

## 3

## Policies Designed to Secure Employment for Older and Disabled Workers

**Measures for Older Workers**

With the labor force forecast to decline as a result of the rapid aging of society and a decline in the birthrate, it will be necessary to utilize the knowledge and experience of older people effectively in the economy and society, in order to maintain the dynamism of the economy and society, ensure that more people can support the social security system, and increase the sustainability of that system.

The “Japan Revitalization Strategy” (decided by the Cabinet on June 14, 2013) sets out the aim of building a “society of participation by all”, in which every citizen can play an active part as long as they wish to do so. Moreover, it sets forth the target of achieving a labor force participation rate of 65% among those aged 60-64 by 2020.

In order to secure stable employment for older people, as well as imposing on employers the obligation to secure employment opportunities up to the age of 65, either by increasing the mandatory retirement age set by employers, introducing a system of continued employment, or abolishing the mandatory retirement age, the Act on Stabilization of Employment of Elderly Persons seeks to enhance measures relating to the promotion of the re-employment of middle-aged and older people (45-65 years old) and enhance measures aimed at securing opportunities for temporary and short-term employment for those who have retired after reaching the mandatory retirement age.

In line with this law, measures focused on the employment of older people are being comprehensively

promoted, with a particular focus on the following measures.

**Securing Stable Employment for Older Workers by Raising the Mandatory Retirement Age and Introducing Continued Employment Schemes, Etc.**

Under the Act on Stabilization of Employment of Elderly Persons, employers must devise measures to secure employment for elderly workers. Employers who have not devised such measures are given guidance and other assistance from Public Employment Security Offices, as well as technical consultation and advice by advisers on elderly employment, in collaboration with the Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers (JEED).

Meanwhile, the age of eligibility for the fixed component of state pensions is being raised in stages. For men, the increase to age 65 will be complete in 2013, while the age for the earnings-related component will be raised to 61 (as part of a staged increase to age 65 by 2025). This could mean that some people might be left without a pension and without an income. From April 2013, therefore, based on an amendment to the law, schemes excluding some employees from continued employment systems were abolished, a firm link was created between employment and pensions, and steps were taken to guarantee employment up to 65 for everyone who wants to work.

## Figure V-1 Outline of the “Act to Partially Amend the Act on Stabilization of Employment of Elderly Persons”

Approved by the Diet on August 29th, 2012

Given Japan’s rapidly aging population and low birth rate, it is necessary to promote the employment of everyone who is capable of working – including the young, women, the elderly and persons with disabilities – and to materialize a society in which everyone who supports that society can participate. As a measure to promote employment of the elderly, this Act implements some necessary amendments such as removing the provision regarding criteria set by employers on eligibility for the continued employment system and enhancing measures to secure elderly employment.

### 1. Abolition of schemes excluding some employees from coverage under continued employment systems

• The Act abolishes schemes that allow employers to exclude some of their employees from coverage under continued employment systems based on criteria established through labor-management agreements. This ensures that all employees who wish to remain employed after retirement age are covered by continued employment systems.

### 2. Expansion of the scope of companies employing persons covered by continued employment systems

• The Act establishes a scheme that expands the scope of companies employing persons covered by continued employment systems to include group companies.

### 3. Introduction of a provision to announce the name of companies in breach of obligation

• The Act establishes a provision whereby the names of companies are announced if they do not comply with recommendations regarding the obligation for measures to secure elderly employment.

### 4. Formulation of guidelines on the implementation and operation of measures to secure elderly employment (as amended by the Lower House)

• The Act establishes grounds for guidelines on the implementation and operation of measures by employers to secure elderly employment.

### 5. Others

• The Act establishes a 12-year transitional measure allowing employers to continue applying criteria set for employees who have reached the age of eligibility for employee pensions (earnings-related component), and arranges other necessary provisions.

Date of effectuation: April 1, 2013

## Figure V-2 Abolition of Schemes excluding Some Employees from Continued Employment Systems

- The current system of elderly employment under the Act on Stabilization of Employment of Elderly Persons prohibits the setting of a mandatory retirement age lower than 60 (Article 8 of the Act).
- An amendment to the Act in 2004 already obliges employers that have set a mandatory retirement age lower than 65 to introduce one of the following measures (measures to secure elderly employment) in order to secure employment until the age of 65 (Article 9 of the Act).

(i) Raise the mandatory retirement age.

(ii) Introduce a continued employment system. (Some workers who wish to remain in employment may be excluded if criteria have been established under a labor-management agreement.)

(i) Abolish the mandatory retirement age.

**Underlined part abolished from April 2013 (2012 Amendment)**

**Implementation of one of these measures is already obligatory.**

\* Companies are obliged to adopt one of these measures as their system; they are not obliged to employ each individual worker.

\* Raising the mandatory retirement age is not obligatory.

- Percentage of companies that have introduced measures to secure elderly employment: 97.3%
  - Percentage of all employees who, having reached the mandatory retirement age in the last year (approx. 430,000 employees), quit their jobs as they did not meet the criteria: 1.6% (approx. 6,800 employees)
- (In both cases, figures were aggregated from companies with 31 or more employees. As of June 1, 2012)

### **Support and Promotion of Reemployment of Middle-aged and Older Workers**

Guidance is available for employers when preparing job cards for elderly job-seekers, while trial employment incentives are paid to businesses employing middle-aged, older and other workers on a fixed-term trial basis. Measures are also available to assist employers in accepting elderly and other workers who would otherwise have difficulty in finding work, through introductions from Public Employment Security Offices, etc. From 2013, meanwhile, employers will be supported in implementing various measures to improve employment environments with a view to promoting the use of older workers. These include developing workplaces or jobs for older workers (such as by moving into new business sectors), introducing or improving machinery and equipment, work methods or environments, and developing employment management systems. As well as this, support is available for employers who, through introductions by private-sector job introduction agencies, accept older workers who are approaching the mandatory retirement age and wish to be employed in other companies where they can use their knowledge and experience. In this way, steps are being taken to stabilize employment for older workers.

Meanwhile, the main Public Employment Security

Offices offer support to older workers in redesigning vocational lives, job assistance through a system of supervisors called “Navigators” for those with particular difficulty in finding work, and so on.

Besides these, the government’s Senior Work Program, in cooperation with employers’ organizations and public employment security offices, offers an integrated package of skill training, interviews, follow-ups, etc., on the premise of employment in communities where older workers live.

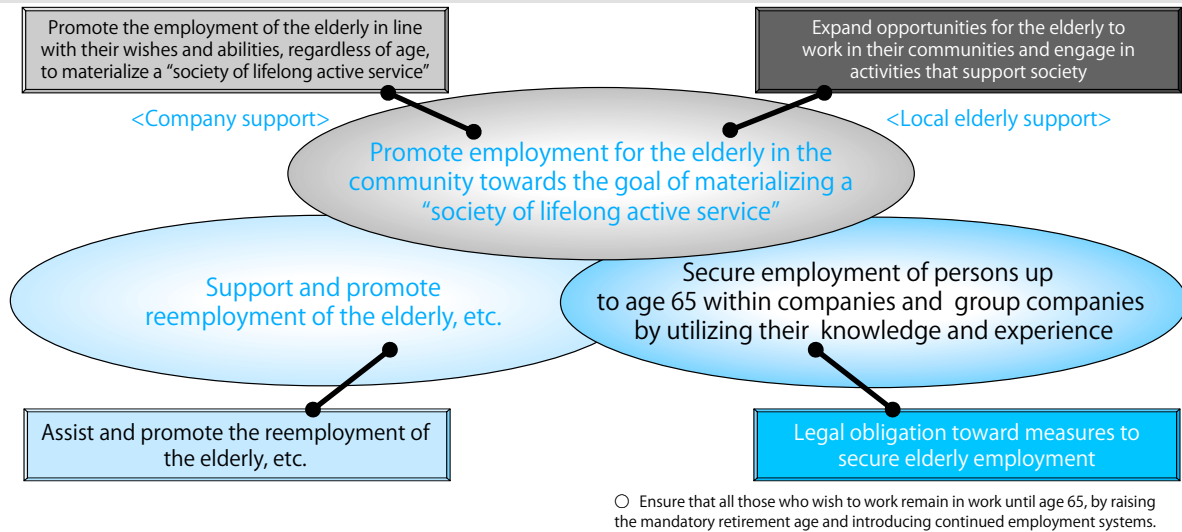
### **Promotion of Diverse Employment and Social Involvement of Older People**

The Silver Human Resource Center Program is being promoted to provide convenient community-based temporary and short-term job opportunities to suit older people’s needs. (As of March 31, 2013, there were 1,299 centers with approximately 740,000 members).

As well as supporting projects jointly planned and proposed by Silver Human Resource Centers and local authorities, support is also provided for strengthening their functions. This includes ensuring safe, appropriate employment and expanding employment opportunities, so that members of the various centers can work with reassurance in their local neighborhoods.

**Figure V-3 Structure of Measures for Elderly Employment**

As we approach an era with a life expectancy of 100, the government will consider ways of securing employment opportunities for the elderly, according to their diverse employment needs, and otherwise developing an environment in which they can find their “place” and take their “turn to serve” in the community, towards the goal of creating a society of lifelong active service.



**Figure V-4 Structure of Measures for Elderly Employment in 2013**

(i) Promote the employment of the elderly in line with their wishes and abilities, regardless of age, to materialize a “society of lifelong active service”

- Implement moves to foster a social momentum towards materializing a society of lifelong active service, by enhancing support for an increase in companies where people can work regardless of age, and by encouraging the elderly to review their lifestyles as they reach a later stage in life.
  - **Implement community-based model projects for materializing a society of lifelong active service (new project for FY2013)**  
(Foster local momentum through efforts by local core model companies, give advice to employers on employment management for materializing a society of lifelong active service)
  - **Provide subsidy for elderly employment security (new project for FY2013)**  
(Subsidy for employers who improve the elderly employment environment)
  - **Provide consultation and assistance for employers from the Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers (JEED)**

(ii) Expand opportunities for the elderly to work in their communities and engage in activities that support society

- Make use of Silver Human Resource Centers to secure employment opportunities for the elderly after mandatory retirement, etc., in accordance with their diverse employment needs.
  - **Promote Silver Human Resource Center projects**
  - **Implement project to develop the environment for materializing a society of lifelong active service (new project for FY2013)**  
(Hold seminars and others on designing vocational life in older age, support vocational life design aimed at lifelong active service for the elderly)
  - **Implement (expand) the Senior Work Program**  
(Hold integrated skill training courses, interviews, internships, etc., in collaboration with employers’ organizations, public employment security offices and others)

(iii) Assist and promote the reemployment of the elderly, etc.

- To help the elderly feel reassured in receiving support for reemployment, the main “Hello Work” offices throughout the country will enhance and strengthen support for reemployment by providing support for redesigning vocational lives, employment support from assignment supervisors called “Navigators” , and others.
  - **Implement the general employment support project for elderly persons (new project for FY2013)**  
(Set up elderly employment consultation sections in main Hello Work offices across the country, to provide support for redesigning vocational lives and support for finding jobs based on “Navigators” , etc.)
  - **Pay various subsidies (including the Subsidy for Employment Development of Designated Job Seekers)**
  - **Implement the Senior Work Program (same as in (ii) above)**

(iv) Legal obligation toward measures to secure elderly employment

- **Smoothly enforce the amended Act on Stabilization of Employment of Elderly Persons (April 1, 2013)**
- **Provide consultation and assistance for employers from JEED (same as in (i) above)**

## The Current Status of the Employment of Persons with Disabilities

With regard to the employment of persons with disabilities, one can see that there has been further progress, with the actual employment rate amongst private-sector companies recording a record high for the ninth year in succession, reaching 1.69% (up from 1.65% in the previous year) as of June 1, 2012. There has been particularly remarkable progress in the employment of persons with disabilities at large companies (those with at least 1,000 employees), at which the actual employment rate is 1.90%, higher than the statutory employment rate (1.8%, increasing to 2.0% from April 2013). Moreover, the number of cases of employment gained through Hello Work employment offices in FY2012 grew significantly from the FY2011 level of 59,367 cases, reaching an all-time high of 68,321 cases.

## Employment Measures for Persons with Disabilities

Employment measures for persons with disabilities have been developed to enable them to work in places of employment as far as possible, in accordance with their aptitudes and abilities, and to participate in society through their workplaces. These measures are based on the “Basic Plan for the Disabled” (FY2003-FY2012) provided under the Basic Act for Persons with Disabilities and the “5 Year Plan to Implement Priority Measures” (FY2008-FY2012) as a concrete plan for implementing the Basic Plan, as well as the “Act on Employment Promotion, etc. of Persons with Disabilities” and the “Fundamental Policy for Employment Measures for Persons with Disabilities” (FY2009-FY2013) based on the Act, among others.

In future, employment support for persons with mental disabilities, etc., will need to be strengthened in line with the nature of their disability. Support measures with emphasis on small and medium enterprises will need to be promoted, as well as a shift to “employment” from “welfare”, “education” and “medical treatment” by relevant local organizations and others.

## Employment Quota System for Disabled Persons and Levy and Grant System for Employing Persons with Disabilities

The Act for Employment Promotion, etc. of the Disabled stipulates that quotas be established for the hiring of the physically and or intellectually disabled, specifying the percentage of a company’s workforce to be occupied by persons with disabilities. Business owners are required to hire persons with disabilities in numbers equivalent to or greater than the legally mandated quota. From April 2006, moreover, persons with mental disabilities (those holding a Health Welfare Handbook for Persons with Mental Disabilities) are included in the employment quotas of companies.

The current statutory employment rate is 2.0% among private-sector companies (with government-affiliated corporations having a rate of 2.3%), and 2.3% among the national government and local government bodies (with boards of education having a rate of 2.2%).

Public Employment Security Offices promote the employment of persons with disabilities by directing the following to submit a hiring plan: (1) business owners whose hiring practices fall significantly below the quota, (2) business owners who need to meet the quota by hiring a large number of persons with disabilities, and (3) business owners in the private sector who plan to hire a large number of workers in the future. A warning is issued to any business owner who does not implement a submitted plan.

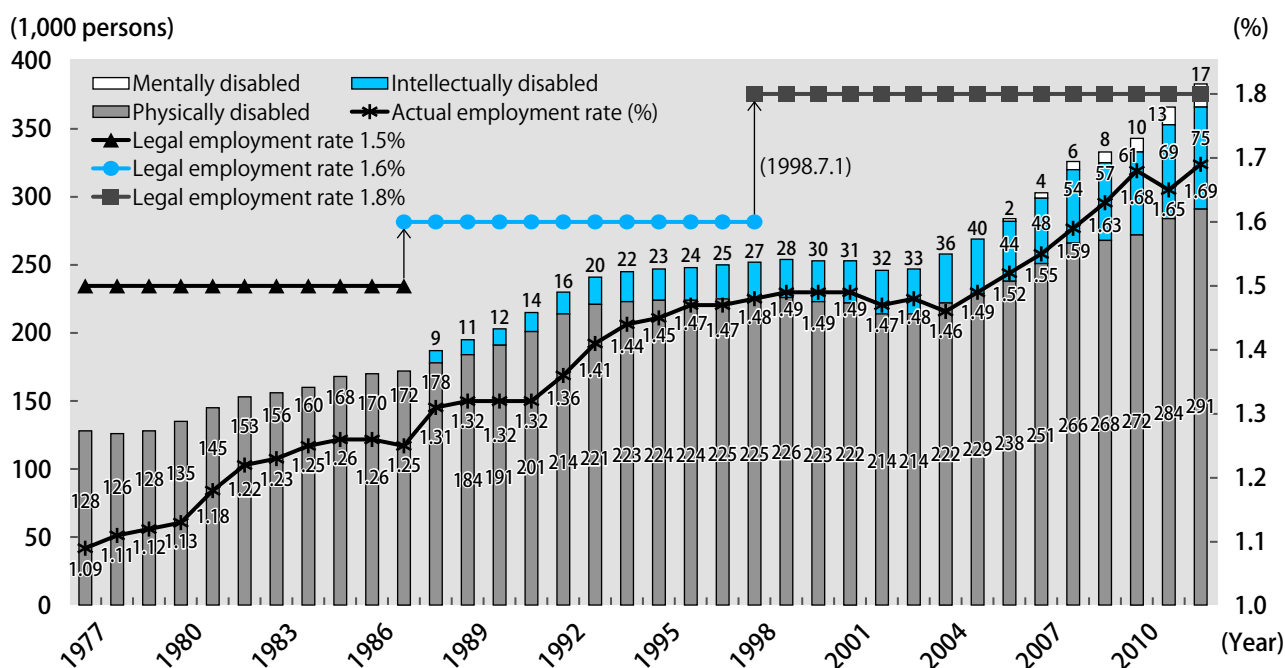
The Levy and Grant System for Employing Persons with Disabilities was established to ease the economic burden on business owners who hire persons with disabilities, and to increase job opportunities for the disabled. Levies (50,000 yen) are collected from companies that fail to fulfill the employment quota, and distributed as compensatory payments (27,000 yen) and bonuses (21,000 yen) to companies that employ more physically or intellectually disabled persons than the quota. A number of grants are also awarded to encourage the hiring of the disabled. By informing business owners of these requirements and dispensing grants, we seek to stabilize employment of persons with disabilities and maximize their employment opportunities.

## Response to the Convention on the Rights of Persons with Disabilities

The government has conducted reviews aimed at promoting integrated reforms of Japan's system for persons with disabilities, starting with the development of domestic legislation needed to ratify the Convention on the Rights of Persons with Disabilities. For its part, the Ministry of Health, Labour and Welfare has held meetings of a "Research Group on Directions for Addressing the Convention on the Rights of Persons with Disabilities in the Field of Labor and Employment" from November 2011 (9 meetings in all). It has also conducted reviews in the Disabled Employment Subcommittee of the Labour

Policy Council since September 2012, with a view to prohibiting discrimination against the disabled, securing reasonable accommodation, and addressing other issues in the field of employment and labor. On April 9th, 2013, a "Bill to Partially Amend the Act on Employment Promotion, etc. of Persons with Disabilities" was decided by the Cabinet. Its content including prohibition of discrimination against the disabled, and an obligation by employers to provide reasonable accommodation, based on an outline proposal compiled by the Subcommittee. The government then submitted the Bill to the Diet, it was made law on June 13th, 2013, and was promulgated on June 19th.

**Figure V-5 Employment Situation for Disabled Persons at Private Enterprise**



Source: *Reports on Employment Situation for Disabled Persons*, Ministry of Health, Labour and Welfare

Notes: 1) Figures show total numbers in companies obliged to employ (i.e. with 56 or more regular employees).

2) Persons with disabilities are the total of those listed below.

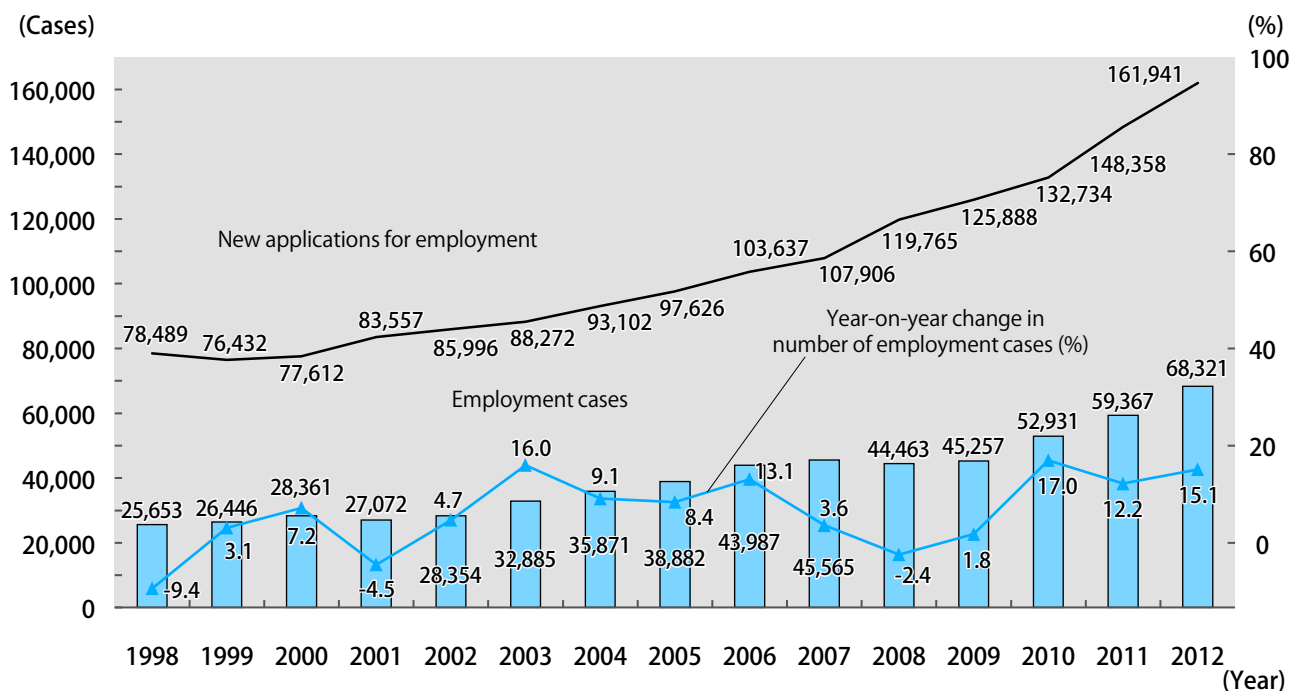
- -1987 Physically disabled (those with severe physical disabilities counted twice)
- 1988-1992 Physically disabled (those with severe physical disabilities counted twice)
- 1993-
  - Intellectual disabled
  - Physically disabled (those with severe physical disabilities counted twice)
  - Intellectual disabled (those with severe intellectual disabilities counted twice)
  - Part-time workers with severe physical disabilities
  - Part-time workers with severe intellectual disabilities
- 2006-
  - Mentally disabled (part-time workers with mental disabilities counted half)
- 2010-
  - Part-time workers with physical disabilities (counted half)
  - Part-time workers with intellectual disabilities (counted half)

**Table V-6 Situation of Employment Placement of Persons with Disabilities at Public Employment Security Offices**

(Cases, persons, % , % points)

Year	1) Number of new applications for employment		2) Number of valid applicants for employment		3) Number of employment cases		4) Employment rate <3)/1)>	
		Year-on-year change		Year-on-year change		Year-on-year change		Year-on-year change
2001	83,557	7.7	143,777	9.0	27,072	-4.5	32.4	-4.1
2002	85,996	2.9	155,180	7.9	28,354	4.7	33.0	0.6
2003	88,272	2.6	153,544	-1.1	32,885	16.0	37.3	4.3
2004	93,182	5.6	153,984	0.3	35,871	9.1	38.5	1.2
2005	97,626	4.8	146,679	-4.7	38,882	8.4	39.8	1.3
2006	103,637	6.2	151,897	3.6	43,987	13.1	42.4	2.6
2007	107,906	4.1	140,791	-7.3	45,565	3.6	42.2	-0.2
2008	119,765	11.0	143,533	1.9	44,463	-2.4	37.1	-5.1
2009	125,888	5.1	157,892	10.0	45,257	1.8	36.0	-1.1
2010	132,734	5.4	169,116	7.1	52,931	17.0	39.9	3.9
2011	148,358	11.8	182,535	7.9	59,367	24.9	40.0	0.1
2012	161,941	9.2	198,755	8.9	68,321	34.6	42.2	2.2

Source: Employment Security Services Statistics, Ministry of Health, Labour and Welfare

**Figure V-7 Changes in the Number of Employment Cases and of New Applications for Employment**

Source: Employment Security Services Statistics, Ministry of Health, Labour and Welfare