

MULTIPLYING INVESTMENT & RETIREMENT KNOWLEDGE

PROJECT M

DEMOGRAPHICS

Where age is a resource, not a handicap

A Japanese company renowned for innovation is proving that older workers are an asset, not a liability.



Mature-age workers are often seen as “dinosaurs” in the office or on the factory floor. Such workers feel they are not valued for their experience and commitment by workmates and employers, and often feel pushed into retirement (see *Stereotype Threat and Mature Age Workers*, National Seniors Australia, 2011).

Yet, with countries raising the retirement age, mature-age employees must be encouraged to remain within and feel secure in employment, if for no other reason than to help ensure the stability of the pension system. However, most societies are only beginning to grapple with the type of structures – from working environments to legal frameworks – that may be needed to support and protect such workers.

Japan is the world’s oldest country. Some 31% of its population is already aged 60 or over, with this projected to rise to 42% by 2050 (UN, 2011). During this period the workforce may shrink by more than 30%, from a high of 67.93 million. Already facing this dilemma, one might imagine Japan could provide blueprints for other societies on how mature-age workers can be best retained and used – but you would be wrong. Concerned about the shrinking labor pool, the government initiated reforms which included encouraging more women to work and raising the retirement age to 65. Most companies, however, still have mandatory retirement at 60.

Japan also has seniority-based employment, where salaries rise as workers age, meaning it is more cost-effective for companies to let workers go at 60 and replace them with younger ones. If, as required by law, they offer continued employment, wages are often slashed by up to 40% (JILPT Research Report, No. 120). Then, employees are let go at 65, although there are exceptions.

UNLESS YOU ARE IN the chicken-deboning industry, or searching for a device to find hairs in food, you’ve probably never heard of [Mayekawa](#). The family-owned company, formed in 1924, employs 3,300 people worldwide, and with 50% of the global market it is also a leading supplier

of industrial refrigeration equipment.

The firm also has a reputation for creating innovative niches in other markets. When a customer asked Mayekawa to help automate the deboning of chickens, then done manually by hundreds of workers, the company spent 10 years developing a robot that pulls meat off bones. The result captured an entirely new market. Through such leaps Mayekawa has become a strong world-wide business-to-business brand in fields as diverse as biotechnology, electrical engineering and thermal technologies.

Young and old, the employees of Mayekawa gather for their morning exercises.
© Geoff Johnson

Uniquely within Japanese businesses, Mayekawa has a policy called *teinen zero* (zero retirement). At the company, people are free to work as long as they want to. If a person turns 60, is eager to continue and colleagues agree, then employment is guaranteed with no age limit.

“There are currently 250 employees, or 11% of the total workforce, over 60 years old. The oldest office worker is 80 years old and the oldest engineer 78, which I think is quite remarkable,” comments Florian Kohlbacher, head of the Business & Economics section of the [German Institute for Japanese Studies \(DIJ\)](#) in Tokyo, who has studied the company.

AT MAYEKAWA, age is not a handicap. The company distinguishes between two generations of employees. “Explorers” are the young entering the company in their early 20s, who spend the next 30 years learning about Mayekawa, its philosophy, clients and – importantly, stresses Masao Maekawa, the 80-year-old CEO – about society.

The “thinkers” are the generation of people in their 50s and older. It is at this point that people can reflect upon and refine what they have learned and create something completely unique. This is important, Maekawa explains, because, “While in the past it may have taken 10 years to become an expert, the world is more complicated in the era of knowledge-creating businesses. Today, as an explorer in your 20s, 30s and 40s, you are developing expertise, but it can take up to 30 years to really become an expert. It is then that you can leverage your knowledge to help the company remain competitive.”

Mayekawa has an unusual structure of “independent” corporations, each of which is defined by a core product, technology and market type. There are now more than 80 units in the company with an average of 25 employees. Each unit is expected to be self-supporting, and the autonomy should make the units more responsive to clients’ needs.



30-year-old Ken Kanno, team leader (left), and Tadashi Oka (70), "thinker" and manufacturing engineer
© Geoff Johnson

"YOUNG EMPLOYEES at Mayekawa are often asked where they want to be 30 years from now. It is a long-term perspective. And it isn't over at 60 years of age, or even 70 or 80," explains Kohlbacher. "You are still being asked then what you want to do in 10 or 20 years' time." How the system works in practice is that employees over 60 usually give up certain responsibilities and have a reduction in wages. However, this provides them with the opportunity to brush up on skills, guide younger employees on projects, and help them to develop new ideas or enter new fields.

According to mature-age employees at Mayekawa, social security benefits and bonus payments usually make up the shortfall in wages. The continued employment offers them economic security and a "continuing purpose" for living.

Mr. Maekawa explains that it is outdated to view a life as divided into different phases such as childhood, youth, middle age and old age, with 60 set as our use-by date. "There will soon be the era when people share the richness of life by being more conscious about the overall and temporal viewpoint of 'lifetime.'"

One example is provided by an engineer who worked until he was 95 (he died in 2011 aged 99). At Mayekawa, it takes 10 years to become a qualified engineer in one of its business fields. Wahei Inoue started with electrical engineering, then went into mechanical engineering, and then added control systems and thermal dynamics. During this 30-year period, Maekawa explains, the engineer developed his own unique world, which was then put to the benefit of the company. "This is only achievable as people grow older," he says.

COULD MAYEKAWA'S multi-generation approach provide a role model for other companies? Florian Kohlbacher believes so, but cautions that it could be difficult to implement outside Japan. The approach to mature-age employees is actually only a small part of an overall management philosophy known as "basho management," a concept based on Kitaro Nishida's (1879-1945) basho philosophy.

A complex existentialist approach, some aspects of the philosophy have been implemented at companies such as Sharp and Toshiba ([Nonaka, Konno, 1998](#)). Basho can be thought of as shared space that can be physical, virtual or mental, or any combination of the three. Advocates say it provides a platform for dynamically advancing individual and collective knowledge.

At Mayekawa, basho is implemented as a holistic approach to ensure the company continues to innovate well into the future. The age policy, says Maekawa, who is more skeptical of its effective implementation outside Japan, is only one aspect of the global management philosophy. "Age policies are about human resource processes. If you change the age management, you may improve certain aspects over the longer term, but this will never result in a superior company unless basho is taken as an entire management concept."

Published by PROJECT M in August 2012 in
[LEADING THOUGHTS](#), Cover image by Geoff Johnson

Disclaimer

These assessments are, as always, subject to the disclaimer provided below.
Cautionary Note Regarding Forward-Looking Statements

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz Group's core business and core markets, (ii) performance of financial markets, including emerging markets, and including market volatility, liquidity and credit events (iii) the frequency and severity of insured loss events, including from natural catastrophes and including the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency

No duty to update

The company assumes no obligation to update any information contained herein.

©2012 ALLIANZ ASSET MANAGEMENT, ALL RIGHTS RESERVED | TERMS OF USE PROJECT M ONLINE | PROJECT M PRIVACY POLICY
| CONTACT | LEGAL NOTICE

