
and replicable. Technical resources have been developed to assist community and national leaders interested in adapting them. Ongoing senior volunteer projects in the U.S. have expressed interest in "sister" efforts like the El Paso/Juarez RSVP Border Project as a means of facilitating the development, implementation and ongoing support of similar programs around the world. AAIA and other organizations in the U.S. are prepared to assist in such exchanges.

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Notes

¹Eileen Rockefeller Growald and Allan Luks, "Beyond Self: The Immunity of Samaritans," *American Health*, March, 1988.

²The *American Association for International Aging (AAIA)* is a Washington-based organization which promotes cross-national exchange and action in aging. AAIA is the only private voluntary organization in the U.S. which has as its mission collecting and disseminating information, developing materials, and providing technical and financial resources to and for the aging and those who serve them both at home and abroad.

Resources

The Retired Senior Volunteer Program: A Manual for Planning, Implementing and Operating RSVP; produced by the American Association for International Aging in cooperation with the National Association of RSVP Directors, Inc., 1988.

The Senior Companion Program: A Manual for Planning, Implementing, and Operating Senior Companion Programs; produced by the American Association for International Aging in cooperation with the National Association of Senior Companion Program Directors, Inc., 1988.

The Foster Grandparent Program: A Manual for Planning, Implementing, and Operating Foster Grandparent Programs; produced by the American Association for International Aging in cooperation with the National Association of Foster Grandparent Program Directors, Inc., 1988.

"Downward Mobility" as a Form of Phased Retirement in Japan

*by Masako M. Osako, Ph.D.**

Retirement in Japan is not a one-time event, but a period consisting of a series of institutionalized stages spanning as long as a decade. In his mid-50s, a worker in a management white collar position or a supervisory blue collar job is likely to face a "pre-retirement step down." A few years later he may be offered a "pre-retirement transfer" to his company's subsidiary or other related entity where he is likely to stay until his retirement at about 60 years of age. Furthermore, chances are that he will be retained for a few more years under a post-retirement contract until his final departure from the labor force at around 65. While these practices of "pre-retirement step down" from a position (*Yakushoku teinen*) and "pre-retirement transfer" (*shukko*) have been known in Japan for decades, their use is becoming increasingly widespread with the recent extension of the mandatory retirement age from 55 to 60 at a majority of Japanese enterprises. Japanese management

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regards these pre-retirement practices as necessary tools to adjust the composition and size of work force in the light of changing economic and technological demands. For employees, the impact of this gradual retirement process is mixed. For the majority, it represents a step down in status and salary. For a minority with more marketable skills, it provides an opportunity for a promotion based on merit.

Pre-retirement Step Down

"Pre-retirement step down" is reportedly practiced in nearly half of Japanese companies with 1000 or more employees.¹ Under this program, with the exception of a small number of top executives, all managerial and supervisory employees reaching a certain designated age (commonly in the mid-50s) are given a choice of a) stepping down from their present post or b) seeking employment outside the company. An employee choosing the first option generally continues to stay in the same line of work minus managerial or supervisory responsibilities. The salary reduction associated

with such downward mobility is estimated by the Ministry of Labor's "Institute for the Expansion of Older Persons' Work Opportunities" to be 16% - 17% for managers and 10% for supervisors.² (Approximately 40% of white collar workers are in management positions in the 50 and older age groups; an estimated 25% of blue collar workers are supervisors in this age bracket.)

Those with well-developed business connections and marketable skills can take advantage of this transition period to build a secondary career elsewhere actively assisted by the personnel department of the current employer and retaining a full right to retirement benefits. The Institute's survey of some 390 corporations listed with the Tokyo Stock Exchange shows that 32% to 36% of the managers and 25% of the supervisors chose to move out rather than remain employed at lowered rank.³ The proportion of those moving out varies from one industry to another. For example, among department heads (*bucho*), the ratio of those who had successfully obtained positions elsewhere ranged from a high of 57% in the financial services to lows of 10% in the food industry and 17% in the chemical industry. To some extent, this result is attributable to the size of the enterprise in each industry—the larger the size, the greater its potential influence. All the responding companies in the financial sector had over 1000 employees, whereas only 65% of food and 52% of chemical firms had an equally large work force. Another major explanatory factor is the Japanese tradition for top-level financial posts at major manufacturing and service firms to be filled by former bankers and insurance executives.

Mandatory Transfer

While the job change that can take place as an alternative to the pre-retirement step down is a voluntary action taken by a worker, *shukko* (literally meaning "moving out") is a mandatory transfer out of one's company. Typically, the personnel department of the head office or division management identifies position openings in a subsidiary, client company, supplier or a related company, and arranges the transfer of appropriate employees. This program applies not only to managerial/supervisory staff, but also to the rest of the work force regardless of rank. *Shukko* can take place as early as 40, although it is more common at later years. However, over time, there has been a downward trend on the age at which *shukko* can apply. The 1987 poll by the Institute indicates that, at the surveyed companies, on the average, 25% of managers, 17% of other white collars, 15% of supervisors and 10% of other blue collars experienced *shukko* in their mid-50s.⁴ The frequency of *shukko* varies greatly according to the economic health of the particular industry. Depressed industries with reduced demand for labor make every effort to transfer out surplus workers to outside entities capable of absorbing them.

Shukko is triggered by two distinct categories of circumstances. On one hand, it is a means to reduce surplus



labor and open up promotion opportunities for younger workers. On the other hand, *shukko* may be arranged at the request of an outside organization desiring to build a closer relationship with the major corporation. The first type of *shukko* is another form of downward mobility—at least in terms of prestige, because it entails a one-directional move from a larger to a smaller organization. However, as a rule the transferred worker performs a job with responsibility, status, and compensation comparable to that of his former employment. Salary is protected because the original company pays any salary differentials that may arise from the transfer. Job security for two to five years is also assured because during this period transferred employees retain their affiliation with the original company.

Transferred employees' circumstances change sharply when this initial contract period expires. Choices are now limited to a) to remaining at one's current work place, upon request; b) seeking employment elsewhere; or c) retiring. The opportunity to return to the pre-transfer employer is now closed off. Thus, those with appropriate work aptitude and skills are permitted to stay on—possibly with improved benefits, but, for others, the only realistic opportunities are to become self-employed or to retire. The chances of obtaining corporate employment elsewhere is slim because the management is no longer obligated to assist in out-placement and public employment services have seven older applicants (55 or older) for every available position.⁵

In a minority of cases, *shukko* may represent upward career mobility for high ranking employees of influential corporations and national government offices.⁶ In these instances, *shukko* is arranged primarily at the initiative of the *shukko* recipient company which wishes to strengthen its ties with the major corporation or office or to utilize the expertise and business connections of the transferred

employee. With this form of *shukko*, severance of employment with the original employer takes place at the time of the transfer.*

The example of retired bankers staffing corporations' financial positions has been already mentioned. Even within the banking industry, a similar practice is observed. For example, a regional bank's top management team nearly invariably includes at least one former Bank of Japan officer and one Bank of Tokyo retiree, presumably to handle government relations and foreign exchange matters, respectively. This type of strategically designed *shukko* is also arranged between a firm and its subsidiary, client, or supplier. Experienced senior employees are chosen for those posts specifically on the basis of their technical or business skills, and they are rewarded liberally in their new positions.

Factors Facilitating Shukko

The effectiveness of *shukko* as a means of coping with the aging labor force, as well as its impact on older employees, must be understood in relation to certain features of Japanese economic practice. First, *shukko* depends on enough demand for labor. Japan's low unemployment rate, ranging from 2.6% to 2.8% since the mid-1970s and, in particular, labor shortage in smaller enterprises have been important conditions facilitating the widespread practice of *shukko*.

Second, the existence of large business groupings in Japan also facilitates the transfer of employees from one company to another. Since World War II days, business organizations in Japan have been clustered into a number of loosely connected "business families," such as the Mitsubishi and Mitsui groups, each consisting of several major corporations in various industries, trading firms, security firms, and banks.⁷ The members of the group exchange executives and hold each other's stocks. *Shukko* is done among member firms of such a group as a routine business practice. An advantage of this configuration is that surplus labor from a depressed industry can be transferred to growth sectors without undue difficulty. Additionally, the transferee's familiarity with the new unit's business and corporate culture eases adjustment problems.

This corporate structure is further supplemented by another type of grouping on the individual company level. That is, a major corporation is the center of a network of distributors, suppliers, contractors, and sub-contractors. For example, an auto manufacturer, such as Toyota and Nissan, operates its business with a closely knit group of well over 300 of such units. *Shukko* from a large company to a smaller unit in the network is frequent.

Third, *shukko* also must be understood in terms of the dualism in Japan's economic structure. The dualism refers to the discrepancy in resource, status and privileges enjoyed

by larger corporations, on one hand, and smaller enterprises, on the other. *Shukko* almost always entails a one way move from a large entity to a lesser unit. Thus, with the notable exceptions mentioned above, the Japanese consider *shukko* to be a form of downward mobility in terms of prestige and job security, if not in benefits.

Fourth, consistent with Japanese trade union practices of working harmoniously with management, unions, by and large, have accepted *shukko*. A survey by the *Zenmin Robyo*, an ideologically moderate federation of unions, showed 21% of members actively supporting *shukko*, 69% accepting it as inevitable, and only 4% opposing it.⁸

Finally it is clear that the transfer of older workers to sectors with labor shortages probably can only work if population aging is not too rapid. It would be enormously difficult for receiving units to incorporate a substantial aged work force without impairing productivity. In this regard the Japanese prognosis for the short-term appears positive. According to a "Japanese Economic Planning Agency" estimate, the ratio of workers 55 years old and over to the total work force in Japan is forecast to rise moderately from 20% in 1990 to 22% by the year 2000.⁹ This forecast assumes the common retirement age will not exceed 65 and that middle aged and younger women will increasingly participate in the labor force.

Older Workers in the Depressed Industry

The above discussion suggests that *shukko* is conducted in a relatively orderly manner without sharply jeopardizing the well-being of older employees or companies that absorb them. This generalization, however, fails to apply to the case when market conditions sharply deteriorate. The recent experience of the Japanese shipbuilding industry is a case in point.

The depression in the shipbuilding industry in the mid-80s was long-lasting and severe. All major shipbuilders in Japan faced a dire choice between either becoming insolvent or substantially reducing their labor force. Employment was reduced 31% at the ship-building sections of Mitsubishi Heavy Industries and 50% at Mitsui Engineering and Shipbuilding and Nippon Kokan in the 1985-1987 period by means of early retirement and *shukko*.

To illustrate: The Shimizu plant of Nippon Kokan's shipbuilding department had to reduce its work force from approximately 4000 to 2000 in 1986-87. As part of this plan, some 700 employees were ordered transferred to another plant 200 miles away. Of these, 200 eventually made the move, while the rest decided to leave the company rather than be uprooted from the city where they had lived most of their lives. According to the town's public placement office, of these 503 men who quit, 237 found new jobs and 122 were still unemployed several months after their departure from the firm. (The whereabouts of the remaining 144 are unknown.) A large majority of those who found new positions in Shimizu through the public placement agency suffered a cut in wages of up to 50%.

*This type of *shukko* is sometimes called *ama kudari* (coming down from above) or *haiten* (employment change).

At Mitsui Shipbuilding, the consolidation measures were equally drastic and age-specific. The management proposed:

1. early retirement of all those 56 years old and over;
2. *shukko* of all the 54 and 55 year olds accompanied by an across the board 20% cut in salary;
3. *shukko* for selected 45-53 year olds;
4. voluntary retirement of all those 44 years and younger who could not accept the company ordered *shukko* and internal transfers.

Despite union protests, the company's proposal carried and all those 56 years old and over were summarily retired in 1987.

Conclusion

Japanese management must continuously adjust the quality and quantity of the labor force to changing market and technological conditions under the well-known constraints of life-time employment guarantees and a promotion and wage system based on seniority. The "pre-retirement step down" and *shukko* are some of the more widely used means to achieve this objective. Under these practices, a majority of older workers experience gradual downward mobility in terms of prestige and benefits, though their employment is secure up to the official retirement age of around 60 and likely to continue beyond that time as long as their performance is satisfactory. A minority of workers even enjoys an improvement in status and benefits as performance and skill rather than mere seniority become

increasingly important in the late stages of their career. The Japanese practice of phased retirement is likely to remain as an effective policy, provided that the practice of business groupings continues, the aging of the labor force is gradual, and the Japanese economy remains reasonably healthy.

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more women will be encouraged to enter the labor force to compensate for manpower shortages. The expansion of formal services are thus necessary to relieve what will become a very heavy burden on middle-aged women. (Naohiro Ogawa, "Policy Implications of Recent Research on Population Aging: The Case of Japan," paper presented at the Seminar on Research on Aging in Asia and the Pacific, Singapore, September, 1987)

Medical Treatment of German Home Residents Found Wanting

Although German law guarantees all insured persons, irrespective of age or severity of illness, comprehensive medical treatment consistent with the latest advances in medical science, residents of West Germany's long-term care institutions

do not seem to be getting the care they need. In fact, a survey conducted by the *Bundesgemeinschaft Freier Wohlfahrtsflege (BFW)*, a national consortium of voluntary organizations, found a considerable lag between supply and demand.

The reason for this situation seems to lie in the belief by doctors that they will not be adequately reimbursed by the nation's health insurance system for the comprehensive care that older persons often require. To remedy this state of affairs, the BFW has recommended that higher reimbursement be considered for patients who have above-average needs for medical treatment, especially those in homes, and that more doctors be trained in geriatrics and participate in team assessments. It was also recommended that a sub-specialty of geriatrics be created within the field of internal medicine. (*Mitteilungsblatt BFW*)

Home Care

Norway Seeks to Strengthen Home Help Service

A home help service is one of the most critical support elements available to the elderly and one that will grow in importance with the aging of populations. In addition to the important duties home help aides perform, they can potentially provide important early warnings about change in their clients' condition to the appropriate health or social service and inform clients about available programs.

Yet in many countries, home help services find it difficult to attract and retain personnel because of low wages, unattractive