

**Country: Japan**

**Title: Challenges of an Aging Japan: Possible Remedies of the Declining Workforce**

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## **ABSTRACT**

The Japanese economy faces serious challenges. Continuous economic decline and aging population are only some of the problems that may affect its future. While these two issues are interconnected, my focus will be on the impact of aging society in Japan on declining the working force and possible ways to remedy this problem. Particular attention will be given to the analyses of the government efforts to remedy this problem through legal reforms.

The Japanese labor market has been adversely affected by a number of demographic, macro-economic, and structural pressures, which were gradually changing traditional Japanese employment practices. These factors have forced many companies to revise their traditional employment practices. Maybe the most serious among these factors are the issues related to the aging society. The population decline will likely create a serious workforce shortage and put pressure on the pension system. According to the UN data, the working age population of Japan is projected to decline continuously from 87.2 million in 1995 to 57.1 million in 2050.

Although it is difficult to change the declining trend of Japan's working population, the labor shortage problem can be remedied by employing workers more efficiently. Possible remedies include creating better opportunities for employment of older employees. Such changes may also require a greater diversification of employment system, since different working profiles need different rules of employment.

The government has been active in trying to remedy the demography related problems. It has undertaken reforms in different areas trying to promote more efficient use of older employees. These reforms will be analyzed in the light of the socio-economic changes and new developments towards a more diversified and flexible labor market.