

# **The Effects of the Baby Boomers' Mass Retirement on Companies and Young People**

Nahomi Shirakawa

Kinki University Technical College

I am going to talk about the mass retirement of the baby boomers and the effects on companies and young people.

Analysts agree that a large number of workers are retiring in the period 2007-9. However, they disagree about how many. The most conservative estimate is given by *Daichi Life* who says that little over a million will retire in this period. *Daiwa Shoken* says about four million will retire. Some English-language news sites have even higher estimates: about six million (eight percent of the workforce) according to the *BBC* and about 7 million (ten percent of the workforce) according to *Japan Today*.

Why is there such a big difference? It is very difficult to estimate what the baby-boomers and companies will actually choose to do. We can't know how many companies will decide to keep their workers and we can't know how many workers will decide to keep working or retire.

What will be the effects for companies and young people?

Companies will face many opportunities and challenges. Firstly, they will face the loss of many high skilled workers. These workers helped Japanese companies to recover from the Second World War and develop Japan into the world's second largest economy. Companies will struggle to replace their knowledge and skills. This means that the quality of the labour force will decrease. However, Professor Kingston from Temple University in Tokyo blames the baby boomers for the Japanese recession in the 1990s. They have also been described as "the generation waiting for instructions" by Terrie Lloyd in *Japan Today*. However, I think that they will be missed by their companies, because they usually work hard and especially do not give up easily.

Secondly, companies face an uncertain financial future from the loss of their workers, because they will need to pay big retirement bonuses. The total cost of retirement bonuses will be about ten trillion yen, according to Risako Suzuki in her university graduation paper. She also says that many small and medium sized businesses will go bankrupt. Larger companies are represented by *Nippon Keidanren*, this is called the Japan Business Federation in English. Nippon Keidanren asked their members to calculate the average cost of retirement bonuses. Retirees will receive on average between 19 and 25 million yen each. These numbers are high; however, companies will hire younger, cheaper workers to take their place. In 2004, young university graduates earned, on average, two hundred thousand yen a month, compared to over six hundred thousand yen basic income for senior workers according to Nippon Keidanren research. This means that the youngest workers earn three times less than the baby boomers. Unfortunately, I couldn't find any research that shows the balance of costs for companies, between retirement bonuses, and a cheaper workforce. This would be an interesting area to study.

Some young people worry about these mass retirements creating problems for us. This is mainly because there will be fewer workers paying taxes and pension premiums in relation to the number of pensioners. However, I think this will be a big opportunity for us to get skilled jobs.

We will also have good opportunities when we have jobs. My older brother works at an outsourcing temporary staff agency. He has seen his business increase in recent years and his company is continuing to do well. This means that his job has advanced quickly. If they have skilled jobs, other young workers will also find that they can get promoted quickly. I think that this is another benefit. We will have good opportunities to have more responsibilities in our jobs.

In conclusion, this generation change will create a wave of opportunities for young people. We need to catch this wave when it comes. This means that we must take our chances, but we must also work hard. Especially, we should not waste time at college.