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## **Employment Policies for Older Individuals in Advanced Countries: Implications for Employment Policies for Older Individuals in South Korea**

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## ABSTRACT

Over the past decade, population ageing has become one of the most challenging issues facing OECD countries. Policymakers are paying increasing attention to the ageing of the workforce. Furthermore, increasing earlier retirement combined with greater longevity will place substantial pressure on public finances regarding older individuals in most OECD countries, especially in terms of the effect these phenomena will have on the workforce. The continuation of these trends has serious implications for the sustainable development of society as a whole. Consequently, employment services for older individuals should focus on keeping them employed with their current work for as long as possible.

When viewed through the experiences of OECD countries, the mutual obligations between governments and older individuals regarding employment matters should be recognized. Employment policies for older people have targeted individuals over the age of 40, since workers in their 40s are now regarded as 'nearly old.' The purpose of public policies for older individuals in many countries is to extend their working lives mainly through public employment services.

As measures can be taken to motivate workers to work longer, this study proposes various public policies in developed countries that provide retirement incentives and stimulate employers to hire older workers. We examine employment policies for older people in various countries, and conclude with a proposal to adopt employment policies in developed countries. This study will prove valuable in highlighting good practices in employment services in other countries, and thus contribute to improving employment services for South Korea's ageing workforce.

### <Key-words>

public policies, older individuals, aging, aging workforce, public supports

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## I . Introduction

Over the past decade, population ageing has become one of the most challenging issues facing OECD countries, and policymakers are paying increasing attention to the ageing of the workforce. Indeed, older individuals are retiring earlier than before, despite sustained increases in longevity. Increasing earlier retirement combined with greater longevity will place substantial pressure on public finances regarding older individuals in most OECD countries, especially in terms of the effect these

phenomena will have on the workforce. The continuation of these trends has serious implications for the sustainable development of society as a whole. When viewed through the experiences of OECD countries, the mutual obligations between governments and older individuals regarding employment matters should be recognized.

Generally, older people experience greater difficulty using employment services compared with young and middle-aged people. Furthermore, it is difficult for older individuals who are laid off to obtain re-employment in most countries. Policies in Germany and France, therefore, help older workers to remain in the work force longer and the governments of those countries encourage older individuals to remain at work longer. Consequently, employment services for older individuals should focus on keeping them employed with their current work for as long as possible. Opportunities should be provided enabling older individuals in the labor market to make job transitions if they want to.

## II. Employment Policies in Advanced Countries

### 1. Employment supports and employment protection

#### 1) Employment Supports

In developed countries, productive aging through a person's working life becomes a key element of public policies addressing the issue of an aging society. In 2008, the employment rate of older workers among OECD countries increased to 55.9%, while the employment rate among older workers in South Korea (hereafter Korea) was higher (61.8%) than in most other OECD countries. The higher employment rate among older people in Korea may be the result of a lack of retirement income security systems as well as the large segment of the population who earn a living from agriculture.

In Japan, the focus of employment policies for older people has shifted from a system of supporting companies to a system of serving older workers themselves. Public policies in Japan are striving to develop suitable employment in the fields of long-term care, child care, or related social services. Consequently, the number of commercial older workers over 65 has increased by 84% between 2005 and 2008 (270,000 in 2005 and 490,000 in 2008). The Law for the Stabilization of Employment of Older Workers in Japan offers a comprehensive framework to encourage better employment opportunities for older workers. Through successive reforms of this law, 99.9% of companies which have over 500

employees have adopted the Employment Continuation Benefit for the Aged (ECB) as a kind of wage subsidy to employers. In theory, this allows employers to reduce the wage level of their older workers by up to the maximum amount of the benefit without lowering the overall income they derive from their work.

The labor participation rate among people aged between 55 and 64 in Germany has reached 53.8%, resulting in an increased mandatory retirement age of 67. The effect of this is to restrict the early earning of retirement income. In the United States(hereafter USA), the labor force aged between 16 and 24 is expected to decline by 6.9%, but older workers aged between 65 and 73 are projected to increase by 83.4% by 2016 (Kim, 2009). As a result, encouraging older people to remain in the workforce longer is an important key to boosting economic growth and reducing the burden of future public expenditures on social security and Medicare.

Generally, older people have relatively few opportunities to re-enter the workforce. To support older people to remain in the workforce longer, particular employment programs tailoring the needs and skills of older workers to fit the workplace need to be developed in advanced countries. Britain's New Deal 50 Plus, which is delivered by the Employment Service and Benefits Agency, aims to help people aged 50 and over who are looking for or considering returning to work and receive public income supports, which are part of the government's welfare-to-work program. In the USA, the Senior Community Service Employment Program (SCSEP) operated by the Department of Labor, has been developed for low-income persons aged 55 and older. SCSEP has characteristics similar to the Public Employment Service (PES) in Korea. Low-income participants in these programs are typically placed in subsidized minimum-wage community service jobs. As community service and work-based training programs, SCSEP and PES engage workers for an average of 20 hours per week, provide on-the-job training, and show them how to use newly acquired skills. The intention of these programs is to ensure that older workers will increase economic self-reliance by supporting their employment in jobs that are not subsidized by federal or private funds (Yeoun, 2010).

## 2) Employment Protection Rules

Faced with low employment rates for older workers, most OECD countries have experimented with employment protection for older workers by imposing taxes on firms for firing such workers and offering subsidies for hiring them (OECD, 2006). Additional fiscal penalties for firms who lay off older people in

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countries such as Belgium, Finland, France, Japan, Korea, and Norway include the imposition of longer notice periods or higher severance pay. Employment protection policies may decrease the likelihood of hiring older workers due to the extra costs that will be incurred in the form of higher taxes and subsidies on hiring. However, special employment protection policies are still necessary for older people since employers are reluctant to retain older workers beyond a certain age, often as low as 55, and older people are finding it difficult to get a new job in the labor market. In spite of some employers' reluctance to retain older workers, protection policies could make it costly for employers to dismiss them because of the longer period of notice required or a mandatory, enlarged retirement benefit for older workers who are laid off. As a result, older individuals are able to stay in their jobs. Simultaneously, however, restrictive employment protection legislation may create disincentives for the employment of old workers, and the number of employees could decrease because of the increased cost of hiring older workers. Such provisions may lead both to greater retention of old workers and to a reduction in hiring them. In theory, it is difficult to predict the impact employment protection rules will have on labor market consequences for older workers (Vodopivec & Dolenc, 2008).

To promote the employment of older workers, the French Government created 'Contrat première embauche' (CPE – the First Employment Contract or Beginning Workers Contract). It aims to encourage the creation of new jobs for older workers. Under this contract, employers can dismiss workers under the age of 26 during the first two years of a contract without justification. This system, whereby the French Government contracted private companies to hire senior citizens, aged 50 and older, was created in 1995. Companies that hire older, unemployed individuals receive a social security subsidy from the government. France has additional contracts to support older people. First there is the 'Contrat Emploi Solidarite (CES: the Employment-Solidarity Contract),' which was created in 1989 to help unemployed minorities, such as those over 50; the disabled; single parents; as well as people who have great difficulty finding a job (OECD, 2005). The second contract is 'Contract Emploi Consolide (CEC: the Consolidated Employment Contract),' which was created in 1992 to help people who have no job or training prospects at the end of their contracts to get back to work on a CES contract. However, the effects of these contracts that protect jobs for older people have not yet been accurately assessed (OECD, 2005).

If employers' expenses are a crucial obstacle to hiring older workers, reforming the method of determining wages or offering wage subsidies can be ways of

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removing the barriers for older workers to be employed. Many countries chose to provide wage subsidies instead of altering the means of wage determination. Some countries introduced a special wage system that offers more generous eligibility only for older individuals among various social groups. Others, which have high non-wage costs such as social security premiums, take the step for employers to deduct their contribution to social security. However, it is hard to find reports of successful wage subsidies attempted by OECD countries. Various studies have found that wage subsidies have opposite effects, including the substitution effect, stigma, and negative attitudes (Yeoun, 2010).

## 2. Job Training

The nature of work in our society has changed from manufacturing-based jobs to service- and knowledge-based employment. As a result, most jobs no longer involve heavy physical demands and are therefore suitable for older workers. In other words, employees also need to acquire new skills or upgrade their skills to easily adopt the labor market environment. Workers of all ages require participation in vocational training and lifelong learning activities. If older workers anticipate their working lives to be longer, they will be more motivated to take vocational training. Adult education especially, is able to enhance the employability of older individuals since older people generally have less training opportunities. Having training opportunities may become a prerequisite to increase the employability of older people.

In most of the advanced countries, the number of training cases is decreasing across all ages, and cases of training older individuals are very limited. Unemployed older participants in employment service programs do not show much interest in training. The British Government covers training expenses for participants involved in New Deal 50 Plus, but few participants are interested in training (Yeoun, 2010). The reasons for this situation could be a lack of coordination in training curriculums between younger trainees and older trainees. This could be a fundamental barrier due to the differences between younger people and older people in the process of training provided by the government. The duration and contents of the training process can be disadvantages for older workers. Training for older people should be processed with time to spare, be exceedingly relevant to the work environment, and emphasize a self-directed learning process rather than formal classroom training (OECD, 2005).

## 3. Age Discrimination and Public Relations

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Employers may play a key role in shaping the employment prospects of older workers. Three factors that interfere with the continued employment of older workers are: (1) a negative attitude about aging (age discrimination); (2) increased costs of employing older workers due to increased overall compensation costs or the seniority-wage system; and (3) strict employee protection rules. Most employers have stereotypical attitudes toward older people aging. These stereotypes against aging can be called Ageism. It occurs “where an opportunity is denied to a person solely because of his or her chronological age and age is irrelevant to the person’s ability to take advantage of that opportunity” (Human Rights and Equal Opportunity Commission, 2000, p. 11). Ageism is not a universal, cross-cultural phenomenon, regardless of the degree of hiring older workers. Accordingly, age discrimination in the workplace by employers is an important obstacle inherent in the labor market.

Another issue employers may encounter includes the increased costs of hiring older workers due to increased overall health, life insurance, and pension costs. As a result, employers have a tendency to hire younger workers. Additionally, since the key to progress lies clearly with employers, conducting information campaigns as well as promoting guidelines about the employment of old workers for employers are also expanded in various countries.

### **1) Age Discrimination**

The majority of developed countries have laws against workplace discrimination regarding ethnicity, religion, gender, and disability. However, only a few countries have laws prohibiting age discrimination. The Age Discrimination and Employment Act (ADEA) in the USA is the oldest legislation within OECD countries and is implemented at state level. This Act, adopted in 1967, was intended to protect older workers against discrimination in hiring and layoffs in the USA. Amendments in 1978 and 1986 finally banned the practice of mandatory retirement (Taqi, 2002).

To date, most countries do not provide legal protection against age discrimination. For example, specifying age in job advertisements is illegal in the USA, but it is true that a lot of countries allow filling out the date of birth (DOB) in job application forms. Many people think age restrictions are applied only for physically demanding jobs. Nevertheless, only very few exceptions are admitted in a number of jobs in which age is a reasonable qualification, such as police, airline pilots, and fire-fighters. In these cases, ADEA merely allows states to set mandatory retirement ages. Many people believe mandatory retirement can be a tool for creating employment opportunities for new arrivals on the labor



market, opening up promotion potentials and allowing enterprises or organizations to rejuvenate (Taqui, 2002). Many countries where salary scales are based essentially on seniority maintain mandatory retirement due to the higher cost of older workers. By now, all employers should have reviewed any potential age-discriminatory elements and an appropriate action plan. Germany, Portugal, and the United Kingdom (hereafter UK) have adopted a default retirement age of 65.

Empirical studies state that ADEA in the USA or other legislations related to age discrimination in other countries are more likely to offer some degree of protection in delaying retirement, but they may not provide a positive impact in creating new positions for older workers (OECD, 2006; Williamson & Higo 2007). Due to seniority bonuses, most employers in Japan and Korea encourage early retirement by providing monetary compensation. As a result, age discrimination legislation is able to decrease the rate of lay off of older workers by increasing termination costs, but these results in older workers experiencing difficulty in getting new jobs.

Whether official retirement is allowed or not could be an important issue related to age discrimination legislation. Sometimes, the issue of official retirement age generates controversial outcomes. For example, some countries, including the USA which has age discrimination legislation, do not offer older workers the option of early retirement when older workers have a collective agreement or justification for early retirement. In other countries that don't legislate against age discrimination, employers still support the retirement age and unions since they are afraid of delaying retirement income if they prohibit retirement age. As a result, legislation alone is insufficient to change the labor market (Yeoun, 2010). Age discrimination legislation again primarily targets employers' attitude towards older workers.

## **2) Dissemination of Information Campaigns and Public Relations**

It is vital not only to legally prevent age discrimination, but also to understand the characteristics of older workers and promote guidelines for employers about hiring older workers (Vodopivec & Dolenc, 2008). Public campaigns in Finland and the UK to promote age diversity may have contributed to a greater awareness among workers in these countries about age discrimination in the workplace. Especially, when NGOs participate those campaigns are more significant. With this approach, it is vital to create an age-friendly working environment for older people by enhancing the phase of

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older workers, providing education programs to address age discrimination, establishing advisory groups, providing information about the labor market or current job trends, supplying vocational training or life-long education, and improving accessibility to the labor market.

A number of countries, such as Australia, Finland, Netherlands, Norway, and the UK have conducted large-scale government-sponsored information campaigns aimed at conquering employer unwillingness to employ and retain older workers (ILO, 2011). Employer age discrimination regarding adoptable workplace skills and productivity is one of the factors that inhibit new employment and employment retention. To improve employers' negative perceptions, campaigns and public relations have played a major role in overcoming age stereotypes in Finland and the UK. Government campaigns to raise awareness can help combat negative attitudes and misconceptions about older workers (Yeoun, 2010). Such campaigns may include guidelines for employers to expand awareness of issues related to ageing and work. For instance, the UK Age Positive campaign initiated in 1999 would be a good example. This campaign raises awareness of the benefits of an age-diverse workforce through a practical guide for business in the areas of recruitment, selection of candidates, promotion, training and development, layoffs, and retirement, with detailed explanations of the guidelines and indicators for assessing conformity with them (UK 2007). Finland also executed a national plan for older workers between 1999 and 2002 and adopted the slogan, "the experience of older people is a national asset" (Yeoun, 2010). Ageing has been incorporated in all Finland's workplace development programs in some way.

#### **4. Pension Reform and Employment Policies**

Whereas old-age pensions and other welfare schemes often promote financial disincentives for older individuals to remain in or return to work, these systems also provide a number of advantages to maintain or return to work as well. For example, as the amount of state pension funds increases, the attractiveness of retirement for older workers increases; this is called the 'income effect.' Older individuals, however, expect a 'substitution effect' that lets them calculate how long they have to work to optimize their pensions or other benefits (OECD, 2005).

There are three ways to provide incentives for working longer. The first is to shrink the system of pensions by increasing the age of eligibility. With this scheme, it is possible to save costs associated with pensions or social security benefits by strictly regulating age eligibility. The second way favors a gradual adjustment of the

retirement age of the police of older workers. This means compensations and benefits for older people would differ according to the timing of their retirement. More stringent measures would be applied to reduce excessive bonuses associated with early retirement and delayed retirement. The last scheme is that the government decides on raising the minimum age for diverse retirement benefits such as social security benefits, public or private pensions, or welfare benefits. With this scheme, the government is likely to reduce the burden of pensions as well as to remove early retirement incentives. During the past few years, many countries have decided to increase age eligibility in their basic public pension systems. Various changes to pension systems, including increasing the age for retirement eligibility have been performed or discussed as a strategy for old people to stay longer in the workforce. Early retirement makes it more difficult in these situations.

### **1) Changed Retirement Age and Employment Issues**

Countries are promoting efforts to diminish public pension expenditures. When pension spending has to increase to accommodate an increased number of elderly people, public pension expenditures will impose a huge burden on public pension systems (Kim, 2009). Thus, during the past two decades, OECD countries have reformed their pension systems. These reforms have aimed at improving the financial situation regarding public pension systems and to change work incentives at the same time. The general modifications affect work incentives as well as directly block the pathway to early retirement. The general scheme, which reduces the expectation of pensions through income effect, will affect early retirement incentives. Changes in pension eligibility and retirement age eligibility have been implemented in numerous OECD countries.

In the USA, a phased retirement program which enables older workers to participate in the workplace rather than retire has been in operation, as this program lets old people gradually reduce the number of hours they work or changes their job roles or responsibilities. With this, the process of retiring often occurs gradually over several years. For example, 37% of men and 32% of women aged 55 to 64 who received an income from a pension in 2008 were employed in 2009 (Purcell, 2009). In the European Union (EU), a phased retirement program has been stimulated by supplementing reduced wages from the public sector instead of reducing the number of hours older workers work. On February 17, 2011, the UK government published the draft Employment Equality Regulations 2011 which aim to prohibit employers unreasonably discriminating against employees on grounds of age. The regulations also have the effect of abolishing

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the default retirement age set at 65 in the UK. Programs that utilize a network with local universities, companies, unions, and labor agencies in Germany have succeeded in supporting the employment of older workers (Kim, 2009). The Japanese Government has been revising the Elderly Employment Stabilization Law in order to increase the mandatory retirement age to 65 and they have adjusted eligibility of the pension age to 65 by FY 2013. Compared with OECD countries, 29.4% of males and 12.7% of females are employed among older Japanese. A study reported that the working motivation of older Japanese people is very high (Ministry of Health, Labor, & Welfare, 2008).

The extent to which arrangements permit part-time work during a period in between a full-time career job and full retirement would affect older workers' decision to continue working. Buddelmeyer, Mourre, & Ward (2005) also supported that increasing the flexibility of labor markets by stimulating part-time employment prolonged old workers' work time. However, pension systems often restrict opportunities to work part-time at the end of a career. Thus, a basic objective in all countries is to avoid conditions that discourage part-time work. For example, the UK is taking steps to remove the restriction on the right of private pension schemes to pay benefits to people still in their jobs (OECD, 2005). To execute gradual and flexible retirement for older workers, Germany introduced a part-time system in 1996. Finland has gone further in recent years by giving active subsidies to encourage older people to work part-time (OECD, 2005). However, whether these initiatives will have an impact on aggregate labor supply is still not clear.

Some countries have recently introduced measures to increase penalties for early retirement and also to enhance delayed retirement compensations. For example, the UK has improved the level of compensations for working between the ages 65 and 70, and at the same time has offered an option to receive a lump-sum payment rather than pension benefits. Finland offers high earnings on pensions of older workers who remain employed. Finland has also announced an invigorated phased retirement plan in which older workers reaching retirement age are able to receive proportionate pension benefits when they reduce working hours.

## 2) Pension Reform and Adjusting Retirement

Pension reforms have an effect on the timing of decisions regarding retirement by shifting the motivation to work longer. It would be helpful for older workers to increase their participation in the workforce (1) by reducing the old age pension

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replacement rate, which is a measure of how effectively a pension system provides income during retirement, to replace earnings which were the main source of income prior to retirement, (2) by lengthening retirement, (3) by increasing pension benefits through delaying the timing of retirement, (4) by providing flexibility to combine work and pension benefits simultaneously. In 2007, the German legislature passed the Statutory Pension Insurance Age Limit Adaptation Act (SPIALA) which aims to gradually increase the state pension age from 65 to 67 years in the future. Starting in 2012, older workers will need to work until age 67 to be entitled to their full normal state pension benefits under the new rules (Yeoun, 2010). The USA is to strengthen work incentives for older workers to work longer and to increase the earliest age of eligibility for a full social security pension from 65 to 67 (Yeoun, 2010).

Pensions cannot be successfully reformed unless there are incentives, tax benefits, and welfare systems regarding early retirement. Long-term care benefits, disability benefits, or unemployment benefits and tax structures that may affect comparative compensation schemes in work and retirement all may induce early retirement. To reduce early retirement incentives, it would be essential to consider the relationship between various welfare benefits and pension benefits. However, existing policies in force in OECD countries concerning the relationship between various welfare benefits and pension systems are still temporary and limited.

## **5. Employment Policies for Older Individuals in Advanced Countries**

Recent policies for older individuals in most OECD countries emphasize active living and continuing employment of older workers. Active-aging policies and measures would be possible to implement if old people are able to work as they want by upgrading them with life-long education. Furthermore, this could be achieved through participation in economic activities even after retirement, reconsideration of personal abilities, and the continued maintenance of a healthy lifestyle. One of the major policy directions is responding appropriately to issues concerning labor shortages and aging. Policies that maintain employability and increase active employment for old people have been prominently considered by policymakers in most countries (Jeon, Jang, Hwang, Uh, & Lee. et al., 2005).

### **1) Employment Policies in France**

In France, older individuals are principally classified among the vulnerable employment groups, which also include youth, women, and individuals with

disabilities. Policies relating to older individuals comprise (1) an employment process that includes recruitment, employment, and retirement; (2) a system of early retirement; (3) an unemployment insurance system; and (4) a retirement system. An age discrimination act has been implemented in the process of recruitment and employment promotion contracts. For example, the First Employment Contract or Beginning Workers Contract (CPE) targets private sector employers. Under this contract, employers can receive government subsidies, social insurance expenditures, and subsidized training costs. Furthermore, workers' guardianship systems may apply when employing senior citizens, aged 50 and older through contractual obligations between private companies and the French Government. To promote older workers in public sectors, the 'Contrat Emploi Solidarite (CES: the Employment-solidarity Contract)' was created in 1989 to help unemployed minorities such as those aged over 50, the disabled, single parents, as well as people who have great difficulty finding a job (OECD, 2005). The 'Contract Emploi Consolide (CEC: the Consolidated Employment Contract)' was created in 1992 to help people on CES contracts who have no job or training prospects at the end of their contract to get back to work (OECD, 2005). These systems were designed by local governments, nonprofit corporations, labor councils, and unions and designed for people who have difficulty supporting the objective of returning to the workforce. The agencies hiring the beneficiaries receive compensations and social security expenses as well as subsidies for vocational training. In addition, a number of individuals who are over 50 and disabled are considered as 1.5 people if companies hire them. When those companies offer 35 hours a week to older individuals with disabilities, they will get more benefits from the government. To control the layoff of older workers, the French Government utilizes regulations and institutional incentives simultaneously. When companies lay off their workers because of deteriorating business conditions or for economic reasons, more stringent regulations are applied for older workers.

## 2) Employment Policies in England

The UK has emphasized market principles such as voluntarily changes in market participation in issues relating to the promotion of older workers. To do this, the UK has applied various public campaigns to change employers' perceptions about aging and older workers. Britain's policies have focused on shifting employers' perceptions that determine the employment patterns of older workers. As a part of active labor market policy, Britain's New Deal 50 Plus aims

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to help people aged 50 and over who are looking for or considering returning to work. This help includes active support from public funds to promote employment for older workers through adult learning, continuing education, vocational education training, and job placement services. Within the program of New Deal 50 Plus, older individuals are able to have a personal advisor, who helps them at every stage of a new deal by continuously offering a variety of supports such as providing career planning, job search information, a selective training process, information about resumes and application forms, and education to improve confidence. Efforts to expand the employment infrastructure such as facilities, programs, and the expansion of personnel are vital to promote employment for older workers. From 2003, those moving into employment have been able to apply for a return-to-work credit paid under Working Tax Credit. Once an older individual finds a job, he or she may get financial incentives such as Working Tax Credit and an In-work Training Grant. Those who have a full-time job may get £60.00 a week for six months as Working Tax Credit and up to £40.00 a week for a part-time post (24-29 hours). A Training Grant of up to £1,500 may also be available for work-related training courses until an older individual starts to work. For employers, this program attracts subsidies of £75 pounds for 30 hours or more and £50 pounds for 16 to 29 hours (Jeon, et al., 2005). The UK Government also published the draft Employment Equality Regulations 2011 which aim to prohibit employers unreasonably discriminating against employees on the grounds of age. However, this has not had much of an impact on age discrimination in the workplace.

### 3) Employment Policies in Japan

Japanese employment policies for older individuals are characterized into three: (1) raising the minimum legal mandatory retirement age to 65 and introducing a system of continued employment up to 65 years old by revising the Elderly Employment Stabilization Law; (2) promoting re-employment supports; and (3) securing various job opportunities by aligning with motivation of employment and diversification of stamina. In particular, the Law for the Stabilization of Employment of Older Workers provides a comprehensive framework to promote better employment opportunities for older workers. The continued employment system is to continuously be employed after the mandatory retirement age of affected employees when he/she desires to continue working. To increase the ratio of the continued employment system, public employment security agencies assist older job seekers to find employment

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opportunities by advising and consulting with them, as well as through cooperation with regional economic organizations. For example, the Jump 65 Promotion Project, which is implemented by the Older Persons' Employment Security Center, is to promote a comprehensive employment environment by offering consultations and the assistance of advisors on elderly employment. Another measure to support coordination between older individuals and employers aims to help improve the employment environment for the elderly through incentive grants. Secure employment opportunities are established through cooperation with local economic organizations to pay particular attention to local-specific industrial characteristics.

Secondly, the policy of promoting re-employment of the elderly incorporates instructions and assistance to employers who help re-employ retired persons. To provide incentives for employers to rehire retired persons and older workers forced to retire, Japan is to promote the dissemination and use of re-employment assistance planning systems that offer guidance and assistance to business owners who provide re-employment assistance for older workers. This is also possible through Jump 65, which supports employment-seeking activities by assisting employers who re-employ the elderly. Grants will also be provided to employers to help develop skills and labor mobility for middle-aged or older workers. In addition, concerted and insightful efforts have been made to mitigate age restrictions in the process of hiring. Japan's aim in facilitating work opportunities regardless of age is ultimately to establish a foundation to promote business.

To facilitate the variety of employment and social participation for older individuals, the portfolio of Silver Human Resource Centers has been enhanced to provide employment opportunities and now incorporates a Senior Work Program, which subsidizes skills training and group interviews at the Federation of Silver Human Resource Centers, with the cooperation of business owners' associations. Any worker aged 60 and over who desires employment may become a member of a Silver Human Resource Center. Members agree to temporary or short-term work and other light jobs that are closely connected with community life. Those jobs offered by private citizens, businesses, and government agencies, and for which they are paid a set wage. Within this program are a variety of job-producing projects, including dispatches, volunteers, and One-Stop Carrier centers corresponding to the needs of older participants in society. Along with this, Japan encourages older workers to put their abundant work experience to use by opening their own businesses. For instance, Japan

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provides financial support to groups of people aged 60 and over who cooperate in creating self-employment opportunities, to help defray expenses incurred in acquiring the skills necessary to find or create jobs. Japan's initiatives related to employment opportunities for older individuals, such as the Silver Human Resource Centers, Senior Citizen Groups, and the Association of Employment Development for Senior Citizens, are dynamically operated even though they are government-subsidized private businesses, private enterprises, cooperatives, and NGOs.

#### 4) Employment Policies in the USA

In the USA, the Older Americans Act (OAA) is the major federal discretionary funding source for home and community-based services for older adults. One-Stop Centers, required under the federal Workforce Investment Act, are another source. The One-Stop Career Centers are installed and operated through the Act. The workforce investment system serves a large number of older workers by ensuring a wide spectrum of One-Stop Career Center services. These services are provided through community-based partnerships with business and industry. They ensure personal choice of training programs and successful placement of older workers in jobs in response to business demands (Kim, et al., 2010).

In the case of public sector employment for older workers, key drivers for policy development have been recognition of age as an equality issue by improving laws and regulations in the USA. SCSEP has provided the work experience and training necessary to bring back into the workforce a segment of the population that has been largely discounted. Participants work an average of 20 hours a week, and are paid the highest of federal, state, or local minimum wage in the place in a wide variety of community service activities at non-profit and public facilities such as day-care centers, senior centers, schools, and hospitals. One-Stop Career Centers have an important role to play in linking older workers with employers through employment and training services. There were approximately - throughout the American Association of Retired Persons (AARP), a United States-based non-governmental organization and interest group for people age 50 and over. The AARP provides information about jobs, while National Career Centers for Senior Citizens support recruitment, payroll processing, and personnel management. Those centers have achieved good results with teams of experienced workers.

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### III. Concluding Statements on Policy Implementation in South Korea

The main characteristics and challenges related to employment policies for older individuals in developed countries are summarized into three categories. First, the issue of the employment of older workers has featured prominently in European policy documents for over a decade. Studies of European labor market policies, including policies for older individuals and disadvantaged groups, reported positive policy outcomes. However, it is difficult to expect a successful outcome from those policies in new cases of hiring, wage subsidy programs, and vocational trainings. In other words, workers over the age of 50 in most OECD countries are less likely to be tapped for formal training to upgrade their job skills. For example, the British Government provides training expenses for participants who are involved in New Deal 50 Plus, but the number of those interested in training is small (Yeoun, 2010). Therefore, programs are needed to extend the working lives of older people.

Secondly, empirical studies state that ADEA in the USA or other legislation related to age discrimination in other countries are more likely to offer some degree of protection in delaying retirement, but they may not provide a positive impact in creating new positions for older workers (OECD, 2006; Williamson & Higo 2007). As a result, age discrimination legislation is able to decrease the lay-off rate of older workers by increasing termination costs, but this has made it difficult to find new recruits for employment among older workers. Age discrimination legislation is targeted primarily at employers' attitude toward older workers. Legislation alone is insufficient to change the labor market (Yeoun, 2010). Therefore, a number of countries, such as Australia, Finland, Netherlands, Norway, and the UK have conducted large-scale government-sponsored information campaigns aimed at conquering employer unwillingness to employ and retain older workers (ILO, 2011). Age discrimination caused by employers regarding workplace adoptable skills and productivity is one of the factors that inhibit new employment and employment retention. To maintain employment for older people, campaigns and public relations programs must be implemented to overcome age stereotypes.

Lastly, various countries have decided to raise the minimum age for diverse retirement benefits such as social security benefits, public or private pensions, or welfare benefits. Over the past two decades, OECD countries have considerably reformed their pension systems to improve work incentives affecting the closure of pathways to early retirement or restriction of access to them. Various changes to pension systems, including increasing the age of eligibility for a pension have been implemented or discussed as strategies for keeping old people in the workforce longer.

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Pension reforms would not be possible without incentives, tax benefits, and welfare systems regarding early retirement. To reduce early retirement incentives, it would be essential to consider the relationship between various welfare benefits and pension benefits. Early retirement makes it more difficult in these situations. However, solving the twin-faceted nature of the problem of the aging workforce - employment and retirement - requires increased flexibility in the labor markets by stimulating part-time employment or by using a phased retirement system to prolong the working life of the elderly. The extent to which arrangements permit part-time work during the period between a full-time career job and full retirement would influence the decision of older workers to stay working.

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