

# **Changes in Elderly Employment and New Roles of “Silver” Human Resources Centers**

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With the arrival of a super-aging society, Japan has seen a growing number of active, healthy seniors who have an abundance of experience. Compared to the U.S. and European countries, Japan has a particularly high employment rate of elderly people. Even so, efforts must be made to create age-friendly working environments with the aim of realizing a “society where all citizens are dynamically engaged.”

According to a questionnaire-based survey conducted by NRI Social Information System many English-language publications have rules prohibiting the splitting of names at the end of a line. Services, Ltd., more than half of the respondents in the 65 - 69 age group and about one-third of those in the 70 - 74 age group still want to work. In reality, however, they are not always able to do so. Especially among those aged 65 years or older, many expressed the wish to have “temporary or short-term work offered through Silver Human Resources Centers, etc.” or work as “volunteers.”

Founded on the principles of “autonomy, independence, cooperation and mutual assistance,” Silver Human Resources Centers are membership-based organizations providing elderly persons including retirees with “temporary, short-term or other light work.” At the same time, the centers support the realization of healthy and fulfilling lives through volunteering and other opportunities to participate in society, thus contributing to improvements in the welfare and revitalization of communities.

Most of the work offered by Silver Human Resources Centers is quite undemanding (light work), such as pruning plants, cleaning and managing bicycle parking areas. For this reason, the centers have faced difficulties in providing jobs needed by retirees who were white-collar workers. To meet increasingly diverse needs, the centers have started to take new initiatives; examples include offering jobs in the retail industry such as convenience stores and supplying farm labor in rural areas.

In line with those efforts, the Japanese government has eased regulatory requirements. With an amendment to the relevant law, members of the centers are now allowed to work up to 40 hours per week (provided that certain requirements are satisfied) in jobs offered through the worker dispatch and fee-charging job-placement services. In the future, activities that draw on the abilities of the elderly will expand on a nationwide scale in areas such as nursing care and child care where labor shortages are serious problems. In addition, communities could get help from their local seniors in solving the problems facing the communities.

The future will see an even greater need to develop age-friendly employment environments and conditions, to create industries that make the most of the abilities of the elderly and to create businesses where older people can find meaning through participation.

# I High Labor Force Participation Rate of the Elderly in Japan

## 1 Advent of a super-aging society

The super-aging society in Japan has been advancing with no parallel in the world. Japan's population is rapidly aging and shrinking, which has put pressure on economic activities; the pressure takes various forms, including ballooning social security payments and a declining proportion of working-age people. In the past, population aging was more pronounced in rural areas. However, there is a growing concern over the rapid progress of aging in large metropolitan areas as well.

In a super-aging society, the negative effects tend to be frequent topics of conversation, such as the needs for nursing care increasing concomitantly with the rising number of the elderly living alone and the issue of “disadvantaged shoppers” (people with limited access to shops). Looking at the flip side of a coin, the number of active seniors who are healthy, have the positive attitude and possess plenty of life experience is also on the rise. Baby boomers are nearing their 70s. If they are encouraged to join in myriad activities such as jobs, volunteer work and hobbies in the community, their participation will not only keep them healthy but also have major economic significance. Therefore, how best to position these active seniors in society and how best to associate their activities with socio-economic activities are vital issues in a super-aging society. In urban areas, in particular, the number of elderly retirees who were white-collar workers is expected to increase sharply. The challenges are to create work or other opportunities for them to use their abilities and to match their skills to social needs.

## 2 High participation rate of the elderly in the labor force in Japan

Many older persons aged 60 and over are still working. According to the “Basic Survey on Employment Structure” conducted by the Ministry of Internal Affairs and Communications, the employment rate of elderly men is 72.7 percent for the 60 - 64 age group, 49.0 percent for 65 - 69 and 32.4 percent for 70 - 74. For elderly women, the rate is 47.3 percent for the 60 - 64 age group, 29.8 percent for 65 - 69 and 18.0 percent for 70 - 74 (Figure 1).

The sight of many older people working has often been cited as “surprising” by the sharply growing number of foreign tourists to Japan recently. An international comparison of the labor force participation rates of elderly people reveals particularly low rates in Europe, low rates in the U.S. and high rates in Japan (Figure 2). Compared to the European elderly who live comfortably,

free to focus on leisure activities without a care in the world after retirement, their Japanese counterparts remain active at work.

Factors contributing to the high rate of labor force participation among Japanese older people include, in addition to the diligence in the Japanese national character, the extension of the mandatory retirement age by companies and the spread of re-employment systems offered to retirees. At the same time, people are choosing to delay retirement to continue working because of anxiety over the possibility of the government raising the age of eligibility for pension benefits and due to the difficulties of a lifestyle that relies solely on pension income. Among people who work in the agriculture, forestry and fishery sectors, as well as self-employed business owners, a lack of successors may also be a reason for them to work longer. It is a characteristic of older Japanese people to participate in society by being in the labor force; and it is by so doing that they lead enjoyable lives. Since living life in this way can be considered ideal, an environment supporting older workers to stay in paid employment should be created and provided to elderly people so that they can actively participate in society to achieve their ideal lives.

## 3 Challenges in securing elderly employment toward realizing “Japan’s Plan for Dynamic Engagement of All Citizens”

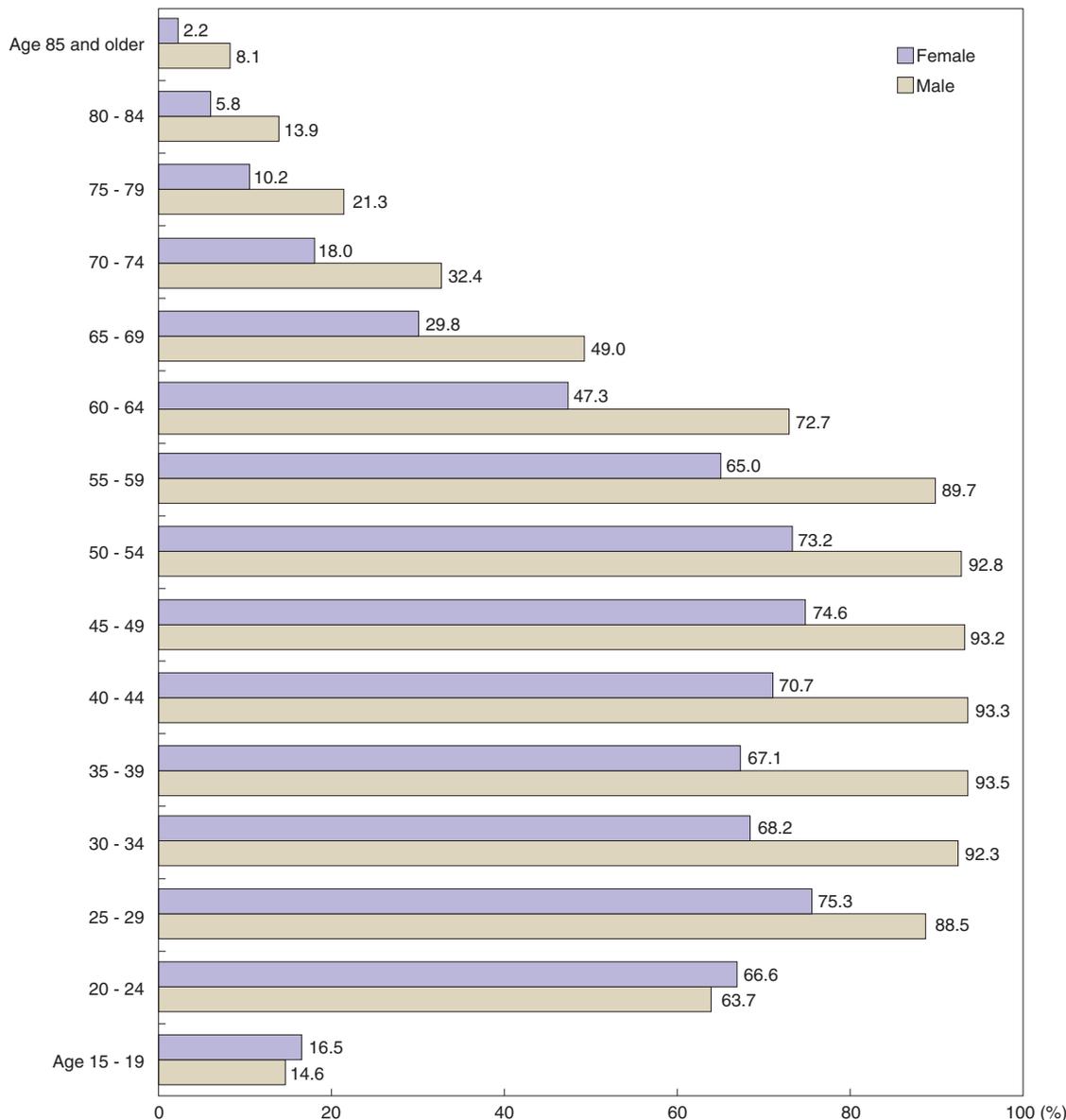
With the reshuffling of his Cabinet in October 2015, Japan’s Prime Minister Shinzo Abe declared, “Abenomics has entered the second stage.” (Abenomics is the name coined for the Abe administration’s economic policy.) He announced the “New Three Arrows,” a new economic policy package aimed at achieving the “dynamic engagement of all citizens.” The targets of the arrows are “a robust economy,” “dream-weaving childcare supports” and “social security that provides reassurance.”

A look at population by single year of age reveals that the size of the population who reached age 65 and retired from work is about 2.2 million for each single year of age. In contrast, the population who are around age 20 and entering the workforce has a size of about 1.2 million for each single year of age. These data suggest that a serious labor shortage would be the consequence of leaving the current employment practices as they are.

Therefore, as Japan moves toward a full-scale super-aging society, in order to ensure that its economic stability continues and people’s standard of living is unaffected, efforts must be made not only to improve the employment conditions of young people but also to help many elderly people and women actively participate in society.

Older people are equipped with an abundance of skills, knowledge and know-how that they have acquired and built up over many years of work. At the same time, they are experiencing quite a few physical

Figure 1. Labor force participation rate by age group



Source: "2012 Basic Survey on Employment Structure," Ministry of Internal Affairs and Communications (*in Japanese*)

changes including perhaps difficulties due to aging. To position senior citizens as an effective labor force in society, it is essential to establish and create age-friendly work conditions and work environments.

## II Change of Work Perceptions and Behaviors of the Elderly

With the objective of understanding the utilization of the older segment of Japan’s human resources, NRI Social Information System Services, Ltd. has conducted its “Questionnaire on the Utilization of the Silver Generation” every year since 2004. (In Japan, “silver” is a euphemism for the elderly.) From an analysis of the results of a survey based on this questionnaire, this paper clarifies older people’s feelings about working, the actual conditions that they face, and changes in their

behaviors over the years.

### 1 Overview of the questionnaire-based survey

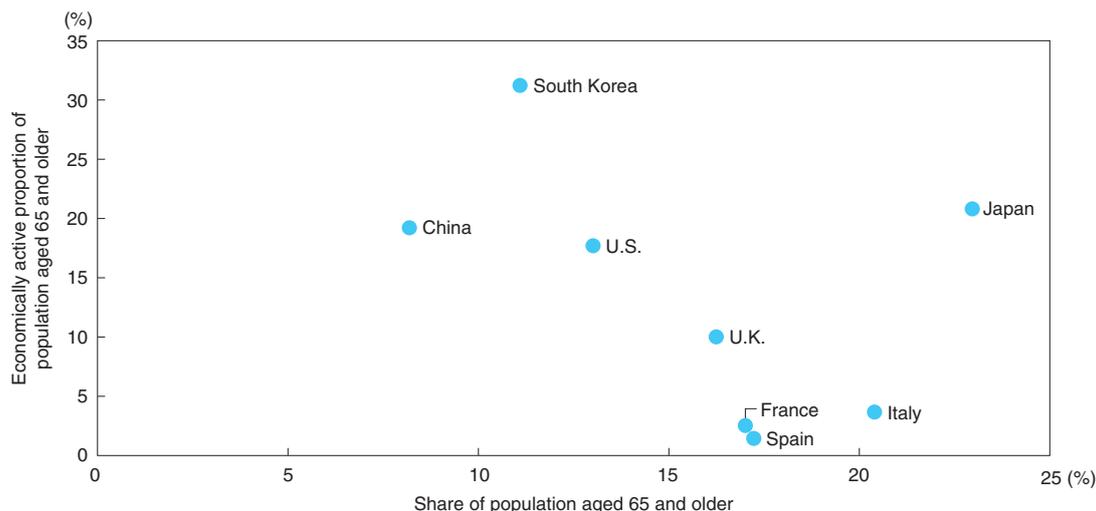
The 2015 questionnaire-based survey of people aged 55 to 79 was conducted online and obtained responses from 1,500 persons. While the survey posed a wide range of questions, this paper focuses on the following three aspects about the respondents:

- (1) Their desired and actual working conditions
- (2) The characteristics of the work that is ideal to them
- (3) Their participation in groups

Survey respondents:

Age: 300 persons from each of the following age groups: 55 - 59, 60 - 64, 65 - 69, 70 - 74 and 75 - 79

Gender: male: 1,130, female: 370

**Figure 2. Economically active population aged 65 and older in major markets**

Note: The economically active population consists of all persons of either sex who provide the supply of labor during a specified time reference period, as employed or as unemployed. Reference periods differ among countries (regions). National practices vary between countries as regards to the treatment of groups such as armed forces, members of religious orders, persons seeking their first job, seasonal workers or persons engaged in part-time economic activities. In general, the data on economically active population do not include: students, retirees who are not employed and not seeking employment, persons occupied solely in domestic duties in their own households, persons living entirely on their own means, persons wholly dependent upon others, and inmates of institutions.

## 2 Findings of the questionnaire-based survey

### (1) Desired and actual working conditions

First, the relationship between the ages of the respondents and their employment status was analyzed.

A look at the percentage of people in employment by age showed that the proportion is 75.8 percent for the 60 - 64 age group, 52.0 percent for 65 - 69 and 34.8 percent for 70 - 74. This analysis clearly points out the tendency of many people over 60 to stay employed. On the other hand, with regard to the type of employment, the proportion of “regular employees” was found to decrease inversely with the respondents’ ages.

By paying attention to the respondents’ desire to work, the survey found that a large percentage still wanted to work even past the age of 65: more than half of the 65 - 69 age group and about one-third of the 70 - 74 age group. In reality, however, they are not always able to do so. Especially, among those 65 years or older, many expressed the wish to have “temporary or short-term work offered through Silver Human Resources Centers, etc.” or work as “volunteers.” However, a very large gap exists between what they want and what is actually available to them, with underemployment being a fact of life for many (Figure 3).

### (2) Characteristics of the work that is ideal to older people

So, what kinds of work do older people find attractive? They have a very wide range of jobs that they want to try. While the majority of people appear to be seeking “work in which they can take advantage of the knowledge and skills they gained during their careers,” many

also look for “work that can be done either at home or close to home” and “work that can be done light-heartedly.” These preferences vary little with age, and therefore, are considered typical of elderly people seeking employment.

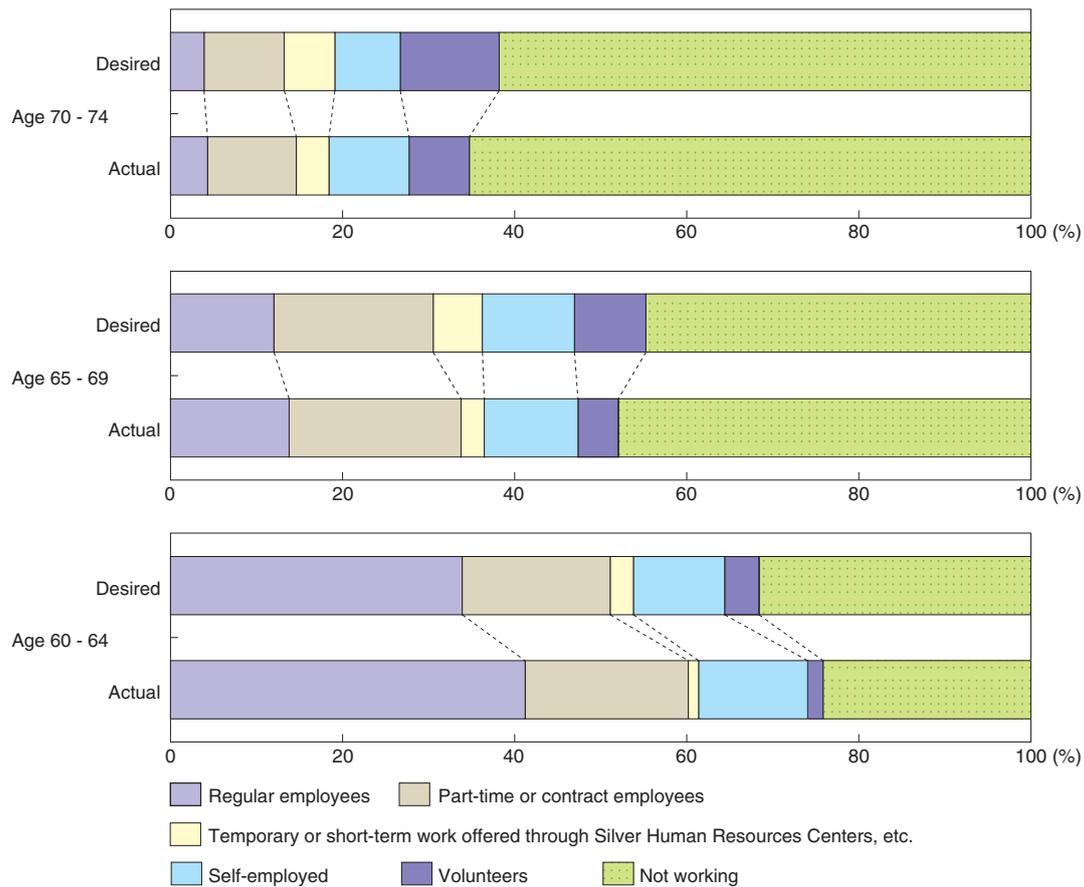
Furthermore, as people move from their 60s into their 70s, a decreasing proportion seeks “work that makes use of what they enjoy doing and applies their pastime skills,” whereas an increasing proportion looks for “work where they can make new friends.” This illustrates the shift in the purpose of working from “earning income” to “making friends” as they get older (Figure 4).

### (3) Participation in groups

What kinds of organizations are attractive to older people? A look at changes in the rates of participation in organizations designed for the elderly shows increasing membership numbers in tourism-related organizations for older adults, such as Club Tourism from Club Tourism International Inc. and Otona-no-Kyujitsu (holidays for adults) Club from East Japan Railway Company (JR East). Conversely, participation in Silver Human Resources Centers has been slow to grow, and there has not been much growth in the area of temporary work placement for the elderly. Similarly, their participation rate in community-based activities such as volunteering and non-profit organization (NPO) activities has risen very little (Figure 5).

The findings of this survey indicate that many older people are actually in employment, and that they have a strong desire to remain active and participate in an organization of some kind, taking part in community or group activities. On the other hand, even though many respondents stated that they were seeking “work that

Figure 3. Relationship between desired and actual working conditions by age group



Source: “2015 Questionnaire on Utilization of the Silver Generation,” NRI Social Information System Services, Ltd. (in Japanese)

can be done either at home or close to home” and “work that can be done light-heartedly,” the survey results suggest that older people are not always doing the work that they want.

If the elderly are to remain active through work, efforts must be made to eliminate the mismatch between actual and desired work. Chapter III takes a look at Silver Human Resources Centers as organizations equipped with the capabilities to eliminate this discrepancy, and describes the activities of the centers.

### III Diversifying Employment Needs of the Elderly and New Roles of Silver Human Resources Centers

#### 1 Employment of the elderly and Silver Human Resources Centers

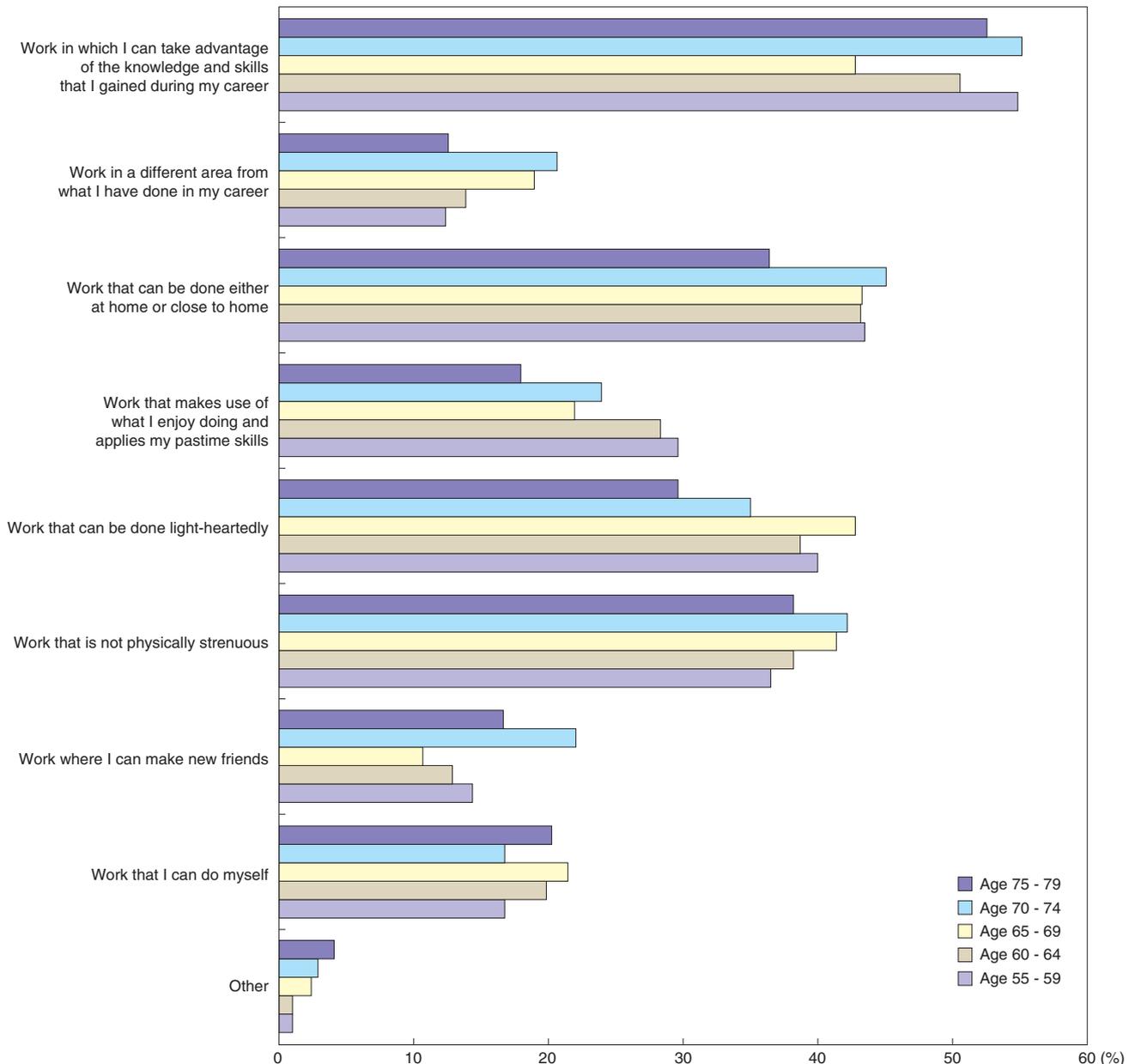
In Japan, Silver Human Resources Centers play a major role in supporting older persons to find work. The organization was established in Tokyo in 1975 as a job agency for seniors. With the amendment of the Law Concerning Stabilization of Employment of Older Persons in 1986,

centers were opened in almost all municipalities throughout the country. As of the end of March 2015, there are 1,304 centers with about 720,000 members.

Founded on the principles of “autonomy, independence, cooperation and mutual assistance,” Silver Human Resources Centers are membership-based organizations, with many established as public interest corporations. Silver Human Resources Centers have provided elderly persons including retirees with “temporary, short-term work, or other light work” that suits their lifestyles. The centers have supported the healthy and fulfilling lives of seniors through volunteering and other opportunities to participate in society, contributing to improvements in the welfare and revitalization of communities (Figure 6).

As revealed by the results of the questionnaire-based survey described in Chapter II, seniors, especially those aged 65 and older, do not necessarily look to gain full-time employment like they did during their working lives. Rather, they tend to seek out part-time or contract-based work, with many attracted to temporary, short-term jobs such as those offered by Silver Human Resources Centers. As a result, Silver Human Resources Centers have come to be viewed as the “go to” source of employment in Japan’s super-aging society.

Figure 4. Characteristics of the work that is ideal to older people (multiple choice)



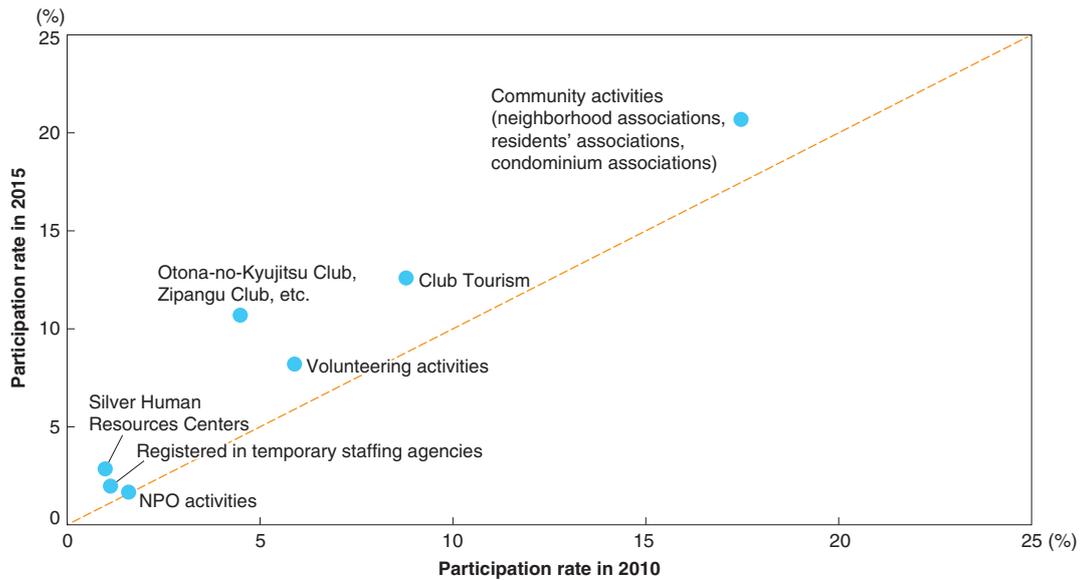
Source: "2015 Questionnaire on Utilization of the Silver Generation," NRI Social Information System Services, Ltd. (in Japanese)

Silver Human Resources Centers saw their membership increase steadily until the end of fiscal 2009, when total membership stood at more than 790,000. However, it has declined since then, reaching about 720,000 at the end of fiscal 2014. Similarly, the centers reported a turnover of about 327 billion yen in fiscal 2007, which has fallen to about 305 billion yen by fiscal 2014.

The factors behind this declining trend include the raising of the retirement age from 60 to 65, meaning that people are older when they enroll with Silver Human Resources Centers. There has also been a reduction in work orders because of the recession resulting from the collapse of Lehman Brothers. In addition, the subsidy cuts coming out of the budget screening process (which

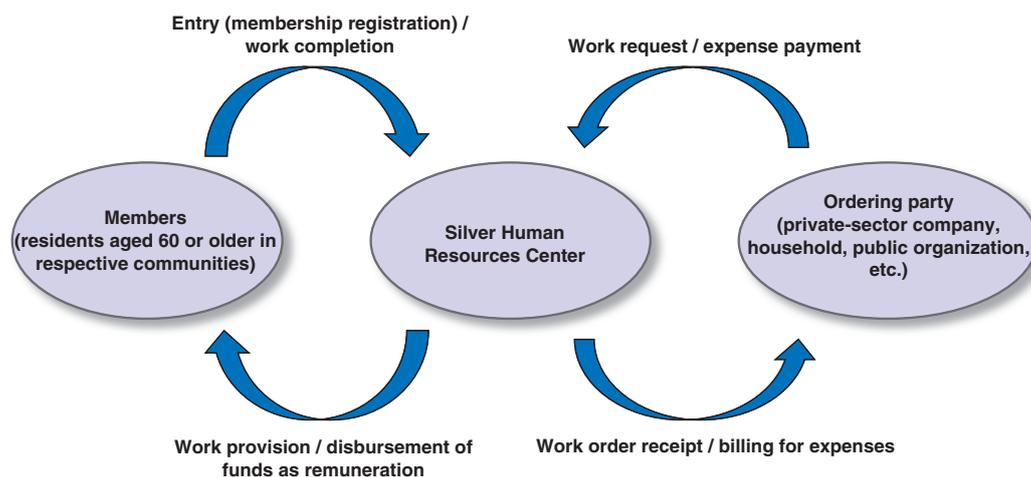
is the open public review instituted in 2009 to reevaluate government expenditures and eliminate wasteful spending in Japan) have exerted an influence. Furthermore, most of the work offered by Silver Human Resources Centers is quite undemanding (light work), such as pruning plants, cleaning and managing bicycle parking areas; there are very few administrative or clerical positions. With baby boomers reaching age 65, it is undeniable that the centers have faced the difficulties in providing these people, most of whom were white-collar workers, with the jobs that they need (Figure 7).

Figure 5. Participation rates in organizations designed for older people (comparison between 2010 and 2015)



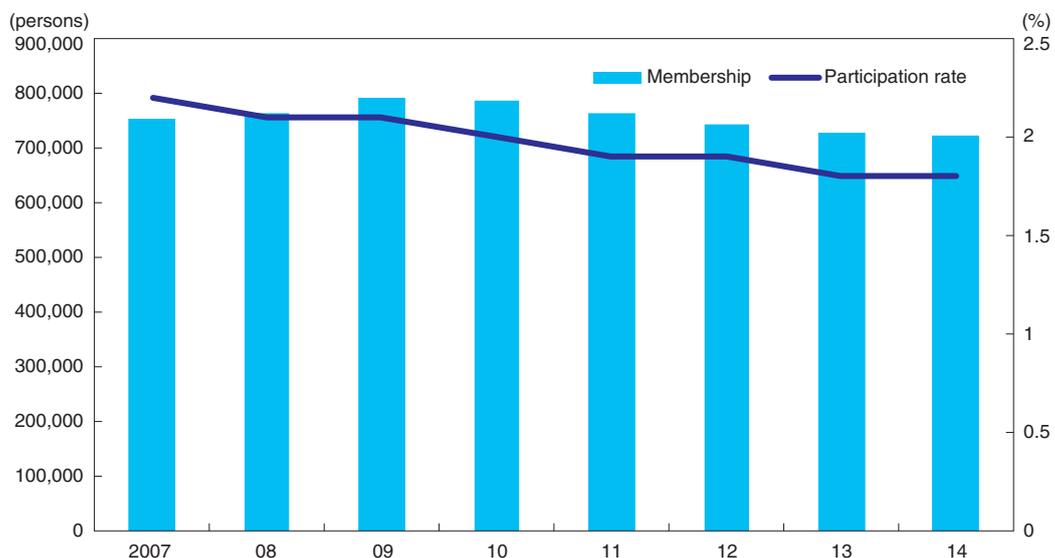
Note: Age range of survey subjects: in 2010, age 55 - 64; in 2011 to 2013, age 55 - 74; in 2014 to 2015, age 55 - 79  
 Source: "Questionnaire on Utilization of the Silver Generation (2010 - 2015 versions)," NRI Social Information System Services, Ltd. (in Japanese)

Figure 6. Mechanisms of Silver Human Resources Centers (getting contracted work and assigning work to members)



Note: The worker dispatch service is operated as an office of the Silver Human Resources Center Federation in each prefecture.

Figure 7. Changes in Silver Human Resources Center membership and participation rates



Note: Participation rate = number of members / population aged 60 and older  
 Source: Compiled from "2014 Annual Report of Silver Human Resources Centers" (in Japanese)

## 2 New roles of Silver Human Resources Centers

Even under these circumstances, Silver Human Resources Centers have been taking new initiatives to respond to employment needs that have grown more diverse recently.

### (1) Participation in and expansion of the worker dispatch business

With the partial amendment to the Law Concerning the Stabilization of Employment of Older Persons in 2004, Silver Human Resources Centers are permitted to participate in the worker dispatch business as offices of the respective prefecture's Silver Human Resources Center Federation (the prefectural-level governing body overseeing the Silver Human Resources Centers in each prefecture) by filing "notifications of intent" (to engage in the worker dispatch business) with the Ministry of Health, Labour and Welfare. This participation has allowed the centers to expand employment opportunities to occupations and workplaces that were previously not open to their members under the conventional contract-based employment system.

RICOH JAPAN Corporation, in collaboration with the National Silver Human Resources Center Association, has implemented a scheme whereby center members throughout the country engage in some jobs concerning the delivery and installation of the company's PCs and printers. As a result, those elderly persons with the applicable technical skills and know-how gained during their working lives have the opportunity to utilize this knowledge in the workplace again.

Circle K Sunkus Co., Ltd. (which operates a chain of convenience stores) has entered into a basic agreement with the Aomori Silver Human Resources Center Federation to utilize elderly human resources. Based on this agreement, center members who participated in training for work experience are dispatched to the company's stores in an effort to both overcome the shortage of employees at the stores and revitalize communities.

The start of this venture into the worker dispatch business has triggered an expansion of activities to secure employment opportunities on a prefectural and even nationwide scale.

### (2) Relaxation of the upper limit on working hours

Yabu City (Hyogo Prefecture) is a National Strategic Special Zone for agriculture. The designation as the special zone has made Yabu the center for agricultural reform in rural areas. In 2013, Yabu City eased the limit on weekly working hours of elderly people by extending the time from the previous approximately 20 hours to 40 hours per week. With such a relaxed limit, there are great expectations for the Silver Human Resources Center in Yabu City to provide farm labor, especially during the busiest seasons.

In line with this trend, Japan's Plan for Dynamic Engagement of All Citizens calls for relaxation of the "temporary, short-term or other light work" requirement imposed by the relevant law on Silver Human Resources Centers, as a measure to secure diverse employment opportunities for the elderly. With the amendment of the Employment Insurance Law as well as to related bills in April 2016, members of the centers are now allowed to work up to 40 hours per week (provided that certain requirements are satisfied) in jobs offered through the worker dispatch and fee-charging job-placement services.

### (3) Various efforts to solve regional problems facing Japan's super-aging society

Labor shortages are a major problem in the areas of nursing and child care, where there are great expectations that the elderly workforce will be a solution. Silver Human Resources Centers across the country have been providing nursing care, housekeeping assistance and childcare support for many years. As a result of an amendment to the Long-Term Care Insurance Law, preventive care services were reviewed and a shift was made to community-based integrated care consisting of preventive care and daily life support services. The shift has led to more and more Silver Human Resources Centers newly receiving orders for this integrated care from local governments.

The Silver Human Resources Center in Kitakyushu City provides a "parental support service" for older adults who live separately from their adult children. Center members visit these parents to offer housekeeping support and companionship. This service is also available as a gift in return for "furusato nozei" (which literally means "hometown tax payment"; a system that allows taxpayers to make donations to municipalities of their choice). In addition, various attempts are being made by Silver Human Resources Centers throughout the country to use the abilities of local seniors to solve those community problems that are unique to an aged society such as managing abandoned houses, assisting people with shopping and so on. The development of these kinds of efforts on a nationwide scale is expected in the future.

## IV Initiatives to Promote Elderly Employment in the Future

Given a super-aging society progressing even further and labor shortages becoming more serious, an important socio-economic challenge is how best to utilize older people. The key to this issue is to provide job opportunities appropriate to the elderly, who have diverse employment needs. To promote elderly employment in

the future, the authors propose the following three initiatives.

### 1 Development of age-friendly working environments and conditions

Many older people opt to work part-time and forgo full-time work. They also have varying needs as to the working hours per day and per week. Given that physical abilities decline with age, consideration must be given to avoiding heavy labor and optimizing break times. As such, these factors need to be studied to create age-friendly working environments and conditions.

Furthermore, measures must be taken to compensate for older people's weak points – the use of the Internet of Things (IoT) could be one way of helping them. It will also be necessary to combine not only the skill sets typical of older people but also those typical of younger people and women so as to develop businesses that effectively use the characteristic abilities of each of them.

### 2 Creation of industries that make the most of the elderly's abilities

Most older people have a lot to offer, with various skills, know-how, technical expertise, personal networks and other capabilities that they gained over many years during their working lives. If effectively brought out and utilized, their abilities could constitute one source of industrial competitiveness. For example, the business models created for restaurant chains often assume that they will rely on young part-time workers for their staff. However, because a younger workforce is expected to be extremely valuable in the future, it will be difficult to implement any business model relying on younger workers. This situation makes it necessary to create a business model that encompasses many different job needs including those particular to the young, the old or women. By reevaluating the abilities of the elderly, more focus should be given to creating businesses designed to fully utilize their capabilities.

Silver Human Resources Centers are fully cognizant of the job needs of older people. By making the most of their knowledge, the centers could play an important part, in collaboration with private-sector companies, in creating and developing businesses that engage elderly workers.

### 3 Creation of businesses where the elderly can find meaning through participation

Simply earning income is not the sole purpose of work for older people. Among older people, a greater number find meaning in social participation and social contribution with the aim of making the best use of their own knowledge and experience for the benefit of society.

Turning our eyes to communities, diverse problems have been arising including not only those related to welfare and nursing care but also abandoned farmland and vacant houses. In pursuit of regional revitalization, various efforts are underway, including preparations for receiving increasingly more foreign tourists and the development of a Japanese version of the Continuing Care Retirement Community (CCRC) concept, which is designed to promote the migration of seniors living in large metropolitan areas to regional towns and cities.

A Japanese version of the CCRC concept aims to “encourage elderly residents in large metropolitan areas, including the greater Tokyo area, to move out to their preferred areas and create communities where they can live active, healthy lives and where they can receive continuing care when they need medical and nursing care services.” For them to live healthy and active lives, it is essential to secure jobs. However, in every region of the country, many of the plans and initiatives that are underway appear to be proceeding without adequate discussions about this vital aspect of securing employment opportunities. The role of Silver Human Resources Centers is nothing else but to secure job opportunities for the elderly. A need will arise to establish a framework to promote the creation of new businesses and regional revitalization. In addition to regional administrative agencies, medical institutions, welfare organizations and real estate companies that operate and manage housing facilities, Silver Human Resources Centers must be included in this framework.

As well as public organizations, a great many non-profit organizations and private-sector companies engaged in related fields operate in large metropolitan areas and relatively large regional cities. They draw on their respective specialties to solve various challenges facing communities there. However, in rural areas like Yabu City, discussed in Chapter III, there are extremely few organizations that can push forward regional revitalization. Silver Human Resources Centers are one of the few organizations that can assume the role of a driving force in this regard.

Many different kinds of organizations need to cooperate and work together to create businesses where the elderly can find significance in getting involved, including new businesses engaged in regional revitalization or other fields related to solving the problems facing communities.

The implementation of the above three initiatives should effectively tap into a wide variety of latent abilities that older people have, whereby their skills are matched to social needs. Efforts in this regard will lead to the promotion of participation by the elderly in society and even to the development of new businesses as well as to regional revitalization.

NRI Social Information System Services, Ltd. has provided information system services to Silver Human Resources Centers across the country for more than 30

years and has thereby assisted their efforts to promote their operations. As we move toward the acceleration of a super-aging society, the roles played by Silver Human Resources Centers are becoming much more important. At NRI Social Information System Services, Ltd., we are committed to providing active support for the centers' functional enhancement and promoting their operations with the aim of contributing to the active involvement of the elderly in economic activities in Japan's super-aging society.

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