

Effectiveness of the Revision of Labor Protection Law for Elderly Workers in Japan¹

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Abstract

This paper examines the effectiveness of the enforcement of the “Act on Stabilization of Employment of Elderly Persons” in 2006 in Japan. The law obligates companies to introduce an employment system to secure elderly employment until the age of 65, with some exceptions. Therefore, the labor participation rate and wages of males aged 60–63 after the enforcement of the law are analyzed, using the control group as males aged less than 60 or self-employed. The results indicate that the labor participation rate of males aged 60 or more after the enforcement of the law is significantly lower than that of: (1) males aged less than 60, and (2) self-employed males in 2005, indicating that the law was not sufficiently effective in promoting the employment of elderly males. In addition, the results show that the wages of workers aged 60 or more are not significantly different from those of the self-employed males, indicating that the expected wage decline due to the enforcement of the law is not confirmed.

Keywords: Elderly employment, Retirement, Policy evaluation, Panel data

JEL Classification: J08, J14, J26

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