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HRM responses to ageing societies in Germany and Japan: Contexts for comparison**

This brief introductory discussion develops contexts within which to compare human resource management (HRM) responses to ageing societies in Japan and Germany. Here we define key concepts that occur throughout this Special Issue. While giving due attention to the historical and current contexts for emerging challenges to HRM policy-makers, practitioners and researchers posed by ageing societies in Germany and Japan, we propose that the relevant contexts for interpreting these challenges are essentially global, national, and regional in nature. In conclusion we present a brief overview of the contributions to this Management Review Special Issue.

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Introduction

The broad context for the discussion presented in this introductory contribution and to those that follow is given by reference to an emerging demographic context for human resource management (HRM) research and practice that is unprecedented. However, before exploring the outlines of this broader context we propose as an initial point of reference the following definition of HRM:

> A strategic and coherent approach to the management of an organization's most valued assets – the people working there who individually and collectively contribute to the achievement of objectives (Armstrong, 2006, p. 3)

The strategic (in practice) and conceptual (research) context within which 'assets' categorised as 'human resources' might be identified and 'valued' in relation to an organisation's pursuit of business objectives is a question of deep human interest: many of us want to work; most people need to; very few have much control over how their status as 'assets' to specific organisations and to society generally is assessed other than in response to how they as workers are deemed - individually and collectively - to perform (cf. Fay, 2011a). Essentially, HRM is a people-focussed activity manifested in a series of investments in human abilities and potential to add value to organisations pursuing strategic business objectives (cf. Rowley & Jackson, 2011a). Each HRM investment implies a range of associated physical, physiological, psychological, social and ethical complexities. HRM researchers and practitioners are tasked to explain critically and communicate effectively how these complexities both inform and give context to how HRM might be perceived as a 'coherent' and 'strategic' activity by members of the various stakeholder groups who directly or indirectly are affected by the HRM endeavour.

In other words, HRM research and practice as activities designed ostensibly to benefit our common understanding of people in and at work need to be justified clearly and consistently in respect of the impact these activities have on shaping people's lives at various stages in their experiences and / or expectations of employment. In this and the discussions to follow we focus our attention on workers in Germany and Japan who are aged fifty or more, are commonly assumed to be nearing the later stages of their employment experience when compared directly with 'younger' employees and thus, by our terms, members of their respective 'ageing societies'.

Demographic shift

In this Special Issue we develop our focus on older workers with reference to demographic trends across national and international markets for employment – trends that in global terms can be described as 'demographic shift'. In general terms, 'demographics' represents a systematic and scientific approach towards generating (usually) quantitative data in order to characterise and compare populations across national, regional and other socially-defined contexts in relation to variable measures of age, gender, ethnicity, socio-economic status, educational background, employment experiences, and so on. Correspondingly, by focussing our attention on the HRM activities ('responses') that impact on the lives of 'older' workers in Germany and Japan, we recognise that the employment experiences and expectations of workers aged fifty and

over impacts on the experiences and expectations of workers below this age; not least, those employees who perceive themselves at the early stages of developing a career and / or working towards some sense of secure employment.

There are various approaches towards identifying trends that, in sum, might suggest processes of 'demographic shift'. To illustrate, a study of this process relevant to China (Hayutin, 2008) identified patterns using measures that included: fertility and birth rates, life expectancy, proportion of population aged 65 and over, median age in society, median age in employment, worker-to-retiree proportions. Each of these measures can be assessed and correlated against a background observation of increasing urbanisation specific to – and, some researchers might argue, unique to – China. In Japan, social researchers and economists are using conceptualisations of demographic shift to describe, explain and predict social, cultural and economic implications of kōreikashakai (population ageing) for younger, older and (potentially) immigrant workers in an increasingly 'hyper-aged' Japan (cf. Shimazaki, 2012).

Such findings give context to management researchers examining and comparing (for example) the market segmentation strategies of companies competing in what appear to appear newly emerging markets: for example, studies of 'grey' and now 'silver marketing, comparing trends towards targeting ageing and retiree populations in Germany and Japan (Kohlbacher, Güttel, & Haltmeyer, 2012). Correspondingly, comparative studies in the field of HRM have emerged whereby the concept is applied towards assessing the relative 'fitness' and performance of national and regional economies along with actors across different business sectors as the struggle to recruit and retain human resource 'assets' in the context of an acute demografischen Wandel (cf. Zölch, Mücke, Graf, & Schilling, 2009).

Ageing societies

Taking 'society' generally to refer to systems of 'structured social relationships connecting people together according to a shared culture' (Giddens, 2006, p. 1134), we explore the extent to which cultures and sub-cultures shared and / or contested between 'older' and 'younger' people in contexts for work and employment are impacting on the thinking and decision-making of HRM policy-makers and practitioners generally and, here, in German and Japan specifically. As previously noted, we focus our attention on the perceptions, experiences and expectations of older workers: generally, those aged fifty and over. Assuming general reference to 'shared' cultures and sub-cultures as contexts for negotiating and analysing social - and, in our case, work-based - relationships, we accept that this focus needs to be sharpened through a multi-perspectival lens. To illustrate, a decision to retain an older worker in a job might deny a younger person access to that same job. We develop this context for cross-generational comparison in subsequent contributions to this Special Issue.

For now, we accept that the broader context of demographic shift expressed in the context of 'ageing societies' is recognized among academics and policy-makers as a growing economic challenge to societies and organizations globally (cf. Field, Burke, & Cooper, 2013; ILO, 2014; Harper, 2013; Taylor, 2013) and in Germany and Japan particularly (cf. Egglestone & Tuljapurkar, 2010; Naegele, 2013; Kohsaka, 2013). To illustrate, whereas societies such Turkey, India and Indonesia are characterised demo-

graphically by rapid population growth and lower average and median ages (cf. Vera-Sanso, 2013), others such as Germany and Japan are experiencing a sharp fall in birth rates ('live births'), fertility rates among women, and simultaneously a rapidly ageing workforce population (DESTATIS, 2015; HDI, 2015; MIAC, 2015). Adding to this mix the strategic insight that more firms based in mature economies are seeking to develop positions in markets contextualised by societies becoming rapidly 'younger' in demographic terms – from an East Asian perspective, economies across the African continent typify these - the relative agedness of the societies forming the domestic business environment can appear more advanced by comparison.

Correspondingly, we should guard against assuming that the phenomenon of ageing societies is restricted to so-called 'developed' national economies such as Germany and Japan. Aforementioned China is (officially) a 'developing economy' that currently combines an increasingly influential global outreach with a rapidly ageing society at home. One consequence of this apparent paradox manifests itself as pressure of policy-makers to accommodate the increasingly ambitious – and potentially impatient - employment and career expectations of younger people in China (cf. Cooke, 2012). As demonstrated with such vigour (and violence) during the events recorded by Western commentators as the 'Arab Spring', sentiments such as thwarted ambition can threaten social cohesion, and especially when communicated via social media. The responses at the level of education linked to employment policies are complex in China, as they are in developed economies such as Germany and Japan. In each case, there remains a latent threat of losing social cohesion - for example, a form of contrat social with regard to employment opportunities - and economic equilibrium, thereby generating trends and patterns of macro-level government policy-making and meso-level organisation-specific management responses that are unprecedented and therefore, from an HRM research perspective, largely unchartered. In this relatively unexplored context, we hope that the contributions to this Special Issue can offer relevant pointers and landmarks.

Comparing HRM responses in Germany and Japan

Given the historical similarities in industrial development along with a current industrial profile that emphasizes the contribution of large export-oriented manufacturing companies to the national economy, drawing comparisons between Japan and Germany is a established approach in economic and industrial relations research (cf. Kudō & Stockwin, 1998; Streek & Yamamura, 2001; Suzuki, 2013; Lechevalier, 2014). This approach carries over to comparative research in contexts specific to HRM (cf. Brewster & Mayrhofer, 2013). Recent research designed specifically to compare HRM responses to demographic trends (ageing societies) in Germany and Japan further extends this tradition (cf. Conrad, Heindorf, & Waldenberger, 2008; Schad-Seifert & Shimada, 2008; Kohlbacher et al., 2009; Klingholz & Vogt, 2013).

However, and despite what we might superficially assume to represent a common striving for local solutions to globally occurring social, economic and political problems, each contribution to this Special Issue highlights elements of interacting responses at macro-levels (public policy) and at meso- levels (HRM strategy) that appear to remain distinct to both Germany and Japan. Correspondingly, one response we

might adopt as HRM researchers is to join the well trodden academic path towards attributing patterns to accumulated observations of management decision-making (responses) indicates something of the enduring relevance of boundaries commonly perceived by researchers and policy-makers to divide nations, industries, business sectors, organisations and, as a consequence, nationally-defined 'systems' of HRM (cf. Brewster & Mayrhofer, 2013; Warner, 2013; Hasegawa & Noronha, 2014). We develop the notion of 'systems' in framing suggestions for a future research agenda in the concluding contribution to this collection.

Overview

Prior to this, the first main contribution to this Management Review Special Issue sees *Philip Taylor and Catherine Earl* 'make a case for older workers'. Towards this objective they present evidence from case study examples of how employers internationally and in Germany and Japan specifically are responding to the ageing of their respective markets for employment. One set of responses entails experimenting with and developing a range of 'best practices' that the authors present here as emerging processes of effective 'age management'. The basis for the case the authors make for 'older' (aged fifty plus) workers is immediately relevant towards advising how employers across business sectors in Germany and Japan can borrow from international examples of HRM policy, practice and research in order to manage the threats and risks posed by ageing societies nationally. Furthermore, in highlighting issues of 'age discrimination' Taylor and Earl contribute an ethical basis for the discussions that follow.

The following contribution by *Lena Kemper*, *Anna Bader & Fabian Froese* develops on this theme of age discrimination, recognising this as a potential threat to employer attempts to formulate and implement HRM policies and practices for effective diversity management. As mentioned previously, diversity management in contexts for HRM practice can be targeted towards members of variously defined groups or segments in society generally and among current and (potential) future employees specifically. Kemper and her colleague offer evidence from a large-scale and on-going research project that suggests how employers across business sectors in Japan appear to interpret diversity management primarily in terms of gender, whereas comparative groups of employers in Germany appear to take a broader view, including a more specific and systematic focus on age diversity. Furthermore, the German employers surveyed appeared to incorporate attention to age diversity on a more operational level of HRM interventions that their Japanese counterparts.

A question relevant across contexts for HRM activity is: How can these policies and practices be afforded, and with what prospect of return on investment? Correspondingly, by presenting a detailed account of how wage systems in Japan are evolving, *Nobuo Sueki* gives a vital social, political and (above all) economic context for explaining the relative successes and shortfalls of compensation and benefits (rewards) policy and practices in Japan. Echoing Fay (2011b), a full discussion of HRM strategies related to managing rewards would need to cover and compare HRM responses in the form of base and merit pay arrangements, short- and long-term incentive offerings, each linked to HRM investments in employee recruitment, selection and retention. Sueki premises his discussion in the historically closed nature of labour markets

and HRM systems in Japan in comparison to other Asian and non-Asian national contexts. He traces the evolution of wage systems in Japan from company to company and sector to sector in respect of management philosophy, industrial relations, and HRM policy and practice. A key factor in Japanese contexts for HRM is the role of national government as a law-making body and of related institutions as sources of regulatory or advisory influence. Another relevant factor is the historically embedded social expectation that employers in Japan should share the burden of providing welfare support to employees: for example, creating unemployment only in extreme circumstances (cf. Witt, 2014). Sueki's contribution gives a powerful reminder of the costs associated with employers attempting to share with successive governments the burden of fulfilling socially generated expectations of continuing employment, and especially now as Japanese society markedly ages.

The following contribution shifts the context of our discussion to public sector organisations in Germany and Japan; specifically, to the experiences of older employees tasked with delivering a complex and (inevitably) multi-stakeholder public good: education. State funded or regulated education systems form an integral and defining element in distinguishing one society from another (cf. Flynn, 2012). Furthermore, they act as publicly visible and disputed barometers for the type of 'burdens' and 'pressures' highlighted previously by Sueki. In the context of our Special Issue the contribution by *Heike Schröder, Masa Higo and Matt Flynn* is distinctive in that it offers a comparable series of older worker voices – specifically, of teaching professionals and their HR managers who, as public sector employees, talk about their experiences and interactions with stakeholders such as local residents communities, pupils, parents and, at the focus for comparison here, with representatives of professional and government institutions.

Developing our theme of 'HRM responses' to ageing societies, it is instructive here to invoke something of the nature of institutions such as government agencies and bodies that regulate employment conditions in public sector organisations such as schools. To illustrate, Senior and Swailes emphasise how 'institutions' are 'created out of action and, once created, they restrict actions within them' (2010, p. 99). This suggests some form of inertia in relation to flexibility of HRM responses emanating from institutions generally. Correspondingly, Schröder and her colleagues illustrate the challenges faced by institutions to 'accommodate' the ill health and concomitant retirement or re-allocation options available to teachers. Eliciting the voices of teachers and other stakeholders in Germany and Japan, they compare the often limited or 'restricted' HRM responses to issues commonly associated with 'older' and near-retirement workers: namely, issues of ill health and / or early retirement choices – choices that in terms of cost inevitably fall to the society generally through the payment of pension, health care and other welfare benefits. A further threat to public sector performance in Japan and Germany is the loss of 'assets' (dedicated teachers) to ill health and loss of personal motivation and / or professional self-esteem – a phenomenon increasingly observable across developed economies in related sectors such as healthcare (cf. Naegele, 2013; Oka, 2013; Neal & Wagner, 2013).

In the penultimate contribution to this collection, *Philippe Debroux* prompts us to reconsider the credibility and, in research terms, reliability and validity of specifying

age in relation to decisions fundamental HRM policy making and practice. Taking the example of Japan, Debroux examines government and employer efforts to secure higher employment rates for older people and delayed retirement as a means towards supporting the sustainability of current systems of social benefits and welfare. As Debroux states in his introduction: 'It is increasingly thought that no upper limit should be decided in setting the threshold between working age and retirement age'. He addresses key issues related to the (assumed?) productivity of older workers, perhaps reinforced socially by processes of age discrimination and bias identified earlier in the contributions by Taylor and Earl along with Kemper and colleagues. Connecting with aspects of the evolving economic and financial HRM contexts traced by Sueki and subsequently given institutional context by Schröder and colleagues, Debroux explores the extent to which maintaining older works in employment might serve to promote economic growth and social stability. In positing such thought-provoking HRM options, and especially in the aforementioned 'closed' system for HRM that is attributed to Japan, Debroux argues for the opportunity for taking 'a new approach' to HRM policy, practice research in Japan and, by extension, in Germany and other nationally-defined contexts for HRM.

In a final contribution to this Special Issue *Keith Jackson* outlines how HRM policy-makers, practitioners and researchers might adopt a systems view of the two nationally-defined HRM systems under discussion (cf. Jackson, 2013; Redding, 2014). He questions the extent to which designing and working within nationally defined contexts for the identification, comparison and examination of emerging HRM policies and practices is the most reliable and valid approach relevant to international and comparative HRM research. Finally, drawing on a review of recent literature combined with a summary view of the previous contributions to this Special Issue, Jackson suggests questions for a future research agenda relevant to this dynamic and complex field of national and international HRM enquiry.

Interim conclusions

With this Management Review Special Issue we attempt to identify and compare patterns of response among HRM practitioners and policy-makers in as series of defined national, regional, industrial and sectoral contexts for observing HRM-specific behaviours in Germany and Japan. Accepting that the historical and emerging trends these actors are attempting to discern and respond to are unprecedented in their trajectory and complexity, we might recognise already how the variety of HRM responses illustrated in the following discussions are guided by still loosely defined and mainly untested measures informing the strategic purpose and effectiveness of selected HRM interventions. We accept that we are entering a field of turbulent and (potentially) paradigm-shifting exploration. As an overarching objective, therefore, and within the inevitably limited scope that this form of publication allows, we build on previous observations and experiences in an attempt to contribute further insights into an emerging, complex, and increasingly vital stream of comparative HRM research.

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