%. Now the steady rise in the population which contributed to work force growth has slowed, while a further drop in the population of young people resulting from a shrinking birthrate threatens structural shortages of labor over the medium and long term (Fig. 1).

The tight labor market is prompting companies to take a variety of measures to sustain growth while curtailing working hours. These include automation, shifting production overseas, and employing more women and elderly people. More and more companies are extending the retirement age to 60 (Fig. 2).

In order to tap the pool of competent older workers who have already reached retirement age, companies may have to introduce systems for reemploying retired workers and set shorter working hours for elderly staff.

Fig. 1 Population Structure in Japan: Trends and Projections by Age Group

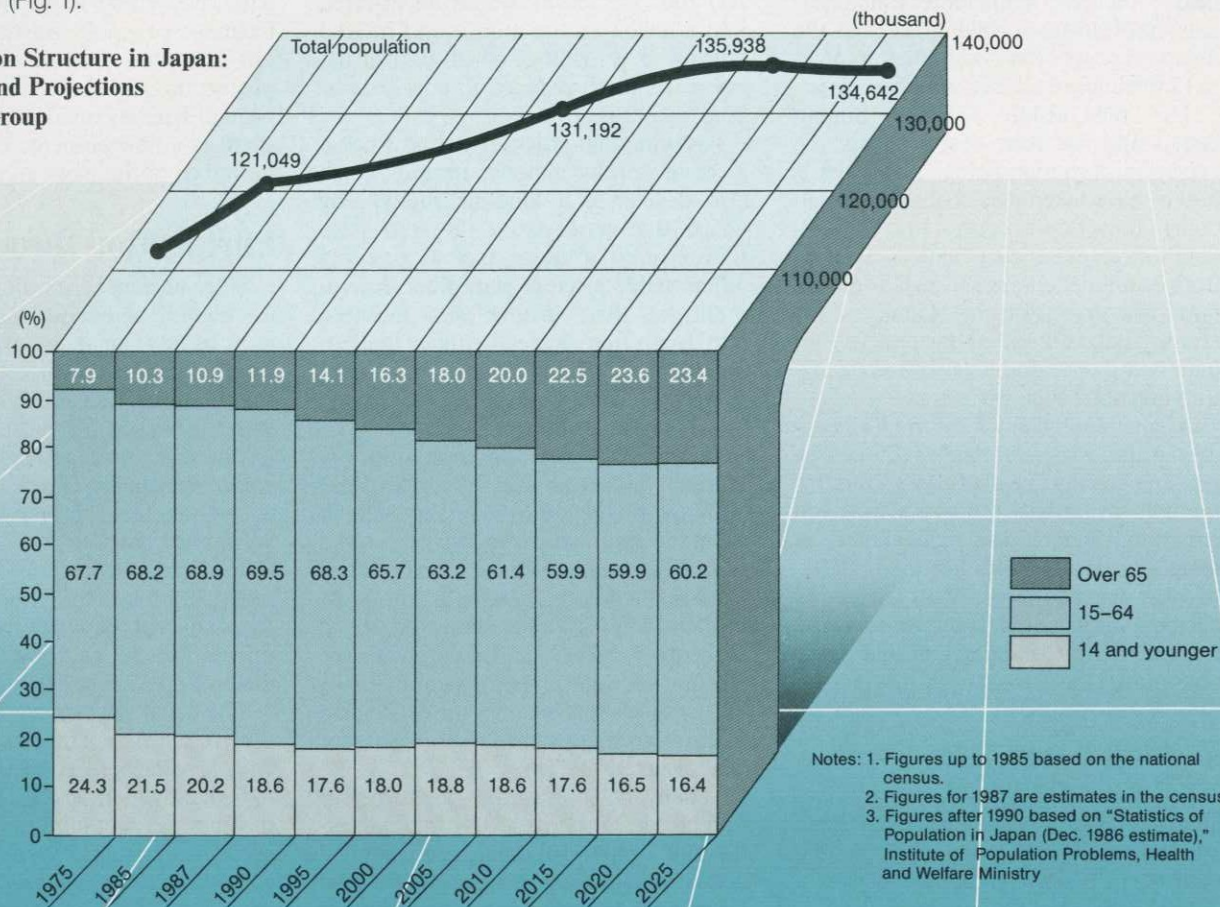


Fig. 2 Retirement Age for Company Employees

