

# **Aging Society & the Labor Market**

A Brief Comparative Study of the Elderly Employment System in Japan vs. Thailand

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Image source: <https://www.japantimes.co.jp/life/2015/12/19/lifestyle/growing-old-gracefully-senior-citizens-workplace/>

## BACKGROUND

According to the World Population Prospects 2019 by the United Nations' Department of Economic and Social Affairs (UN DESA, 2019), the global population is growing. In 2019, there were approximately 7.7 billion people on the planet. And by 2030, the number is projected to rise to 8.5 billion. It will then increase to 9.7 billion people by 2050, and to 10.9 billion by 2100. The same report argues, however, that the projected growth will not spread out evenly. The increase in global population will most likely be concentrated in the least developed regions. Sub-Saharan African countries, for example, will account for more than half of the global population growth.

In other parts of the world, the situation will be drastically different. The UN DESA report estimated that three quarters of countries in the world, or approximately 87% of the total global population will experience their society aging. Some countries will become aged or

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super-aged<sup>1</sup>. The population in these countries will not only **not** grow. By the end of the century, the total sum will actually decline. This will be the reality of countries in East Asia, Europe, North America as well as for Australia and New Zealand. They will continue to be at the global forefront in terms of the policy efforts rolled out to address the effects of population aging and the overall population decline. At the same time, countries in emerging regions such as those in Southeast Asia, South and Central Asia, together with those in Latin America and the Caribbean will see falling mortality and low birth rates which usually accompany economic development and improved standards of living being an important reason for their economic stagnation. Thus, sooner or later, virtually every country on the planet will have to deal with population aging and its far-reaching implications (UN DESA, 2019).

As the global population ages, the average age of workers in the labor markets will also rise. According to the International Labor Organization (ILO, 2018), workers aged 55-64 years old will comprise more than 25% of the world's working age population.<sup>2</sup> Furthermore, the majority of those who have reached the traditional retirement age of 65 years old will continue to be working. This is not exactly a matter of choice. In many countries, the 65+ years old must continue to work because they do not have access to the pension system. And even if some do, it is clear that they cannot solely rely on the government's support. In the coming decades, the concentration of these older workers in the labor market will become especially apparent in both developed and emerging economies (Harasty & Ostermeier, 2020). The graying and shrinking pools of manpower will invariably prove to be the most fundamental challenge for these countries' governments--many of which are already scrambling for revenues to manage ballooning public expenditures.

As a "super-aged" society, with 28.4% of its population aged 65 years old and older for the year 2020 (Cabinet Office, 2020), Japan has long been a global frontrunner in rolling out policies to tackle the rapid aging of its population. Since most countries in the world are or will soon be on the same demographic trajectory, the Japanese policy experiences provide a clear blueprint of what has been done right. This enables both policymakers and other stakeholders on the issue from other parts of the world to observe, compare, and learn about policy measures aimed to tackle the problems of a graying society that are more effective than others.

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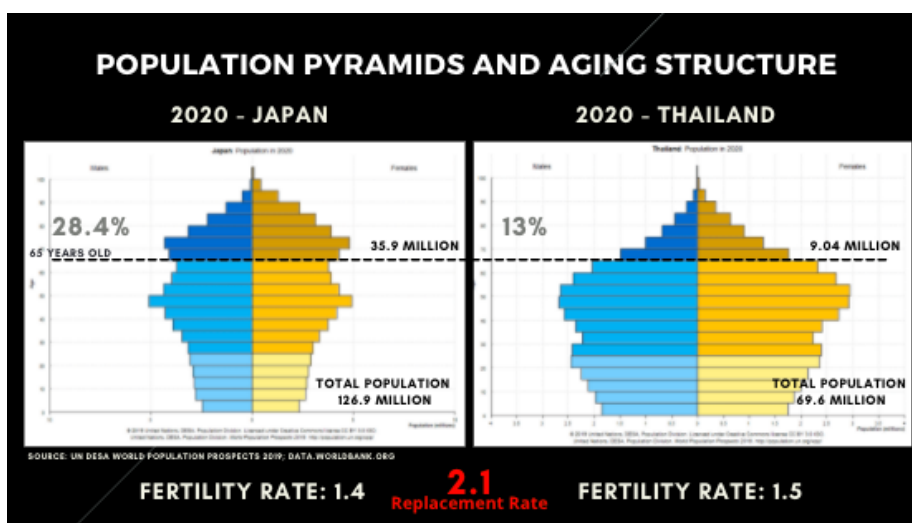
<sup>1</sup> UN DESA - "aging population" is defined as a country having a population aged 65+ years old accounting for 7-14% of the total population; "aged population" if more than 14% and "super-aged population" if more than 20%.

<sup>2</sup> UN DESA - "working age population" is defined as those between the age of 15 - 64 years old.

Accordingly, with 13% of its population aged 65 years old and older in 2020 and the projected increase to 19.6% by 2030 (UN DESA, 2019), Thailand is well on its way to cross over the 20% threshold to become a super-aged society in the coming decades. In any event, the situation in Thailand will prove to be somewhat different from the Japanese case. As a country that is apparently “getting old before getting rich”, the Thai version of population aging and the resulting economic stagnation is set to become even more dire. For this reason, learning from the Japanese policy experiences will not only help shorten the learning curve in the Thai government’s policy making, but will also constitute a vital survival strategy for a government facing limitations, both in terms of financial resources and institutional capacity.

### Japan vs. Thailand: Population Pyramids and Aging Structure

As previously stated, the demographic situation in Thailand is reminiscent of Japan’s trajectory. In 2020, the 65+ years old in Japan comprised 28.4% of the total population. In other words, approximately 35.9 million people out of the total number of 126.9 million people aged 65 years old or older (UN DESA, 2019). As for Thailand, the 65+ years old comprised 13% of the population. This means that there were approximately 9.04 million people out of the total population of 69.6 million whose age were 65 years old or older (UN DESA, 2019). This proportion is indeed similar to Japan’s during the 1990s. Back in 1994, the 65+ years old made up 14.1%, or 17.7 million out of 125.57 million that was the total number of Japan’s population (MIC, 2020; UN DESA, 2019). What is striking here is the rate at which the particular segment of



the population grew. In Japan’s case, it took about 25 years for the total number of the 65+ years old to double from 14.1% to 28.4% in 2020. By contrast, in Thailand’s case, the proportion of the 65+ years old population is estimated to double

Figure 1: Population Pyramids and Aging Structure - Japan vs. Thailand 2020  
 from 13% in 2020 to 26% within a much shorter span of only about 20 years (UN DESA, 2019).

Another striking similarity is the fertility rate. According to the World Bank Open Data<sup>3</sup>, in 2020, the numbers of child births per woman in both Japan and Thailand were below the replacement rate of 2.1 births/woman. In Japan, it was 1.4 births per woman, while the number was 1.5 births per woman in Thailand. Nevertheless, the fertility rate in Japan is projected to slightly improve over the next decades. According to the UN DESA's *Probabilistic Population Projections*<sup>4</sup>, which is based on its World Population Prospects 2019, the birth rate in Japan is forecasted to rise from 1.37 for the period between 2020–2025 to 1.55 in 2050.

The opposite will be true for Thailand. In a situation now similar to what Japan was experiencing at the turn of the 21st century, the fertility rate in Thailand is generally forecasted to keep falling. From 1.26 births per woman during the period between 2020–2025, the number will fall to the lowest point of 0.98 in 2050<sup>5</sup>. From that point on, the fertility rate will bounce back slightly, similar to what will also happen in the case of Japan. By the end of the century, in 2100, Japan's fertility rate is projected to slightly increase from 1.55 in 2050 to 1.67; whereas for Thailand, it will change from 0.98 to 1.38<sup>6</sup>.

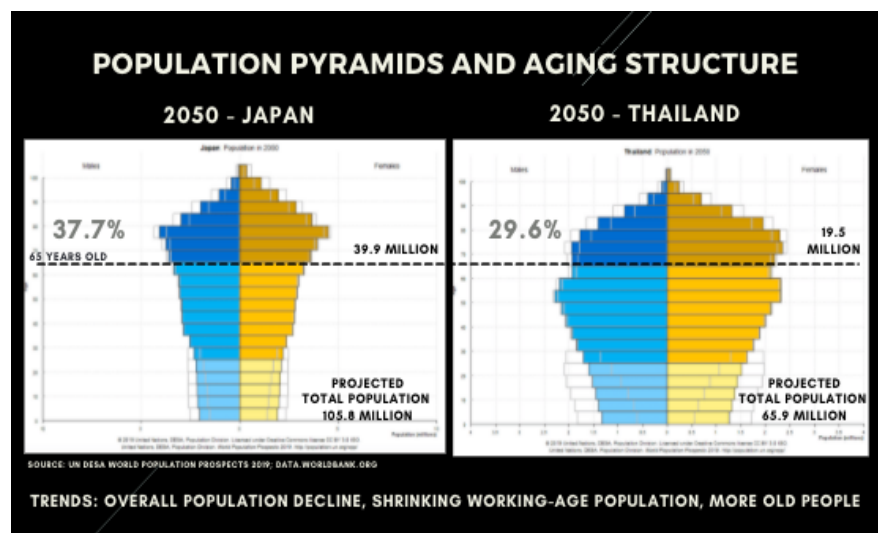


Figure 2: Population Pyramids and Aging Structure - Japan vs. Thailand 2050

In both cases, what is crystal-clear is the fact that population growth, let alone at a pace experienced during the first half of the 21st century, will not be a future for either of the countries. According to projections by the World Bank<sup>7</sup>, the total number of population in both countries will actually decline. From the total population in 2020 and the current projections for the year 2050 and 2100, Japan's population will decrease from 126.9 million to 105.8 million in 2050, then to a whopping 74.95 million in 2100. Similar trend is also applicable in Thailand's case. The total population of 69.8 million in 2020 will drop to 65.9

<sup>3</sup> World Bank Open Data, Indicator: Fertility rate, total (births per woman); <https://data.worldbank.org/indicator/SP.DYN.TFRT.IN>

<sup>4</sup> Available at <https://population.un.org/wpp/Download/Probabilistic/Population/>

<sup>5</sup> World Bank Open Data, Indicator: Fertility rate, total (births per woman); <https://data.worldbank.org/indicator/SP.DYN.TFRT.IN>

<sup>6</sup> Ibid

<sup>7</sup> World Bank Open Data, Indicator: Population, total; <https://data.worldbank.org/indicator/SP.POP.TOTL>

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million in 2050, and then to 46.01 million in 2100, as consequential impacts of population aging become fully transpired.

### **Demographic Transitions: the Labor Market, the Economy, and the Society**

In terms of the labor market, the economy, and the society as a whole, the aging of the population will have many far-reaching implications. As already touched upon earlier, the first issue has to do with the negative relation between the 65+ years old and the working age (15 - 64 years old) population. The phenomenon is also known as “high old-age dependency rate”. What this means is that those of working age and are deemed “economically active” will face increased tax burdens in supporting the older population and sustaining the government’s provision of welfare services. Compared to when the rate was lower, the working population will now have to support more pensioners than it was the case for previous generations.

Secondly, the shrinking working-age population also means structural labor shortages. It is highly likely that in this kind of situation, labor as a factor of production will become more expensive. As producers and manufacturers in the economy scramble to find alternatives, the shortages of manpower can lead to decrease in labor productivity; thereby slower pace at innovations and overall economic performance. What’s more, as companies and businesses are pressured to look for solutions that go beyond short-term economic migration, they will have to invest in automated production systems or other labor-replacing and labor-enhancing technologies. While this is undoubtedly good for the country and long-term competitiveness, automation in the context of manufacturing will threaten job security and employability of low-skilled workers, whose skills will quickly become outdated.

Aging of the population can also mean old-age poverty. Even for high-income countries that are members of the OECD, an estimated 13.5% of individuals over the age of 65 live with income poverty (OECD, 2019). For many elderly in these countries, the pension income is simply not enough to cover the rising cost of living. The situation is definitely much worse in middle and low income countries. In Thailand, for example, many elderly do not have access to the pension system. Accordingly, for many elderly in both groups of countries, working in old age is not a matter of choice, but a matter of absolute necessity.

And just as importantly, aging of the population has contributed to an increase in mental health and other social issues. In Japan, social isolation, loneliness, and depression in



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older adults have long been associated with sharp rises in the number of suicides and geriatric crimes in recent years. Frauds that specifically target the elderly such as the “ore-ore scheme” or telemarketing and improper insurance sales have also worsened the living conditions for many Japanese elderly (Inada, 2019; Lewis, 2016).

In light of these implications, it is imperative that governments implement policies that will help reduce the vulnerabilities within the economy, the society, and different segments of its population. As the ultimate blueprint for countries experiencing their version of population aging, Japan has certainly gone through trials and errors. In many instances, the policies rolled out by the Japanese government have cut across its cultures and many traditional boundaries. In terms of gender roles, Japanese women of today are encouraged to participate actively in the labor market. In recent years, the Japanese government also launched a more systematic immigration scheme that aims to attract foreign workers from China and other labor sending countries in South and Southeast Asia. In order to achieve economic growth despite Japan’s demographic challenges, emphasis is also placed on advanced research and developments to bring about innovations and better application of technologies.

In any event, the main pillar in Japan’s efforts to address aging and the shrinking of its working population has always been *keeping workers in the workforce as long as possible*. Toward this particular end, Japan raises the retirement age continually. In the 1980s, most companies would set a retirement age at 55 years old. This was changed to ‘not below 60 years old’ after an amendment to the Act on Stabilization of Employment of Elderly Persons came into force in April, 1998 (MHLW, 2013). Later, in 2013, another amendment to the Stabilization law became effective, resulting in the retirement age being increased incrementally at the rate of one year for every three years until 2025. In other words, the lower limit of retirement age in Japan was to rise to 61 years old in 2013, 62 years old in 2016, and so on and so forth until it reaches 65 years old in 2025. This has been slightly modified, however. The latest amendments to the Stabilization law, which became effect in April 2021, introduced a new provision which obliges employer whose employee have reached the age of 65 to “endeavor” to (a) raise the retirement age, or (b) introduce a continuous employment system, or (c) abolish the retirement age, or (d) use any other measure to allow the employee to engage in continuous outsourcing contracts or other social contribution activities until the he or she reaches the age of 70.

What is uniquely systematic and perhaps exceptional to Japan’s attempt of keeping the elderly working as long as possible is the local employment system which specifically targets

the elderly population. The system is known in Japan as the **Silver Human Resource Centers (SHRCs)** or シルバー人材センター (Silver Jinzai Center) in Japanese. Despite being a system that is unique to Japan, the centers' functions and operating procedures can prove useful to any government attempting to deal with the challenges of a graying population. As for Thailand, which is facing similar demographic trajectories and increased demands for work among its elderly, learning about the SHRCs can help put things in perspective. This is certainly an important conceptual foundation that can facilitate objective evaluations and identification of existing limitations; both of which are important for enabling sound and effective policies to realize the important goal of keeping the elderly active and independent as long as possible.

## ELDERLY EMPLOYMENT SYSTEM IN JAPAN

### Silver Human ResourceCenters - SHRCs

The Silver Human Resource Centers or SHRCs was first established in Tokyo, in 1974 as a new organizational framework to enable “silver personnel” or older persons who wish to work to work within the community (Rivera, 2014). According to the National Silver Human Resource Center Business Association, SHRCs operate on a membership-based basis and specifically targets people who have reached the retirement age or older, are in good health and desire to work. The employment available from SHRCs are "temporary, short-term work or light activities", which, in practice, will usually mean paid part-time work or unpaid social participation & volunteer activities.

**Figure 3: SHRCs RECRUITMENT POSTERS**



**1,335 Centers and 715,558 members nationwide; 473,938 men & 241,620 women (as of 2019)**

Note: 65+ population in Japan is 35.89 million

Source: National Silver Human Resource Center Business Association

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## Legal Framework

In 1986, the SHRCs as a model organization expanded nationwide after an amendment to the *Act on Stabilization of Employment of Elderly Persons (Law No. 68 of 25 May, 1971)* came into effect. The amendments also elevated the status of SHRCs to “public interest incorporated association”, which subjects individual SHRCs to designation (approval) and supervision by local administrative authorities. After having obtained the approval, an SHRC will become eligible for receiving subsidies from the municipal, prefectural, and/or national governments as well as preferential treatment under the tax system.

The Act on Stabilization also established the “National Silver Human Resource Center Association” which is tasked with overseeing nationwide the SHRCs that have been designated by relevant local governments. Under Chapter VI of the Act, the purposes and functions of SHRCs can be summarized as follows:

- To assist in the employment and enable positive utilization of the abilities of persons who have mandatorily retired or other elderly retirees wishing to work, thereby contributing to the enhancement of welfare of the elderly persons
- To secure employment opportunities for **temporary short-term work** (except work pursuant to employment) **or other light activities** (except work pursuant to employment) in light of relevant labor demand and supply situation, the state or progress of the work and other related circumstances and provide the said employment opportunities properly, systematically, and in an assured manner to elderly retirees wishing to be employed in said work or activities
- To provide a free employment placement service for elderly retirees wishing to be employed in temporary short-term work or other light activities (limited to work pursuant to employment). Nevertheless, a fee-based employment service is also possible but the SHRC in question must notify the Ministry of Health, Labour, and Welfare (hereinafter, MHLW) of the said service according to the provisions under applicable MHLW Ordinances
- To conduct training courses for elderly retirees aimed at providing them with the knowledge and skills necessary to engage in temporary short-term work or other light activities

- To carry out any other operations necessary for temporary short-term work or other light activities for elderly retirees
- In addition, an SHRC may conduct and undertake general worker dispatching service after submitting a notice to MHLW. The arrangements shall be limited only to the elderly retirees who are members of the SHRC.

Employment through SHRCs are generally available in two categories: delegation and dispatch<sup>8</sup>. The most common category is *delegation*, which involves the center assigning senior workers a task after it has concluded a work contract with a client (a household, company, or a public organization). The senior workers usually work in rotation, for 8-10 days a month and receive about 30k - 50k “**allocation**” in exchange for the services<sup>9</sup>. In 2016, a new amendment to the Stabilization law came into force, thus allowing members to work up to 40 hours a week, provided that the works fall under the prefectural designation of eligible industry, job types and areas and the requirements as specified by MHLW are fully satisfied. The other, less common category is *dispatch*. In this model, the workers are assigned to work for a specified period at the premise of a client who will have command relations with the workers. Under the dispatch model, the senior workers are also entitled to some statutory labor protection provisions<sup>10</sup>.

### **Types of Works and Activities Available**

From a brief survey of SHRCs websites in towns and municipalities across Japan (Minato-ku and Shibuya-ku, Tokyo; Matsubushi Town, Saitama; Sagami-hara City, Kanagawa), it appears that the works and activities that are made available through the local SHRCs can vary from place to place. Nevertheless, they can be divided roughly into the following types.

<b>Types</b>	<b>Job Examples</b>
<b>General Work</b>	Park cleanup, weeding, janitorial work, product control, poster hanging, flyer distribution

<sup>8</sup> Tokyo Silver Human Resource Center Association, What is SHRC, Job Request; <https://www.tokyosilver.jp/about/request.html>

<sup>9</sup> Tokyo Silver Human Resource Center Association, What is SHRC, Work Style; <https://www.tokyosilver.jp/about/work.html>

<sup>10</sup> Ibid; Act on Stabilization of Employment of Elderly Persons (<http://www.japaneselawtranslation.go.jp/>)

<b>Facility Administration</b>	Parking lot, bicycle control, administration of schools, community centers, and buildings
<b>Specialized Knowledge</b>	Bookkeeping, translation, editing, driving, computer operation, cram school classes
<b>Technical Skills</b>	Plant pruning, painting, carpentry works, AC repair, repapering of sliding doors/screens
<b>Office Work</b>	General office work, reception work, survey work, hand-writing of addresses using pen
<b>Customer/ Door-to-Door Work</b>	Pamphlet distribution, payment collection, pick-up and delivery service, sales, reading of water and gas meters
<b>Other Services</b>	Traffic control, distribution of city newsletter, housekeeping assistance, meals delivery, dog walking, etc.

In addition, many centers also offer free classes and training courses to standardize and prepare members who are performing semi-skilled tasks such as plant pruning, nursing care services, or basic computer programs, etc. Based on the local needs and supply-demand circumstances, some SHRCs also manufacture and sell local specialties such as jams, snacks, pickles, and other products from locally sourced ingredients and materials as well.

### **How the SHRCs work**

According to the Tokyo Silver Human Resource Center Association and the National Silver Human Resource Center Business Association, there are three main components to the SHRCs system: the SHRCs, the registered senior members and the clients. As the diagram in the following page shows, the key role of the SHRCs is providing the linkages between demand (for workers or for work) and supply (of workers or of work). Under the system, a client, which can be a household, company or any other type of organization, must submit a request to the local SHRC center, detailing the jobs or tasks for which the client intends to employ senior

workers. The center will then discuss and determine the nature of the work and prepare relevant materials to discuss possible arrangements (such as delegation or dispatching, etc.) with the client. If the contract can be concluded, the center will assign pre-registered senior members of the SHRC to carry out the jobs/ tasks according to the contractual agreements. After the works are completed, the centers will send invoices for the expenses to the client. After the client has made the payment, the center will allocate compensation to the senior workers who have performed the tasks based on the content of the work and hours performed.

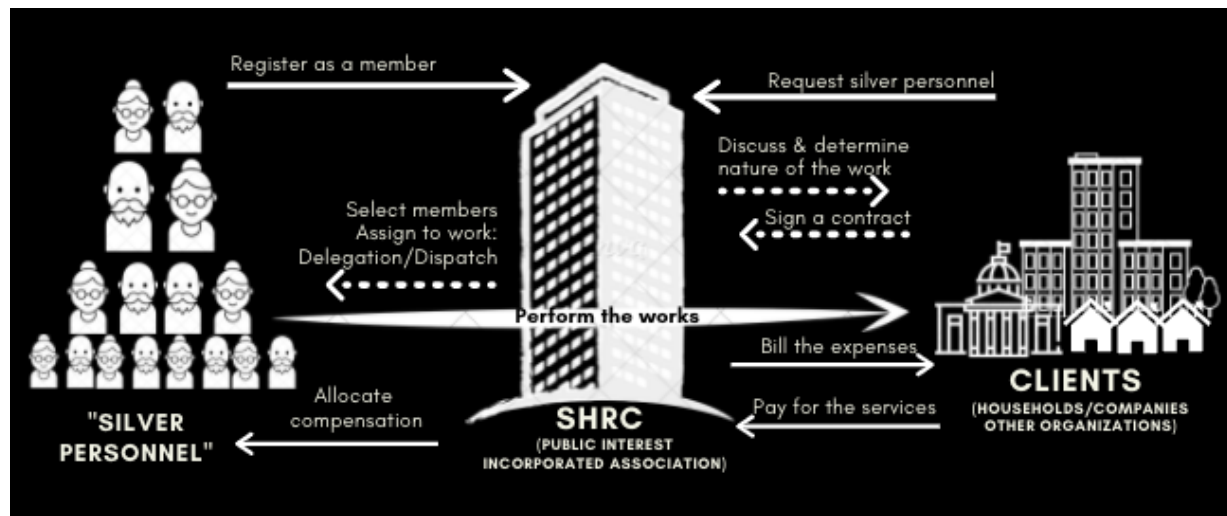


Figure 4: How the SHRCs Work

## Challenges and Criticisms

Given the continuous increase in the number of the elderly in Japan and vulnerabilities associated with being in old age, many critics have argued that the SHRCs are not sufficient or efficient enough as a system to effectively address the problems in super-aged Japan. The main criticisms against the current system are as follows.

- **Skills mismatch and job (dis)satisfaction**

Critics have long criticized that the kind of jobs available under the SHRCs system are light-work and low-skilled with a restricted number of hours. Elderly workers who were white-collar workers are unable to make use of skills acquired in their careers before retirement. This means that the society will see less use of talents, while the elderly workers also see less earning potential. As a whole, the skill mismatch can lead to job dissatisfaction and discourage some elderly persons from registering and engaging in any works provided by SHRCs altogether (Otake, 2018).

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- **Welfare employment & underutilization**

Closely related to the previous rationale, many argue that the SHRCs as a system is based on an obsolete model and assumption of a 60-year old life span (Institute of Gerontology, 2013). The thinking has virtually become disconnected with reality and incongruous with the present. Senior citizens are now healthier, more educated and active (Otake, 2018; Akiyama, 2020). For this reason, efforts should be made to shift the society's paradigm and create a system in which employment is long-term, more inspiring and provides better compensation. Some have suggested that closer linkages between SHRCs and regional revitalization efforts may be one way to allow and encourage elderly persons to participate in engaging and more purposeful works (Hoshi et al., 2017).

- **Light works are temporary works**

Elderly workers engaged in light, part-time work are not protected under labor standards laws. Accordingly, with the jobs being only temporary, there is no job security. The senior workers can lose their source of income overnight, exacerbating the vulnerabilities they are already experiencing as an elderly person (Hoshi et al, 2017; Akiyama, 2020).

Since its establishment, the SHRCs have kept expanding. In the Tokyo Metropolitan Area, for example, there are 58 SHRCs with over 80,000 members in total<sup>11</sup>. Of this number, 82% or approximately 67,000 members are employed<sup>12</sup>. And according to recent statistics by the Tokyo Silver Human Resource Center Association<sup>13</sup>, the majority of senior workers who are members of the SHRCs in the Tokyo area are between the ages of 75 - 79 years old. They account for about 32.3% of the total, or 21,656 senior workers. The second biggest group is those between the age of 70 - 74. They account for about 32.1%. The last group is those between the age of 80 years old or older; for about 18.1% of the total Tokyo area SHRCs members<sup>14</sup>. The membership fees for joining the SHRCs in the Tokyo area can also vary from center to center. The general range, however, is between 600 - 3000 yen per month (data as of March 2021)<sup>15</sup>.

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<sup>11</sup> Tokyo Silver Human Resource Center Association, Statistics; <https://www.tokyosilver.jp/statistics/index.html>

<sup>12</sup> Ibid

<sup>13</sup> Ibid

<sup>14</sup> Ibid

<sup>15</sup> Tokyo Silver Human Resource Center, What is SHRC, To become a member; <https://www.tokyosilver.jp/about/members.html>

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At the national level, the total number of SHRCs is 1,335 centers, with 715,558 members nationwide<sup>16</sup>. Similar to the situation in Tokyo, the majority of members of the SHRCs in the whole of Japan are men. As of 2019, there are 473,938 men and 241,620 women, or roughly half of the men's total<sup>17</sup>. Accordingly, despite the perceived success, relative novelty and visibility of this policy initiative, the SHRCs can only constitute a small part of the big picture. There is still a huge gap to be filled in terms of elderly employment when comparing the national total of SHRCs members to the estimated number of the 65+ years old population, which currently stands at about 35.89 million (Cabinet Office, 2020).

## **ELDERLY EMPLOYMENT SYSTEM IN THAILAND**

A combination of Sporadic Elderly Employment Schemes by

- Provincial and Bangkok Area 1 - 10 Employment Offices
- Employment Programs by Retailing Companies in the Private Sector

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Despite the rapid pace in the aging of the population that mirrors the experiences of Japan, at present, there is still not an equivalent to the SHRCs system in Thailand. In terms of national legislations, there is also no law that specifically and comprehensively regulates and protects the employment conditions among the elderly persons. What has been happening in the last several years in the government's efforts to prepare for the rapid aging of the Thai population is best described as fragmentary. Amendments to key labor legislations have indeed been made, but in practice, they remain paper tigers that fail to protect and reduce the vulnerabilities of Thailand's elderly population.

For comparison purposes, the national legislations which are related to employment and related activities of the persons who have reached the retirement age and other retirees in Thailand consist of the following.

- **General Principles - *Act on the Elderly Persons B.E. 2546 (2003) - Section 11 (3) - (4)***

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<sup>16</sup> National Silver Human Resources Center Association, National Statistics; [http://www.zsjc.or.jp/toukei/list\\_page](http://www.zsjc.or.jp/toukei/list_page); 1st year of Reiwa: [http://www.zsjc.or.jp/toukei/toukei\\_pdf?id=14](http://www.zsjc.or.jp/toukei/toukei_pdf?id=14)

<sup>17</sup> Ibid



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The law stipulates, as a general principle, that the elderly persons shall have the right to access the protection, promotion, and support for (3) appropriate occupations or occupational training and (4) self-development and participation in social activities and association as a network or community. Nevertheless, the law does not stipulate the measures with which the above provisions are to be effectuated.

- **Retirement Age - *Act on the Elderly Persons B.E. 2546 (2003), Social Security Act B.E. 2533 (1990) and Labour Protection Act B.E. 2541 (1998)***

Under the Elderly Persons Act, the retirement age is assumed at **60 years old** as it is the age when a person becomes eligible to receive old-age monthly allowance. The age here is different from that of the Social Security Act B.E. 2533 (1990), which stipulates that an insured person who is 55 years old and has made monthly contributions for a period of 180 months or more can become eligible for old-age pension.

The amendment to the Labor Protection Law B.E. 2541 (1998) in 2017 effectively added to the confusion. The amendment stated that 60 years old is the default retirement age for workers whose contract does not have a retirement policy. In such a case, the new law states that the worker who wishes to retire may notify the employer of the intention. The retirement shall then become effective after 30 days, and the worker shall receive a severance pay from the employer. Thus, on a different note to what has been attempted in Japan, the common paradigm within Thailand's labor and employment authorities is still that which equates elderly workers' protection to receiving one-off legal payment. It is not so much about ensuring that the elderly can keep contributing to the economy.

- **Elderly Employment Promotion - *Royal Decree issued under the Revenue Code governing Exemption on Revenue Taxes No. 639 B.E. 2560 (2017)***

The tax code allows corporate income taxpayers to be eligible for an income tax deduction twice the amount of expenses incurred by the employment of people over 60 years old. In any case the expense must not exceed 15,000 THB per month per one elderly employer. And the total number of elderly employees that can be employed to qualify for the tax scheme is capped at 10% of the total number of employees in any given month. Nevertheless, the law does allow for some flexibility. For companies that

cannot employ elderly persons but do want to become eligible for the tax deduction, they may opt to pay contributions to an elderly provident fund.



Figure 5: Corporate Elderly Employment Recruitment Posters in Thailand

Additionally, under the Department of Employment, Ministry of Labour, the Bangkok Area 1-10 and 76 other Provincial Employment Offices have rolled out short-term employment programs that specifically target elderly persons who are 60 years old or above (DOE, 2018; Thairath, 2019). Most notable activities include “One District One Wisdom” activity which employs elderly persons as instructors to teach about local cultures and way of life and the nationwide program titled “Expanding Employment Opportunities for the Elderly Persons” which match elderly jobseekers who visit the local employment offices with employers in the area, etc.

## BEST PRACTICES

### What can Thailand learn from Japan?

From the brief survey of the elderly employment systems in Japan and in Thailand, there are certainly many things that Thailand can learn from Japan. Improvements made in the following aspects may put Thailand in a better position in preparing for the impending challenges in the country’s labor market, the economy, and the society.

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### ❖ **Comprehensive National Legislative Framework**

Compared to Thailand, Japan has a very comprehensive legislative framework. The Act on Stabilization and periodic amendments to the law highlight the significance and raise the public awareness on the issue. With clear policy direction, the law also provides clear incentives for private companies and employers to engage with related policy schemes that aim to address the challenges of an aging society. In turn, this also helps ensure the sustainability and effectiveness of the policy programs.

### ❖ **Accessibility that Comes from Decentralized Services**

Because the elderly employment services are available at the municipal and prefectural levels, the Japanese SHRCs have high accessibility and sustained utilization. In contrast, the elderly employment services in Thailand are only accessible for city dwellers who can go to the provincial employment offices. What's more, the jobs available through the provincial offices can also be impractical as the place of work is usually too far for many would-be employees. For this reason, the employment services in Thailand face considerable limitations due to the centralized system. Under the current employment promotion and labor protection structure, it becomes increasingly difficult to ensure the viability and sustainability of a policy program.

### ❖ **On and Off and Lack in Scope**

Elderly employment promotion efforts in Thailand are still lacking in scope. As it relies on the availability and central allocation of the budget, jobs available through provincial employment offices can only be offered on an ad-hoc basis. By all accounts, the income that can be earned from these employment opportunities is very limited. The elderly persons who can benefit from such a program are also restricted to the very few.

### ❖ **Public Interest Organizations and Private Provision of Public Services**

SHRCs are essentially business endeavors. Each center operates independently but attains the status of “public interest organization” upon the prefectural designation. This is certainly common in Japan. It is the same model used by the Organization for Technical Intern Training or OTIT and the related “supervising organizations” to

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ensure labor protection in Japan's semi-labor migration scheme<sup>18</sup>. What is interesting with this model is the fact that private organizations are legally made to provide public services. With a slight tweaking through the law, the SHRCs as a public interest entity extends the possibility of what the government can do in implementing a policy. Compared to Thailand, this model is a relative novelty. The public interest organization also puts in perspective how in Thailand the government tries to do everything within the established structure of the public sector apparatus. Given the inflexibility of the system and inadequacy in terms of personnel and financial resources, it becomes clear why many policy initiatives cannot be sustained in Thailand.

❖ **No Genuine Effort to Promote the Elderly Welfare**

Critics believe that the corporate income tax exemption scheme will not yield any substantial long-term impact. The results have been more of a one-off CSR scheme. This leads many to conclude that the only real benefit of the initiative is providing tax loopholes for Thailand's biggest corporations.

❖ **A Paradigm Shift**

Elderly employment in Japan is not conceptualized only as an economic activity. It is also seen as a social activity which can keep the elderly persons active, engaged and contributing to the community. The employment helps improve the elderly's self-worth and alleviate social isolation that can give rise to serious social problems. In Thailand's case, the social aspect of elderly employment has not been properly acknowledged. A paradigm shift in this regard is needed for it may help policymakers come up with employment activities that are more attuned to preferences of the elderly persons.

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<sup>18</sup> Act on Proper Technical Intern Training and Protection of Technical Intern Trainees (Ministry of Justice, Japan); Organization for Technical Intern Training, accessible at [https://www.otit.go.jp/about\\_en/](https://www.otit.go.jp/about_en/)

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