

# **Conditions for retaining older workers in retail companies in Japan and France**

## **Research report**

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## **Introduction**

Guillemard (2010) showed that between 1970 and 2010, France and Japan adopted very different practices with regard to the employment of seniors aged 50 to 64. France is characterised by strong protection against the risk of job loss at the end of a career and a lack of incentives to keep seniors in employment. This configuration leads to a 'spiral of inactivity' among older workers, fuelled by early retirement from the age of 55 in the 1980s. In contrast, Japan is characterised by a long-standing government policy aimed at integrating and reintegrating ageing workers into the labour market and by a lack of specific coverage for the risk of unemployment. The result of these two models is a very different employment rate for older workers in France and Japan. The employment rate for workers aged 55 to 64 was 78.12% in Japan in 2022 and 56.85% in France (source: DARES, 2022). While French companies have developed practices to exclude seniors over the age of 50 through public or private early retirement schemes and dismissals, as part of a 'social management of age' (Dupray et al., 2017), Japanese companies have implemented practices to 're-employ' their employees over the age of 60, based on skills upgrading training, workplace adjustments, but also on greater employment flexibility and a significant reduction in remuneration.

This research questions the recent transformations of these two typical configurations. In both countries, the acceleration of population ageing poses numerous problems in terms of financing pension systems and labour shortages, which have led to pension

system reforms and stronger incentives to remain in employment since the 2010s (Guillemard, 2010). While France is striving to reduce the cost of pensions by raising the legal retirement age from 60 to 62 and then to 64, Japan has also raised the public retirement age from 60 to 65 and reduced public subsidies for keeping employees over the age of 60 in employment. How are companies and individuals changing their practices and attitudes towards the continued employment of older workers in light of these changes in public policy? First, we present the institutional and demographic context of older worker employment in Japan and France. We then present the methodology, which was based mainly on semi-structured interviews in two retail companies and with a trade union organisation. We present the results and discuss them using the societal analysis grid (Abouaissa, Baret, d'Amours, 2019; Maurice, Sorgue, 1988).

## **1. Data and issues relating to the employment of older people in France and Japan**

### **1.1 The situation in France**

In France, the proportion of people aged 55 to 64 in employment has risen sharply since the 2000s following successive pension reforms (raising the legal retirement age from 60 to 62 in 2010, then from 62 to 64 in 2023; increase in the number of contribution semesters required to obtain a full pension from 150 in 1982 to 171 in 2023). The employment rate for people aged 55 to 64 rose by 12.3% between 2014 and 2023 to reach 58.4% in France, but the gap with the European average (63.9%) remains significant. While the public authorities are striving to increase the employment rate of older people to ensure the financial stability of pension funds, the issue of conditions for keeping older employees in work is becoming increasingly important.

The literature has identified several barriers to the demand for and supply of labour for older people (Trésor-Eco, 2022). With regard to employer demand for older workers, the barriers identified are:

- The obsolescence of skills due to access to vocational training being half as frequent among 55-59 year olds as among 40-44 year olds, particularly among employees and manual workers.
- Higher wage costs for seniors due to the effect of seniority criteria in many pay scales; this additional cost is one of the factors cited for not retaining senior employees and not recruiting senior candidates. During corporate restructuring, older workers are the primary targets of workforce reduction plans through layoffs or individual and collective contractual terminations.
- Persistent prejudices against older workers, who are perceived as unmotivated, resistant to change and in decline physically and intellectually, as a consequence older workers remain unemployed for longer when they lose their jobs.
- Lack of mechanisms for transferring skills between older and younger employees.

With regard to the supply of labour from older people, the obstacles identified are:

- Low financial incentives to remain in work due to the advantages enjoyed by older people in terms of the duration of unemployment benefits. The duration of benefits for seniors over 57 is 27 months, compared to 18 months for younger workers. As their expenses decrease after their children leave home, they can be satisfied with replacement income in their work/leisure trade-off. There is a peak in redundancies and contractual terminations three years before the legal retirement age (horizon effect), which attests to the enthusiasm of both employers and ageing employees for early retirement.

- Lack of opportunities to adapt workstations to the abilities of older workers (ANACT, 2024).

- Occupational burnout due to the increase in the physical and mental strain of jobs since the 1980s. More than a third of employees consider themselves to be subject to three factors of physical strain, and the same applies to factors of mental strain (DARES 09/2019). As a result, 37% of employees do not feel capable of continuing in their job until retirement (DARES, 2023), especially those who are in contact with the public and who are subject to physical or mental constraints. The National Institute for Research and Safety for the Prevention of Work Accidents and Occupational Diseases (INRS, 2025) makes a similar observation, with a quarter of people aged 50 to 64 having poor health that could prevent them from continuing in employment. The INRS believes that these health problems are linked to the arduous nature of the jobs they have held in the past.

- Lack of career opportunities for older people, particularly those that would allow them to move to less physically or mentally demanding positions

Given these obstacles, the National agency for the improvement of working conditions (ANACT) has made the following recommendations to keep older workers in employment:

- Give older workers and teams sufficient autonomy to adapt their workstations to their abilities and promote generational diversity within teams.

- Provide older workers with training opportunities, and strengthen information and support for training initiatives for older workers. In 2024, the Gouvernement Agency France Travail launched the 'Atout Sénior' programme to strengthen training for unemployed people over the age of 50. They are offered training to acquire a qualification in a profession that is in demand on the labour market and a four-month internship in a company.

- Combat discriminatory prejudices against seniors that lead to their exclusion from the labour market. These prejudices relate to their ability to adapt, their training, their mobility and their salary expectations. The government is promoting a club of companies that have implemented active measures to recruit and retain seniors. The Landoy club consists of 170 companies that have signed the «50+ charter» promoting the employment of seniors over the age of 50. This charter provides for, among other things, enhanced training for seniors, special career monitoring and preventive medical monitoring from the age of 40.

- Limit occupational wear and tear throughout the career by improving working conditions and ensuring better medical monitoring at work. For the INRS (2025), better prevention of occupational wear and tear, accidents and occupational diseases is essential to improve the employment rate of seniors, otherwise 7 to 8% of the working population would eventually be unfit for work. Recommendation to use technology to lighten certain tasks (patient lifts, exoskeletons, etc.).

- Give meaning to the work of older people by valuing their experience and promoting the transfer of skills.

- Encourage the mobility of older people to positions that are less physically and mentally demanding and that value their skills.

On the financial front, there is also talk of reducing the additional wage costs of older workers through reductions in social security contributions or even wages. In 2025, the government plans to launch a specific permanent contract for older workers, which will provide for a partial reduction in social security contributions and automatic retirement upon reaching the full retirement age. In 2025, the government also reduced the duration of unemployment benefits for senior job seekers over the age of 57 from 36 months to 27 months in order to strengthen the financial incentive to seek employment.

## **1.2 The situation in Japan**

### **1.2.2 Institutional dimension in Japan**

In Japan, the employment rate for seniors over 60 is one of the highest in the world and has been steadily increasing since 2000. The employment rate for men was 84% in 2024, up from 65.1% in 2000, while the rate for women was 65% in 2024, up from 24.1% in 2000 (source: Statistics Bureau, Ministry of Internal Affairs and Communications, Labour Force Survey).

In Japan, the employment of older people is subject to two pieces of legislation: one on the age of access to public retirement, which falls under social security policy, and the other on the employment of ageing employees, which falls under employment policy. Over time, these two pieces of legislation have evolved in parallel to take account of the ageing population, albeit with a difference in the reference age.

After the Second World War, large Japanese companies continued to apply the 'lifetime employment' model that had emerged at the beginning of the 20th century in order to retain a scarce and unstable workforce (Thomann, 2005). In return for a strong commitment to their employer, employees (mostly men) were guaranteed employment from the moment they were recruited after completing their initial training until retirement, with salaries largely determined by seniority and various social benefits (housing allowances, travel and festivities, etc.) (Miles, 2007). As this 'permanent employment' had to be ended in order to control their workforce, employers set a mandatory retirement age of 55 (Teinen). Given their salary scales, which place a strong emphasis on seniority, salaries are high at the end of a career, and mandatory retirement allowed them to contain their wage bill and provide career opportunities for younger employees. In 2006,

91.5% of companies with more than 30 employees had a mandatory retirement age (Kajitani, 2006).

After 1945, the eligibility age for public pensions was 55. From 1954 onwards, the age of eligibility for pensions was gradually raised to 60. Companies then faced pressing demands from employees to raise the mandatory retirement age to 60. However, it was not until 1986 that the government legislated to encourage employers to raise the mandatory retirement age to 60 through the Act on Stabilisation of Employment of Elderly Persons. This increase to 60, which employers were not in favour of due to its impact on their payroll, did not become mandatory until 1998.

This realignment of the pension eligibility age and the mandatory retirement age was short-lived, as the pension eligibility age was gradually raised to 65 in 2001. In 2004, the government amended the Act on Stabilisation and Employment of Elderly Persons to encourage employers to offer employment solutions up to the age of 65. To avoid financial penalties, they had to implement one of the following three alternatives: - raise the mandatory retirement age to 65 or above, - offer a re-employment programme up to the age of 65, - abolish the mandatory retirement system. In fact, in 2022, 70,6% of companies chose to implement a re-employment programme, which is more flexible and allows them to significantly reduce labour costs (Kajitani, 2006). In 2022, only 3.9% of companies (mainly SMEs) had abolished the mandatory retirement age and only 25,5% raised the retirement age up to 65y (Source Ministry of Health, Labor and Welfare, 2022). Under the re-employment scheme, the regular employment contract is terminated at age 60, and the employer then offers the employee, under certain conditions, a fixed-term contract of six months or one year, renewable until the age of 65, with a variable reduction in responsibilities and tasks, the elimination of overtime and, above all, a reduction in remuneration of approximately 20% to 40%, notably through the elimination of bonuses (Yamada, 2009). This contract may be offered by the original employer itself or by an affiliated company (Shukko system), which leads Martine (2012) to say that "the measures developed by the state and companies, which have made it possible to maintain a high employment rate among seniors, have come at the cost of making this workforce more precarious... " page 194. Beyond the age of 60, employers gave themselves the option of re-employing, transferring or dismissing their former regular employees. Kajitani's (2006) research shows that in 2006, three-quarters of employers practising re-employment had introduced selection criteria.

Since 2012, the law has become more restrictive, requiring that re-employment be offered to all regular employees who request it. The proportion of employers who have raised the mandatory retirement age to 65 is still increasing, from 15.1% in 2009 to 27.4% in 2024 (source: Ministry of Health, Labour and Welfare, Report on the status of employment of the elderly, 2024). From 2012, until 2025 transitions measures allowed employers to maintain their selection criteria for those eligible to the continuous employment system.

In order to partially compensate for this reduction in remuneration upon re-employment, in 1995 the government introduced a compensatory allowance for older employees, paid for by the unemployment insurance fund, called 'Basic benefits for continuous

employment of the elderly'. For re-employed persons whose salary was less than 85% of their last salary, this allowance was 25% of their last salary if their re-employment salary was less than 64% of their last salary. The aim was to encourage companies to offer re-employment programmes by facilitating a reduction in the cost of employing older workers. Given its increasing cost to unemployment insurance funds, this allowance has been gradually reduced, and in 2025 it will only apply to employees whose salary is less than 75% of their last salary, with a maximum amount of 10% of their last salary (Kaneko, 1998; Moriyama, 2022). In order to assist both individuals and employers in supporting the employment of older workers, in 1994 the government created the 'Silver Human Resources Centres', which in 2003 became the 'Japan Organisation for Employment of the Elderly and Persons with Disabilities', which offers financial assistance and advice to companies on how to implement practices to retain older workers. It also advises seniors on managing the end of their careers and finding employment.

In 2021, although the retirement age remains at 65, a new amendment has encouraged employers to extend job security programmes for older workers until the age of 70. This time, employers are encouraged to choose from five alternatives: - raising the mandatory retirement age to 70, - extending their re-employment programme to 70, - abolishing the mandatory retirement age, - offering continuous outsourcing contracts up to 70, - supporting employee involvement in social contribution projects up to 70 by financing employees or a partner organisation. As raising the retirement age to 70 is not mandatory, only 30% of companies have implemented one of the proposed alternatives, and a large majority (25.6%) have chosen to extend their re-employment programme to age 70. As re-employment beyond the age of 65 is not mandatory, employers have reintroduced criteria that determine re-employment, which allows them to retain only their best-performing employees or those in high-demand professions. This is the case, for example, at Toyota, which in 2024 introduced a re-employment programme beyond the age of 65 reserved for employees with a high level of expertise and advanced skills. Regular employees who are not selected for the re-employment programme are offered non-regular jobs by their former employers or have to look for non-regular jobs with other employers. As a result, the proportion of non-regular employees increases with age. In 2015, it was 14% for men aged 55-59, 57% for those aged 60-64 and 74% for those aged 64-69 (Kitamura and Adachi, 2024). Even though these jobs can be combined with a retirement pension from the age of 65 (or 60 with a reduction) and an employment retention allowance, ageing leads to greater job insecurity and lower income.

According to Oka and Kimura (2003) in Japan, the cost of population ageing is shared fairly evenly between three parties: employees, employers and society via the state. Employers offer a guarantee of re-employment for a large proportion of their employees beyond the mandatory retirement age. Employees experience a significant drop in salary and their employment contract becomes temporary. The state partially compensates for this drop in salary by paying part of the pension from the age of 60 and an employment retention allowance if the salary is less than 75% of the last salary.

According to Moriyama (2022), the different re-employment arrangements have led to a wide diversification in the status of older workers, reinforcing inequalities in status and pay. The following statuses coexist at age 65:

- Maintenance of regular employee status with the original employer
- Maintenance of regular employee status but seconded to an affiliated company (Shukko)
- Re-employment contract with the original employer
- Re-employment contract with a partner company or social organisation
- Non-regular contract with the original employer or another employer, with or without social security coverage depending on the number of hours worked per week.

### 1.2.2 The duality of the labour market in Japan: regular and non-regular contracts

In an effort to honour the promise of ‘lifetime employment’ to their regular employees (‘Seishan’), and to cope with economic uncertainty and contain their wage bill, companies have gradually developed non-regular employment (fixed-term or temporary contracts, full-time or part-time, with or without social insurance depending on the number of weekly hours) (Takahashi, 2025). Hourly pay is on average one-third lower than that of regular employees. These non-regular jobs are mainly held by women, students and seniors past the mandatory retirement age. With the economic crises of the 1970s and 1990s, the proportion of non-regular jobs increased sharply, reaching 30% in 2005 (Araki, 2005). These non-regular jobs mainly concern women, since in 2013, 20% of men had a non-regular job, compared to 54% of women (Kachi et al., 2014). Non-regular employees under the age of 60, which is mainly the case for women, are offered no other prospects than non-regular contracts beyond the age of 60, as the obligation to re-employ employees until the age of 65 only applies to regular employees. The status of employees over the age of 60 is therefore highly dependent on their status in previous years, thus perpetuating social inequalities, particularly gender inequalities. Given the low level of public pensions in Japan (the replacement rate is around 50% of the average final salary, Martine, 2012), it is mainly those who have benefited from regular, well-paid employment with a supplementary pension or retirement allowance who can choose between continuing to work or opting for retirement. For others, the lack of savings and supplementary pensions forces them to remain in employment for as long as possible. A 2016 study conducted at a senior employment support centre in Tokyo showed that 74% of respondents were looking for work to cover their basic expenses (Minami, 2016). For seniors over the age of 65, the jobs on offer are mainly low-skilled positions in catering, security and cleaning. Those with higher qualifications find it difficult to find office jobs or jobs with responsibilities that meet their expectations. Ultimately, for the growing number of people who held non-regular jobs before the age of 60, they only have access to low-skilled non-regular jobs after the age of 60. In the same vein, the 2019 survey (Survey on employment and living of persons in their sixties, JILPT, 2020) shows that while 57.7% of respondents wish to work beyond the age of 70, this is mainly for economic reasons, in particular to maintain their standard of living. This economic incentive to remain in employment is partly linked to changes in society and family structures. According to Someya (2022), while in 1960, 86.8% of seniors over the age of 65 lived with their eldest child in a three-generation family model, by 2018, this figure had fallen to 32.5%, with 27.4% living alone and 32.3% living as a couple. Under these circumstances, financing the cost of housing is a key concern for seniors.

Ultimately, in 2024, the employment rate for men aged 70 and over is 25.9% and 13.4% for women (Moriyama, 2022).

### 1.2.3 Pension systems in Japan

There are two compulsory public pension systems (nenkin) in Japan: the national pension system and the employee pension system. The national pension system is mandatory for anyone aged 20 to 59 residing in Japan who is not employed (e.g. students, part-time employees working less than 20 hours per week, employees of companies with fewer than five employees, and self-employed workers). The monthly contribution in 2024 is 17,710 yen (110 euros) and the annual pension is 810,000 yen (5,100 euros) for 40 years of contributions. The employee pension system covers regular employees of public organisations and private companies with more than five employees who work at least 20 hours per week and whose monthly salary exceeds 88,000 yen (550 euros). Contributions are proportional to salary (18.3% since 2017) and are split 50/50 between the employer and the employee. The amount of the pension depends on the amount of contributions paid in proportion to salary. On average in 2020, national pension beneficiaries received 55,000 yen per month (344 euros) and 157,000 yen (981 euros) for employee pension beneficiaries. For both systems, pensions can be paid out from the age of 65 since 2013. Depending on company policies, these two pension systems may be supplemented by a private funded supplementary pension or, more commonly, a retirement severance payment. In 2013, 76% of companies offered a supplementary pension or severance pay (Kitamura and Adachi, 2024).

After presenting the context, the differences in employment rates among seniors, and the main characteristics of the issues surrounding senior employment in France and Japan, we will now look at the practices of Japanese companies in the retail sector.

## 2. Methodology

We interviewed representatives from two retail companies and one trade union. Here, we present the methodology and the two companies studied.

### 2.1 Interviews

At AEON Retail, we conducted a semi-structured, 2.5-hour interview with three representatives of the AEON employee union. The interview was conducted in the presence of a professional Japanese-English translator. We also conducted a document analysis of the text of AEON's reemployment agreement dated September 21, 2023. Questions focused primarily on the unions' position regarding the employment of older workers and discussions with management, the explanation of the various reemployment arrangements after mandatory retirement, the organization of work in stores, and the impact of aging.

At Kohnan, we conducted a semi-structured interview lasting 1.5 hours with a planning department manager and a store manager. The interview was conducted in the presence



of a Japanese-English translator. We also analyzed the documents provided during the interview regarding the senior workforce and the different statuses of aging staff. The interview focused on the policy for re-employing seniors, the impact of aging employees on work organization, and HR practices applied to seniors.

We conducted one interview at the Japan Trade Union Confederation (RENGO) with 2 representatives of the Department of policy. The semi-structured interview lasted 1 h. The interview was conducted in the presence of a Japanese-English translator. The interview focused on the role of RENGO in the discussions at national level, the union's main demand concerning the retention of older workers in employment, the organisation of social dialogue in companies.

## **2.2 Presentation of the companies**

### **2.2.1 Company overview AEON Retail**

The AEON Group was created in 1970 through the merger of three Japanese kimono trading and manufacturing companies. It now owns over 300 companies in the retail, service, and financial sectors. Our investigation focused on AEON Retail, which operates general merchandise stores (GMS) and supermarkets primarily specializing in food products. It operates 369 stores throughout Japan and employs 110,182 employees, of which 21,020 are regular employees and 89,162 are non-regular employees, including 19,700 over the age of 65 as of February 2025. The company's philosophy can be summarized in the following statement: "AEON aims to actively contribute to peace, support human happiness and standards, and contribute to the region's prosperity. This is the essential foundation of putting the customer first." For regular employees, the human resources policy focuses on career management, continuing education through an internal university, and diversity through career support for women. For the latter, the goal is to avoid career interruptions related to marriage and childrearing and to enable them to access management positions.

### **2.2.2 Company Overview Kohnan**

Kohnan corporation is engaged in home improvement center operations, retail services for construction professionals and membership-based wholesale distribution of building materials, founded in 1978. As of the end of FY 2024, it had 641 stores, including 231 reserved for professional customers and 410 open to individuals (Home Centers). Kohnan has a revenue and market share growth strategy that leads it to pursue a steady store opening: 23 home centers and 21 professional stores were opened by FY2024. Annual revenue was 484.2 billion yen in FY2024, with a net profit of 14.2 billion yen. In its 2025 management plan, the company's management announced that it is facing a changing environment due to rising costs linked to inflation and the weak yen, increased price competition, and changing customer behavior with the success of e-commerce. In response, Kohnan aims to boost its private-label sales, strengthen the development of

digital and e-commerce, and increase staff productivity through the widespread use of commercial terminals and self-service checkouts. Kohnan employs a total of 16,400 people, including 4,900 regular employees and 11,500 non-regular employees, mostly part-time. Regular employees comprise head office staff and shop staff. New recruits are generally assigned to shops. Furthermore, any staffing shortfalls that cannot be filled by new recruits are addressed through mid-career recruitment. Regarding its HR policy, it aims to strengthen employee skills and efficiency by promoting job rotation, developing continuing education, strengthening performance evaluation and talent management. It also aims to expand the scope and responsibilities of store staff (source: Kohnan 2025 management plan).

### 2.2.3 The Japanese trade union confederation (JTUC-RENGO)

« The Japanese Trade Union Confederation, or RENGO, is a trade union national center in Japan with the membership of 7 million. Since its inception in 1989, RENGO has been struggling to protect jobs and achieve a better life for all workers » (source : <http://www.jtuc-rengo.org/about/>)

## **3. Results: Employment Retention Practices for Aging Employees in 2 Retail Companies**

### **3.1 The Reemployment Scheme at AEON**

In accordance with the new 2020 regulations encouraging employers to extend the employment of older workers until age 70, AEON Retail Co Ltd has implemented a new reemployment program for its employees aged 65 to 70 and beyond, the "Elder Employee System," the terms of which are presented below. This program distinguishes between regular employees (daily or monthly paid) and non-regular employees (hourly paid).

Until 2023, the reemployment program only offered non-regular jobs to regular employees reaching the age of 65 who wished to continue working. From 2023, AEON offers them, under certain conditions, a new status of regular employee but with certain adjustments such as the fact that the salary will no longer be fixed but will be reviewed each year according to the position held. Beyond 70 years of age, the company will only offer them a non-regular employee status until the age of 75. Qualified employees (department or store managers) have the possibility of retaining their responsibilities according to the needs of the company, they thus retain their remuneration and the various related benefits (performance bonus, location bonus, housing allowance, transport allowance, nursing care, discount on purchases, union dues, mutual aid association) and their position until 70 years of age. These conditions of employment are reviewed each year and can be revised downwards or upwards. This status is only offered to employees rated A or B on a scale of A to D, to qualified employees and to jobs in high demand (pharmacist, fishmonger). Basically the contract is not renewed for

employees rated D. Employees with poor performance appraisals are only offered non-regular contracts, to be discussed directly with the store management. The objective of this re-employment system is to encourage more people over the age of 65 to continue working for the company.; they were 69% to continue working before the 2023 agreement, the objective is to reach 85%. Since 2023, 56% of regular employees who have continued to work have benefited from Elder Employee System status and 44% from a non-regular contract.

Regarding non-regular employees, they are only offered, under certain conditions, non-regular jobs from 65 to 75 years old. The contract is reviewed every 6 months. In 2023, people over 65 years old represented 13.4% of AEON's non-regular employees. With this extension of re-employment until 70 years old « Senior GG Partner », the company hopes to increase this proportion in order to address its recruitment difficulties, particularly for young employees. For these non-regular employees, from 65 to 70 years old, the hourly wage will be maintained if they occupy the same position as before 65 years old, they will be able to benefit from social insurance. This re-employment is selective because it will only be offered to employees well evaluated in terms of behavior and absenteeism. Beyond the age of 70, the hourly salary will be the same if the position held remains unchanged, however, there is no longer any social security because the working time is reduced to less than 20 hours per week. « Senior GG experts » contract and re-employment are subject to a medical examination which certifies the capacity to occupy the position and to an assessment of behavior.

### **3.2 Kohnan's Reemployment Policy**

The mandatory retirement age for regular employees is 61, and will be gradually raised to 65 in 2032. Given the mandatory employment requirement until age 65, from age 61 to 65, the company offers its regular employees a full-time, fixed-term reemployment contract with a monthly salary until age 65. These employees are called "contractors", and they must then relinquish their responsibilities. Particularly store managers, who then become "senior advisors." After age 65, "contractors" are only offered non-regular jobs. Non-regular employees with an hourly salary can continue to work until age 65 under the same conditions as before age 65, either full-time or part-time. From 65 to 70 years old, the company only offers non-regular "Senior Expert" contracts with an hourly wage and for a maximum of 30 hours per week. From 70 to 75 years old, the company only offers a contract of a maximum of 20 hours per week (Senior Specialist). Those who want to work fewer hours per week can do so. Continuing employment beyond 65 years old is only offered to employees with a good rating from their manager. The company does not recruit externally from 65 years old because there would be too many things to memorize in a store and this learning would be too difficult from 65 years old. For non-regular employees, the hourly wage is the same for the same position. Training is offered to all employees regardless of their age. Most employees want to continue working after 65 to maintain

their income; there is very little external mobility for regular employees, even after 61 years old.

#### **4. Discussion: Application of the Societal Analysis Framework**

This analytical framework is based on the societal analysis proposed for the France-Germany comparison of the wage hierarchy (Maurice et al., 1982). This framework was adapted to the analysis of job retention practices for aging employees in the retail sector in a France-Canada comparison (Abouaissa et al., 2019). This analytical framework comprises four dimensions: the institutional dimension discussed above, and the market, professional, and organizational relations dimensions presented below.

##### **4.1 The Market Dimension in Japan**

Japan is characterized by an accelerated aging of its population. The share of the population aged over 65 in relation to the total population is growing strongly, from 9.1% in 1981 to 28.7% in 2020. This share is projected to increase to 37.7% in 2050. As a result, the ratio of the number of people of working age (15-64 years) to those over 65 years old has fallen from 7.4 in 1980 to 2.1 in 2020 (Moriyama, 2022). With large baby boomers reaching the age of 65 and a constantly declining fertility rate, projections predict a sharp decline in the working-age population, from 74.49 million in 2020 to 59.78 million in 2040 (source: Annual report on the aging society, 2021). This decline in the working-age population varies across Japan's regions, being relatively small in urban areas and very significant in rural areas. This is already resulting in significant pressures on the labor market, with many organizations facing recruitment difficulties, particularly small and medium-sized enterprises.

Thus, those companies experiencing the greatest recruitment difficulties are the ones most rapidly extending or eliminating the mandatory retirement age and offering advantageous re-employment programs. These include SMEs, which are less attractive to young people, and sectors traditionally unattractive due to employment conditions (retail, healthcare, construction, hospitality, and catering). While on average, people over 65 represented 14% of employees in the economy in 2023, this proportion reaches 17% in the healthcare and construction sectors (Source: Labor Force Survey of the Ministry of Internal Affairs and Public Information, 2023). In sectors experiencing the greatest recruitment pressures, some employers offer, subject to conditions, re-employment programs that maintain the salaries of regular employees. Seniors are offered part-time positions if they wish. Job positions are adapted to the abilities of seniors. In young companies with little recognition in the job market, employers are particularly interested in seniors; their proportion can reach 30% of the workforce.

Members of the AEON Employees' Union have clearly expressed their concerns about recruitment difficulties, especially in rural prefectures, and the strong competition between employers in these regions to attract workers. In response, AEON Retail's policy

is to increase labor productivity through AI and automation (widespread use of self-service checkouts, for example) and by making greater use of aging workers. Based on available figures showing an increase in healthy life expectancy of +3.31 years between 2001 and 2019, the union is calling on company management to take measures to keep older workers employed. The mandatory retirement age and the existence of a re-employment program are presented as strongly linked to the recruitment difficulties encountered by the employer. In the AEON group, 22% of subsidiaries have a mandatory retirement age of 60, 45% at 65, and 15% at 70. The re-employment program beyond age 65 primarily targets under-staffed occupations and skilled positions (experts and managers). It only applies to store managers and certain professions (fishmongers, pharmacists); it excludes low-skilled positions and head office employees, who are only eligible for non-regular employment.

Kohnan also reported recruitment difficulties in rural areas; in metropolitan areas, recruitment pressures are low. Concerns about recruitment difficulties, however, were rarely expressed; they are anticipated for the future but do not appear to pose any challenges in the current situation. This is likely one of the reasons why the mandatory retirement age is 61 and why the company is only gradually raising it. According to the respondents, employing older individuals who can utilise the skills acquired as permanent staff members is advantageous for businesses. For instance, by interacting with customers based on their specialist knowledge in areas such as bicycle or gardening departments, they can contribute to increased sales..

#### **4.2 The Dimension of Industrial Relations in Japan**

According to Lilian Miles (2005), like Germany, Japan was characterized by a partnership-based governance model that gave employees and their representatives a significant role in corporate decision-making processes. Although this governance model in Japan was not very formalized from a legal perspective, it was based on company unionism supported by a high unionization rate (55.8% of employees belonged to a union in 1949). Consensus-building and maintaining harmony were prioritized, and protest movements and strikes were very rare. This model worked to address the 1974 crisis because, in exchange for a moderation of wage demands by unions and economic support measures from the government, companies agreed not to lay off regular employees, even if it meant reducing their dividend distribution (Thoman, 2005), but still significantly reduced their non-regular employee numbers, particularly women (Arai and Lechevalier, 2005). The financial crisis of the 1990s, however, undermined this model. Facing severe financial difficulties, 41% of large companies reduced their regular employee numbers by breaking the taboo of lifetime employment with voluntary departures, transfers to subcontractors and subsidiaries, layoffs, business start-up aid, and early retirement. At the same time, they have significantly increased the proportion of non-regular employees in their workforce, aided by new laws facilitating fixed-term contracts and the authorization of

recruitment and temporary work agencies. Union density has fallen sharply, reaching only 20% in 2005, partly due to the low membership rate of non-regular employees and the loss of confidence of regular employees who criticized the weak influence of unions during staff reductions. Whereas previously they were almost non-existent, disputes between employees and employers have multiplied, forcing the legislature to clarify articles of labor law (on the conditions of dismissal and the definition of unfair dismissal, for example) and to develop specialized judicial and mediation bodies (Thoman, 2005).

According to the representative interviewed, the RENGO labour union is campaigning for 'It is necessary to create an environment where everyone can continue working with high motivation, regardless of age.' The aim is for every employee over the age of 60 to be able to continue working under fair working conditions with the work performed, if they so wish. The demands concern: - raising the retirement age to 65 and securing employment until the age of 70 in individual labor-management, - appropriate remuneration for the job held, - establishing a systematic human resource development system so that everyone can demonstrate their abilities even after the age of 60, - specific measures be taken to prevent accidents at work involving older people (in particular the prevention of falls and lower back pain), - training on health and safety at work be strengthened. The union is not in favour of the system of support for business creation by employees over the age of 65 and subcontracting. It considers that this removes people from the protection of labour laws. If companies wanted to develop this subcontracting, it would have to be regulated by company agreements negotiated with the trade unions.

RENGO supports the implementation of the equal pay for equal work law (Article 8 of the part-time/fixed-term labour contract law), which aims to limit differences in employment conditions between regular and non-regular employees. Any differences must be reasonable and based on the content of the work, responsibilities and mobility requirements. Similarly, the demand is that the employment conditions of older workers should not be unreasonably deteriorated after compulsory retirement. According to RENGO survey, the average ratio of monthly wages for those over 60 years old to those up to 60 years old is 83.5% for extended retirement and 61.4% for reemployment. In the case of reemployment after compulsory retirement, the decline is 38.6% compared to remuneration before age 60. Remuneration then continues to decline until age 70<sup>1</sup>. The average monthly remuneration for employees aged 60 to 64 is 317,700 yen, falling to just 275,500 yen for those aged 65 to 69. In Japan, companies are required to take measures to secure employment for people aged 60 to 65, but if a person is over 60 and not working, the drop in income is considerable, as the only income then comes from social assistance such as pensions. Furthermore, if early retirement pensions are not paid

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<sup>1</sup> According to the 2024 Basic Survey on Wage Structure datas of Ministry of Health, Labour and Welfare, the monthly average earning of employees (55-59 y) is 392 000 yen, compared to this basis the drop is by 19.0% for (60-64y), 29.7% for (65-69y) and 35.2% for people over 70y.

between the ages of 60 and 65, the average household will have a monthly income shortfall of 260,000 yen, unless there are other sources of income. After the age of 65, the receipt of a retirement pension reduces this shortfall to 55,000 yen per month (Government data, 2017) (According to government estimates, in retirement and without work, the average monthly income is 209,198 yen, while average monthly expenses are 263,718 yen, leaving a shortfall of 54,520 yen per month to cover expenses). RENGO is campaigning for individual labor-management for the mandatory retirement age to be raised to 65 or for the mandatory retirement age to be gradually abolished, in order to ensure job security for seniors as regular employees and guarantee a level of remuneration commensurate with their work. This demand is justified by the fact that for the vast majority of employees, the position held is the same before and after mandatory retirement and entry into the continuous employment system. The organisation is also campaigning for the removal of the selective criteria for access to the continuous employment system after the age of 60, which still exist in some companies, so that everyone over the age of 60 can choose the terms of their professional activity. It also attaches particular importance to the health of older workers, calling on employers to provide them with equipment that compensates for their declining physical abilities and to monitor their health regularly. Another demand is that employers should not reduce the salaries of regular employees aged 60 and over in order to maintain their motivation, and that when the mandatory retirement age is raised to 65, retirement benefits should not be reduced but maintained at their current level. RENGO is also calling for a system in which, in principle, all individuals who wish to work until the age of 70 are employed and able to continue working. In companies, RENGO-affiliated unions negotiate the conditions for continuing employment for older workers that are tailored to the specificities of the company's business, as working and employment conditions vary greatly from one sector to another.

#### 4.2.1 Industrial Relations at EAON

The membership rate of the AEON Group's employee union is 60%, whereas that of AEON Retail Co.,Ltd., is 98%. The union is organized by geographic sector and occupation. Employees can contact the representative for their sector or occupation by phone or email.

The union conducted a survey of 4,000 employees between the ages of 60 and 65 to determine their wishes regarding continued employment. According to this survey, 87.9% wish to continue working, 50% prefer full-time and 39% part-time. Fifty percent want to continue doing the same job, 77% in the same company within the group, and 65% would like to be able to pass on their experience to younger employees. Questions were also asked about the reasons that might lead them to leave the company; the two main ones are deteriorating health and low pay. The union's goal is for the company to be able to offer each employee a solution for maintaining their employment based on their willingness,

availability, geographic location, and abilities. They propose the establishment of an alumni platform for former employees who wish to work on an ad hoc basis. Company management is not proposing to raise the mandatory retirement age to 70. It wants to limit Elder Employee System re-employment contracts to the most under-recruited jobs and the highest-performing employees. The HR department at headquarters decides each year on the number of Elder Employee contracts offered; elderly individuals who do not meet the company's needs as full-time employees are offered lower-paid, non-regular contracts to be discussed directly with their store management. The employees' union is vigilant about the number of re-employment Elder employee contracts and their hierarchical level offered by the company.

At Kohnan, management states, without providing further details, that it is taking the employees' union's requests into account.

### **4.3 The Organizational Dimension in Japan**

While companies have been under pressure from employees and governments since the 1970s to raise the mandatory retirement age, their salary policies have evolved to reduce the impact of employee aging on their payroll. Inoue (2022) notes that employers have reduced seniority-based pay increases at the end of careers and are introducing more job- and performance-related pay. Describing changes to the pay scale at the car manufacturer Toyota when the mandatory retirement age was raised from 55 to 60, Kachi et al. (2014) noted that the company had decided to stop grade promotions at age 55. In addition, at age 55, employees were required to give up their management positions to take a lower-paid "specialist" or "expert" position. Overall, after a peak in compensation at age 55, salaries tended to decline for employees until their mandatory retirement.

The Occupational Safety and Health Act in Japan has required employers to provide annual medical examinations for all employees since 1972.

#### **4.3.1 Organizational Dimensions at AEON**

In a typical store, there are 10 to 15% regular employees, including those under the Elder Employee System, and 85 to 90% non-regular employees, including 5% over the age of 65. Among non-regular employees, 60% work enough hours to benefit from company social security benefits (over 20 hours per week), while the majority of the remaining 40% work under contracts of fewer than 20 hours based on their wishes, and do not benefit from company social security benefits.

At AEON, non-regular employees receive hourly pay and social security benefits equivalent to regular employees for the same position. They can access hierarchical responsibilities. The main difference between the two categories is that regular employees have a mandatory geographical mobility clause, which is compensated by a residence allowance.



Management staff, whether regular or non-regular, are subject to an annual performance review structured by the company; non-management staff are evaluated directly by store management using a less structured procedure.

AEON Retail is gradually implementing measures to improve working conditions for senior employees (automating charging ports, increasing the font size on screens to make them easier to read). In stores, managers organize work and distribute tasks based on the mental and physical abilities of employees. Studies on workplace accidents show that seniors are particularly affected by falls. Handrails are installed on stairways that do not have them to limit these falls.

#### 4.3.2 Organizational Dimension at Kohnan

At the local level in each store, managers assign senior employees to positions that match their abilities. However, in general, senior employees continue to work in the same position. The manager interviewed believes they can continue to work in all positions and that their experience is very useful. One current challenge is that the company is developing digital tools to improve staff productivity in the stores, but some senior employees have difficulty using these tools. Managers therefore allow them to continue working with paper-based tools, and younger employees help them with their learning. As a result, the expected productivity gains in stores following the introduction of digital technology are not yet those anticipated by management. The store manager interviewed does not see a decrease in labor productivity in his store despite an increase in the average age of employees; according to him, experience compensates for the decline in physical and mental abilities. He also does not see an increase in sick leave. The working hours of seniors (between 9 a.m. and 4 p.m.) complement the hours of students, who are only available in the evenings and on weekends.

In the store studied, the largest age group is 15-29, with 45% of the workforce, mainly part-time students. This is followed by the 30-59 age group, with 46% of the workforce, and only 9% of the workforce for those over 60. Women represent 84% of the workforce. Regular employees represent 10% of the workforce.

The hourly wage varies little depending on the employee's contractual status; for the same position, it ranges from 1,200 yen/hour (approximately €7.50) for students to 1,250 yen/hour for regular employees. However, it varies depending on work schedule, as it increases to 1,350 yen after 4 p.m. and on Sundays and public holidays.

## Conclusion

The demographic and institutional contexts of the two countries are quite different. In Japan, a rapidly aging population and labor shortages have prompted companies and the state to increase senior employment. Workers' unions support senior employment and

push companies to offer jobs adapted to their preferences and abilities. However, companies want to maintain control of their total wage bill and are reluctant to raise the mandatory retirement age unless they face severe labor shortages. Advantageous continuous employment systems are only offered to regular employees and are selective, offering less valuable positions. Consequently, the vast majority of senior employees are non-regular workers with low pay and responsibilities. For former regular employees, the pay decrease is partially offset by pensions and benefits for continuous employment.

In Japan, public aid paid to businesses and individuals is conditional on maintaining employment, thus constituting a model of active aging. On the one hand, employers facing labor shortages are encouraged to offer jobs to seniors, and on the other, individuals are forced to remain employed given the low amount of pensions, particularly for low-skilled and non-regular employees. The issue then mainly concerns the characteristics of the jobs offered to seniors and in particular the duration of the employment contract, remuneration, working conditions, and more or less imposed part-time work. For the portion of the population whose income was not sufficient during their working life to build up savings, the end of professional activity reduces income to only the retirement pension, the low amount of which makes it difficult to meet basic needs, especially for single people.

In Japan, companies can set the mandatory retirement age between 60 and 65 years old. This allows them to have predictability regarding retirements and to adjust the mandatory retirement age according to their payroll and the recruitment difficulties they experience. They also control the re-employment conditions they offer to their former regular employees. These conditions are more or less advantageous depending on the labor shortages experienced. Companies are thus in a fairly favorable position to cope with the aging of the population. In France, the position of companies is more uncomfortable because it is the employee who decides the age of his retirement from the legal age (64y) based on his health condition and the desired contribution period, knowing that the full pension is reached at 67 years. Under these conditions, workforce planning is very complex for employers who cannot anticipate retirement dates. To regain some control over this workforce management, companies tend to implement individual and collective layoffs or terminations involving seniors a few years before the legal retirement age (the horizon effect). They thus decide on the employees' retirement date and shift the additional costs of seniors onto unemployment insurance.

In France, public aid is primarily used to finance inactivity (retirement, unemployment, disability), thus fueling a spiral of inactivity. Replacement income is considered sufficient by most individuals, reducing the incentive to combine employment and retirement. Considering the high level of unemployment among young labor force (18,8% for 15-24 years old in 2024), employers, for their part, are comparatively less subject to recruitment difficulties and do not seek to prolong the working life of seniors. This preference for senior inactivity is ultimately a consensus among employers and individuals, but it is

becoming untenable for pension and unemployment insurance funds due to the aging of the population. Discussions between employer representatives and employee unions, initiated in France in the spring of 2025 as part of the "Pension Conclave", introduced in an attempt to improve the highly unpopular 2023 pension reform, which raised the legal retirement age to 64, focused on the distribution of the additional costs of an aging population, including:

- An increase in employer retirement insurance contributions
- Taking into account arduous occupations and long careers for the right to retire before the legal age of 64
- Under-indexation of pensions to inflation

On June 23, 2025, it was noted that social dialogue on this issue had completely failed; no proposals had been accepted. Once again, the state, which is responsible for ensuring the financial stability of pension funds, finds itself alone in facing the rising costs of an aging population, forcing it to take highly unpopular and politically risky measures.

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