

## Later-Life Re-employment Pathways: A Life-Course Narrative Review of Taiwan and Japan

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### Abstract

This study conducts a narrative review grounded in a life-course perspective to examine how Taiwan and Japan structure divergent policy pathways for older adults' re-employment. Drawing on legislative documents, government reports, and academic literature, the review analyzes how institutional arrangements shape late-career transitions across the life span. Japan's mandate-driven system produces a highly standardized pathway. The legally required extension of employment to age 70 establishes a universal transition at age 60, yet it often results in a noticeable “salary cliff” and occupational downgrading. These mechanisms reorganize late-life work trajectories in ways that limit individual agency. In contrast, Taiwan's incentive-based model generates a fragmented and stratified pathway. Re-employment opportunities largely depend on individual's accumulated human and economic capital, allowing high-skilled older workers to continue with greater flexibility, while low-skilled workers face more precarious exits. This pattern reinforces cumulative disadvantages over the life course. Overall, despite their contrasting institutional logics—state-directed in Japan and market-oriented in Taiwan—both models reflect a tension between regulation and limited support. A life-course perspective highlights how current policies do not fully enable self-determined and dignified late-life work trajectories. Future policy development should move beyond narrow labor-utilitarian objectives to promote meaningful and equitable pathways for older adults.

*Keywords:* social investment, life-course perspective, older adult re-employment, policy comparison

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## Introduction

Population aging presents profound challenges to labor supply, pension sustainability, and social welfare systems in East Asia. Japan has entered the “super-aged” stage with over 29% of its population aged 65 and above, while Taiwan is projected to reach this threshold by 2025 (Ministry of Health and Welfare, Taiwan, 2022; Shen, 2024). These demographic shifts have prompted both countries to seek policy responses to address labor shortages and pension financial pressures.

In response, both countries have shifted from viewing older adults as welfare dependents to recognizing them as valuable human resources. This shift aligns with the rise of the social investment paradigm, which advocates for social policies that move from post-hoc compensation to proactive capability building, aiming to enhance citizens' employability and economic self-sufficiency (Hemerijck, 2011; Wu, 2020). Applying social investment logic to aging societies has generated policies centered on “productive aging” aimed at extending working lives and activating older human resources (Tung, 2024).

Despite facing similar demographic pressures, Taiwan and Japan have developed markedly different institutional logics for promoting older adult re-employment. Japan has established a mandate-driven system centered on the Act on Stabilization of Employment of Elderly Persons, legally requiring firms to secure employment for employees up to age 70. Taiwan, by contrast, has adopted an incentive-based model under the Middle-Aged and Older Persons Employment Promotion Act, using subsidies and job redesign grants to encourage voluntary firm participation (Ho & Wang, 2024; Ma & Yu, 2024).

Existing research has largely evaluated these policies through the lens of labor participation rates or economic efficiency. However, this paper argues that such assessments are insufficient. Drawing on Kvist's (2016) life-course framework, this study contends that an individual's capacity for dignified re-employment in later life is shaped by their educational, occupational, and family trajectories. Policies that ignore this continuity may inadvertently reinforce existing inequalities (Anxo et al., 2010).

Therefore, this narrative review addresses three research questions: (1) How do social investment principles shape the policy goals and instruments in Taiwan and Japan? (2) What are the distributive consequences of these “mandate-driven” and “incentive-based” models? (3) How can a life-course perspective inform future policy design?

### **Theoretical Framework: Social Investment and Life-Course Perspectives**

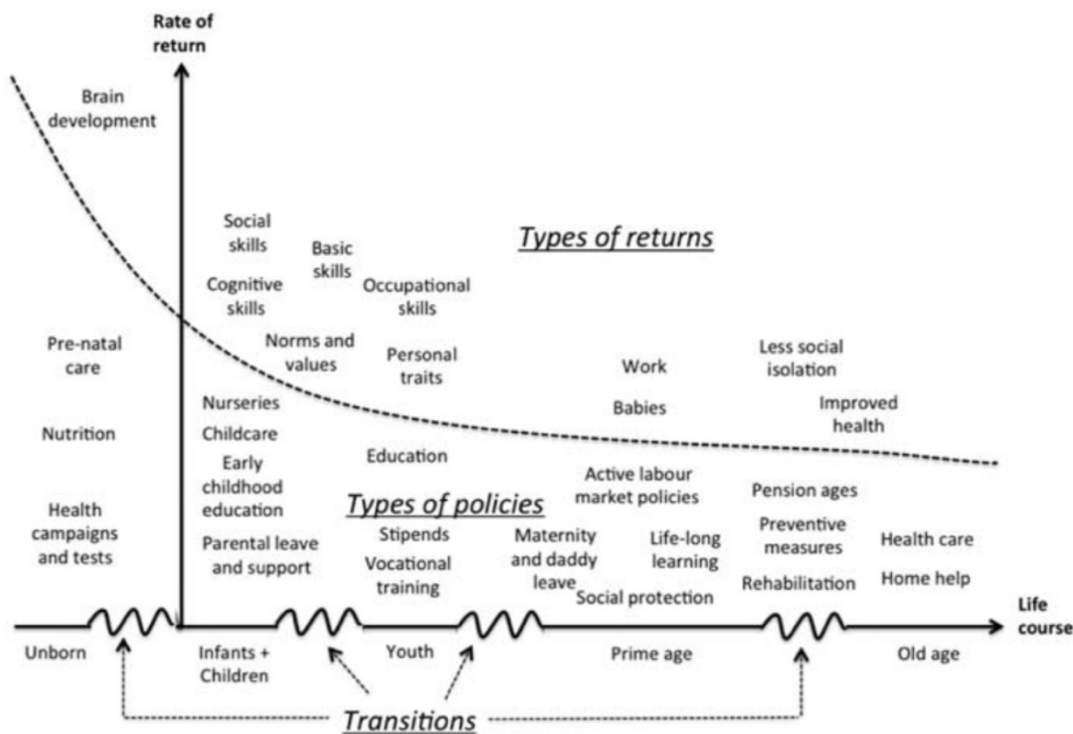
The social investment perspective emerged in the 1990s as a response to the limitations of both Keynesian welfare expansion and neoliberal retrenchment. Hemerijck (2011) characterizes it as an evolving paradigm that emphasizes “preparation” over “repair,” viewing social expenditures as investments in human capital that yield long-term returns. Applied to aging societies, this logic reframes older adults as assets with productive potential, justifying policies that extend working lives.

Kvist (2016) advanced this framework by integrating a life-course perspective, arguing that effective social investment must transcend fragmented, stage-specific interventions. He identifies three critical life stages—early, mid, and late—and emphasizes that policy investments must be continuous and cumulative across these stages. Late-life employability,

from this perspective, reflects the long-term interplay of education, occupational history, family roles, and health capital (Anxo et al., 2010).

**Figure 1**

*Kvist's Life-Course Social Investment Framework*



Note. From Kvist (2016).

This framework provides the analytical lens for this study, enabling an examination of how Taiwan's and Japan's re-employment policies interact with individuals' differentiated life trajectories.

### Japan's Mandate-Driven System: Standardization With Stratification

Japan's approach to older adult re-employment is built upon state intervention and legal mandates. The Act on Stabilization of Employment of Elderly Persons requires firms to choose among three options: raising the retirement age, abolishing the retirement system, or introducing a continued employment system. Through successive legal revisions, Japan has developed a highly standardized older worker trajectory centered on age 60 as a critical transition point (Jiang, 2023).

This mandate-driven system can be understood as an extension of Japan's traditional "lifetime employment" regime. However, this regime historically covered only about 20% of the labor force, predominantly male employees in large corporations (Ono, 2010). Under seniority-based wage structures, older workers command high personnel costs. In response to legal requirements, most firms implement "re-employment systems" that retain workers past retirement but with significant adjustments to position and compensation (Nichol et al., 2022).

Empirical research reveals the consequences of this approach. Over 80% of companies set the retirement age at 60 and rehire workers through re-employment mechanisms, with approximately 60% of rehired workers transitioning to non-regular positions with substantially

reduced wages. About 55.4% of men aged 60–64 face wage reductions upon re-employment, with over half experiencing cuts exceeding 40% (Jiang, 2023). Kodama (2015) found that approximately 34.8% of rehired workers receive wages only 60–70% of their pre-retirement levels.

Japan's employment policies have undergone multiple revisions. The 2006 amendment first imposed the three-choice obligation on firms but retained employer discretion in selecting workers. The 2013 amendment further eliminated this selection mechanism, requiring unconditional continued employment until age 65 while allowing transfers to subsidiaries or affiliated companies (Jiang, 2023). Li (2021) notes that workers aged 60 and above in Japan work an average of 4.5 days per month with monthly wages of 189,000 yen, while those aged 65 and above work 3.9 days with wages of 168,000 yen.

Research by Yoonseock (2015) indicates that whether older adults can maintain the same occupation after retirement critically determines their wages. Wels and Takami's (2021) longitudinal research reveals that the transition from regular to non-standard employment significantly damages mental health due to wage cuts, status demotion, and job insecurity. Minami et al. (2016) studied Tokyo's employment support center and found that its clients were predominantly older adults with lower education and income seeking employment due to economic necessity.

From a life-course perspective, Japan's mandate-driven system produces a paradoxical outcome. While successfully maintaining high labor participation rates, it operates through mechanisms that may limit individual agency and restructure late-life work trajectories in ways that diminish job quality. The system emphasizes continued utilization of existing human capital rather than investment in new capabilities during late career (Debroux, 2016).

### **Taiwan's Incentive-Based System: Flexibility With Fragmentation**

In contrast to Japan, Taiwan has developed an incentive-based model characterized by market-oriented governance. The Middle-Aged and Older Persons Employment Promotion Act, enacted in 2020, provides employment subsidies, job redesign grants, vocational training, and employment matching services. The core logic is to encourage voluntary firm participation through financial incentives (Ho & Wang, 2024; Ma & Yu, 2024).

In response to population aging, Taiwan introduced the “55Plus Employment Promotion Measures” in 2024 and amended the Labor Standards Act to explicitly allow labor-management negotiation to extend the mandatory retirement age (Chung, 2025). Ho and Wang (2024) note that the Act encompasses six dimensions: prohibiting age discrimination, stabilizing current employment, promoting re-employment for the unemployed, supporting post-retirement re-employment, silver talent services, and employment opportunity development.

Taiwan's approach can be characterized as a “selective social investment” model. Research indicates that policy benefits tend to accrue to those with existing learning capacity and resources. Lee and Wang (2025) found that successfully reemployed middle-aged and older adults actively utilize government-provided vocational training and informal learning to enhance their competitiveness. Those lacking such capacities are more likely to be excluded from policy benefits.

The distributive consequences of this model are significant. According to Taiwan's Ministry of Labor (2023), among approximately 5 million middle-aged and older employed persons, 69% are concentrated in low-skilled occupations, while only 31% hold high-skilled positions. Gender disparities are evident, with men predominantly working as production operators and laborers, while women are concentrated in service and sales roles. Furthermore, 76.8% of workers in agriculture, forestry, and fishing are middle-aged or older.

Taiwan's labor participation rates for older adults lag significantly behind Japan's—only 9.2% for those aged 65 and above compared to Japan's 25.6% (Ministry of Labor, 2023). This gap reflects multiple factors: relatively sufficient wealth accumulation enabling early retirement, persistent age discrimination, and the relatively recent implementation of active aging policies (Tung, 2024). Even after legislation, limited awareness of policies among firms and workers undermines effectiveness (Ma & Yu, 2024).

**Table 1**

*International Comparison of Labor Force Participation Rates by Age Group (2021, %)*

Age Group	Taiwan	South Korea	Singapore	Japan	United States
45–49	84.4	79.9	88.3	88.5	82.2
50–54	75.4	79.3	84.8	87.5	79.2
55–59	58.9	74.8	77.7	84.2	72.2
60–64	38.6	62.2	65.9	73.8	57.0
65+	9.2	36.2	32.9	25.6	18.9

*Note.* Adapted from “Labor Statistics for Middle-Aged and Older Adults (45+) 2021,” by Ministry of Labor, Taiwan, 2021.

From a life-course perspective, Taiwan's market-oriented model generates a fragmented pathway where re-employment opportunities largely depend on individuals' accumulated capital. High-skilled workers can continue with greater flexibility, while low-skilled workers face more precarious exits, potentially reinforcing cumulative disadvantages (Lee & Wang, 2025).

### Comparative Analysis

The comparison between Taiwan and Japan reveals that despite contrasting institutional logics—state-directed versus market-oriented—both models reflect a fundamental tension between regulation and limited support. Japan's mandate-driven system achieves high participation rates but may compromise job quality and worker agency. The “salary cliff” and occupational downgrading that accompany continued employment reorganize late-life trajectories in ways that may undermine work dignity (Jiang, 2023).

Taiwan's incentive-based system preserves flexibility but distributes opportunities unevenly, favoring those with greater advantages. This selective activation risks transforming social

investment into a system that rewards those already endowed with human capital while leaving behind those with fragmented careers or limited skills (Ho & Wang, 2024).

Both models, in their current forms, lean toward the “extraction” of existing human capital rather than the “construction” of new capabilities for later life. As Bonoli (2011) notes, active labor market policies often tend to move low-skilled workers quickly into low-paid positions rather than investing in deep skills retraining, challenging the empowering ideals of social investment.

### **Conclusion**

This narrative review has examined Taiwan's and Japan's older adult re-employment policies through the integrated lens of social investment theory and life-course perspective. The analysis reveals that despite divergent institutional logics, both approaches exhibit similar limitations in prioritizing labor force participation over the quality and dignity of late-life work.

A life-course perspective illuminates why current policies may fall short. Late-life employability reflects decades of accumulated advantages and disadvantages shaped by education, occupation, gender, and family responsibilities (Anxo et al., 2010). Policies that focus solely on creating opportunities at the end of the life course, without addressing cumulative deficits, may produce unequal outcomes.

The theoretical implications suggest that social investment policies for older adults must be reconceptualized around the recognition that inadequate investment in early and mid-life stages may amplify disadvantages in later life. For policy development, this analysis suggests moving beyond a binary choice between “mandate” and “incentive” toward frameworks that combine state guarantees with market mechanisms while prioritizing capability building.

Ultimately, enabling dignified late-life work trajectories requires moving beyond narrow labor-utilitarian objectives to embrace a broader vision of social investment—one that treats older adults not as instruments for sustaining economic systems, but as citizens entitled to meaningful and equitable pathways through later life.

### **Declaration of Generative AI and AI-Assisted Technologies in the Writing Process**

The author declares that AI-assisted technologies were used in the preparation of this manuscript. Specifically, the author utilized a large language model (Claude, developed by Anthropic) to assist with language refinement, proofreading, and suggesting improvements to sentence structure and clarity. The AI tool was used under the author's continuous supervision and direction. All intellectual contributions, including the research conceptualization, theoretical framework development, literature collection and analysis, policy comparisons, critical arguments, and final conclusions, are the author's own work. The author takes full responsibility for the originality, accuracy, and integrity of the entire manuscript.

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