

Research on the Impact of Delayed Retirement Policy on the Labor-market Under the Background of Population Aging

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Abstract. On a global scale, population aging has become a serious issue that cannot be ignored. The challenges it brings, such as labor shortage and increased burden of elderly care, have prompted governments around the world to actively seek solutions. Delaying retirement policies is one of the most concerned measures. In this context, this article focuses on the Chinese labor market, deeply analyzes its overview and current situation, meticulously studies the multidimensional impact of delayed retirement policies on the labor market, and emphasizes the importance of implementing delayed retirement policies. The research results indicate that the delayed retirement policy has had complex and far-reaching impacts on the Chinese labor market. In the short term, this policy can effectively increase the number of workers in the labor market and inject vitality into economic development; However, from a long-term perspective, the lack of supporting policy measures will exacerbate the structural contradictions in the labor market and affect the sustainable development of the economy and society.

Keywords: Delayed retirement; aging population; labor market.

1. Introduction

Population aging has become an important social issue in the 21st century. This phenomenon is particularly prominent in China. According to data released by the National Office on Aging under the Civil Affairs Bureau in 2023, China has 296.97 million elderly people aged 60 and above, accounting for 21.1% of the total population. Among them, the elderly population aged 65 and above accounts for 15.4% of the total population [1]. From 1982 to 2023, the average years of education received by China's new labor force increased from 8 to 14 years. It is estimated that by 2025, the number of elderly people in China will exceed 480 million, accounting for 38.8% of the total population, second only to Japan, South Korea, Italy, and other countries, making it one of the countries with the highest degree of population aging [2]. If the original retirement policy is implemented, with other conditions unchanged, as the average years of education of the new labor force increases from 8 years in 1982 to 14 years in 2023, the average working years of workers will decrease accordingly, which may lead to a decline in the utilization rate of human capital. In addition, China's population structure is gradually changing. This will bring about changes such as a decline in the size of the working-age population. It is necessary to adjust the statutory retirement age according to these changes. At the same time, the pressure on social security is also increasing. Due to the increase in the aging population, the social security system, especially the pension system, is facing tremendous pressure.

To meet this challenge, the policy of delaying retirement has become an important response measure of the government. Delaying retirement not only helps to reduce the pressure of pension payment but also can alleviate the labor shortage problem by allowing more elderly people to continue to participate in the labor market. In recent years, the Chinese government has proposed a policy of delaying retirement and plans to gradually increase the statutory retirement age. According to the Social Insurance Law of the People's Republic of China, the current statutory retirement age in China is 60 years old for men and 55 or 50 years old for women (depending on the type of work). With the intensification of population aging, the policy of delaying retirement has gradually become one of the means to solve the labor shortage and improve the sustainability of social security. In addition, many

developed countries in the world have implemented a policy of delaying retirement to cope with the challenges brought by population aging. For example, some European countries and the United States are gradually raising the retirement age. China can learn from the experience of these countries to explore a delayed retirement policy suitable for its national conditions and its impact on the labor market. This paper aims to study the implementation background and impact of China's delayed retirement policy and help evaluate the possible effects of this policy on the labor market, economic growth, and social security system.

2. Analysis of the Current Situation of China's Labor Market Under the Background of Population Aging

2.1. Trends in China's Aging Population

The problem of China's aging population has become increasingly serious in recent years and has become one of the major challenges to social and economic development. According to data from the National Bureau of Statistics, the proportion of China's elderly population continues to rise as the fertility rate continues to decline and life expectancy increases. According to data from the National Bureau of Statistics of China, in 2019, the number of people aged 60 and above reached 254 million, accounting for 18.1% of the total population [3]. According to the United Nations' forecast, by 2030, China's elderly population will exceed 300 million, and the proportion of people aged 60 and above will be close to 30% [4]. This trend means that the young labor force in the labor market will gradually decrease, while the proportion of the elderly labor force will increase significantly.

There are two main reasons for population aging. First, the birth rate continues to decline. Especially with the implementation of the family planning policy, family size has generally shrunk, and the supply of young labor has been greatly reduced. Second, life expectancy has increased. The proportion of the elderly population continues to increase. Population aging will not only affect the labor supply of society but also have a profound impact on economic development, the social security system and public services.

2.2. Overview of China's labor Market

China's job market has experienced a transition from a labor surplus to a structural shortage, with an aging population and industrial restructuring being the main drivers of this change. From a labor surplus in the early days of reform and opening in the 1980s to a labor shortage in recent years due to changes in the population structure, recruitment difficulties have gradually intensified in certain labor-intensive industries. According to the latest data from the National Bureau of Statistics, China's working-age population (16-59 years old) has begun to decline in 2015, and the National Bureau of Statistics expects this trend to continue in the next few years. In 2020, the working-age population fell to 940 million, a decrease of about 80 million from 2015 [3].

The structure of China's job market has changed significantly. With the gradual decrease in labor demand in manufacturing and traditional industries and the increase in demand in the service and high-tech industries, the structural contradictions in China's job market have become increasingly prominent. In addition, with the improvement of education level, the labor expectations of young workers have gradually increased. Faced with higher educational requirements, labor competition in certain fields has become increasingly fierce. These changes provide more background factors for the implementation of the delayed retirement policy.

2.3. Impact of Population Aging on the Labor Market

The impact of population aging on China's labor market is profound, especially in terms of labor supply, labor structure and social security. First, as the elderly population increases, the labor supply will become tight. According to relevant research, the participation of the elderly labor force will gradually increase, but their productivity is generally lower in terms of health, skills and adaptability

[5]. This trend may lead to a shortage of manpower in some industries, especially labor-intensive industries.

Next, the aging population has intensified the need to adjust the labor structure. Due to the reduction of young labor, some companies may face difficulties in recruiting, especially in low-skilled and high-intensity labor positions. This phenomenon is particularly evident in many traditional industries, such as manufacturing and construction. To cope with the labor shortage, companies may have to increase wages or turn to automated production to promote industrial upgrading. This not only increases the operating costs of enterprises but also has a profound impact on the structure of the labor market.

In addition, as the aging population deepens, the increase in the number of retirees has put tremendous pressure on the social security system. As the pressure on pension payments increases, the government may need to delay the retirement age to ease the burden of pension payments. Although the implementation of the delayed retirement policy can increase the supply of the labor market and ease the pension pressure of retirees, it may also aggravate the labor difficulties of young people. The continued occupation of jobs by the elderly may make young people face more intense labor competition [6].

In summary, population aging not only exacerbates the contradiction between supply and demand in the labor market but also has a profound impact on the social security system and labor structure. To meet this challenge, China must take comprehensive measures, including increasing the labor force participation rate of the elderly, promoting industrial structure adjustment, and improving the social security system.

3. The Impact of the Delayed Retirement Policy on the Job Market

3.1. Overview of Delayed Retirement Policy

The policy of delaying retirement is an important measure to cope with the pressure of population aging and social security. Its core content is to gradually increase the statutory retirement age so that workers can participate in the labor market for a longer period. As China's population ages, the labor force decreases, and the pressure on pension payments increases. In 2020, due to the impact of the epidemic, the gap between revenue and expenditure reached 2.35 trillion yuan, and this number is growing, which further reflects the necessity of delaying retirement. At present, China's retirement age is relatively low, generally 60 years old for men and 50-55 years old for women, while the retirement age in many developed countries has been extended to 65 years old or even higher. Therefore, the policy of delaying retirement will not only help ease the pressure on social security funds but also enhance the social contribution of the elderly group [7].

However, the implementation of this policy has brought many challenges and opportunities to the job market. In the short term, this policy may squeeze some young people's labor opportunities (such as manufacturing jobs), but in the long run, the experience accumulated by the older workforce can improve the productivity of the entire industry [8]. To give full play to the policy effect, the government needs to comprehensively consider the characteristics of the industry, the willingness of workers, and economic development, and adopt a flexible retirement age policy to balance the interests of all parties. For example, Shandong Province recently implemented a policy that allows women with senior professional titles to voluntarily delay retirement to the age of 60, which is a typical example of a flexible retirement age policy.

3.2. The Impact of Delayed Retirement on Labor Supply

The direct impact of the delayed retirement policy is reflected in the changes in the labor supply. First, the policy will extend the careers of older workers and increase the supply in the labor market in the short term. This may be positive for certain industries (such as education, scientific research, and medical care) because these industries rely more on experience and skills, and older practitioners can

continue to play a role. However, for industries with strong labor demand but limited positions, such as civil servants and state-owned enterprise management, it may lead to a decrease in job vacancies, affect young people's career advancement and labor opportunities, and hurt the labor of young workers [9].

Secondly, from the perspective of matching supply and demand, delaying retirement directly increases the supply of labor, but if the new supply does not match market demand (such as the shrinkage of traditional industries and the surge in digital jobs), it may aggravate structural problems, especially the elderly group whose skills transformation lags. With the development of science and technology and industrial upgrading, the requirements for digital skills and new technologies in some positions are constantly increasing, and older workers may find it difficult to be competent due to their weak adaptability, leading to the emergence of "old-age unemployment". If companies prefer younger labor, the labor stability of older workers may also be threatened. In addition, delaying retirement may also affect the overall salary level. Since the salary level of older workers is usually higher, their continued labor may lead to an increase in the labor cost of enterprises, thereby affecting the willingness of enterprises to recruit new employees. For young people who want to enter the workplace, this may reduce their starting salary level or prolong the job search cycle.

In general, the impact of the delayed retirement policy on labor supply is complex, and its effect depends on the details of policy implementation, such as the extent of retirement age adjustment, industry differentiation arrangements, and labor support policies. Reasonably supporting measures (such as skills training, re-labor guidance, etc.) can alleviate the labor pressure caused by delayed retirement to a certain extent and optimize the labor market structure [10].

4. Conclusion

Population aging has had a profound impact on China's labor market, with challenges such as reduced labor supply, changes in the labor competition landscape, and intensified structural unemployment gradually emerging. Against this backdrop, the policy of delaying retirement has become an important means to alleviate labor shortages and social security pressures. However, the policy has a multifaceted impact on the labor market. It may optimize the labor structure and extend the cycle of talent dividends, but it may also lead to problems such as increased labor pressure for young people and changes in corporate labor costs.

From the perspective of labor supply, delaying retirement will increase the number of workers in the job market in the short term, especially in experienced positions, and the continuation of older labor may bring positive effects. However, in the long run, if there is a lack of supporting measures, it may aggravate the structural contradictions in the job market, making some older workers face the challenge of skill updating, and it may also affect the career development space of young people. Therefore, while promoting the policy of delaying retirement, the government needs to implement a more complete labor support system, including providing vocational training, encouraging enterprises to use flexible labor, and implementing differentiated flexible retirement mechanisms to ensure the smooth implementation of the policy.

In addition, the implementation of the delayed retirement policy should consider industry characteristics and personal wishes and be promoted in stages and by industry. For example, industries with high physical labor intensity should be allowed to retire earlier, while knowledge-intensive industries can be encouraged to delay retirement appropriately. At the same time, the government should strengthen guidance for enterprises to avoid limiting labor opportunities for young people due to the retention of older workers in their jobs.

In general, the impact of the delayed retirement policy on the labor market is complex and multidimensional, bringing both opportunities and challenges. Reasonable policy design and supporting measures can achieve optimization of the labor market under the background of population aging based on balancing the interests of different groups and providing support for the sustainable

development of the economy and society. In the future, it is necessary to establish a dynamic evaluation mechanism to regularly test the labor indicators of different groups to ensure the accuracy of policy adjustments.

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