

FACTORS AFFECTING RETIREMENT



BOOK 6: GERMANY



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6.1 Summary

- Early exit has been a long-term feature of the German economy and the special circumstances surrounding reunification have meant that programmes aimed at supporting unemployed older workers before retirement remained in operation until 1997.
- However, policy making now appears to be moving in the direction of encouraging later exit.
- The introduction of partial retirement appears to have had a marginal impact on retirement behaviour among older workers so far.
- Labour market programmes are mainly youth oriented, although a Federal education campaign on older workers was launched recently.
- There appears to be growing awareness of the issue of age and employment among trade unions and employer associations.

6.2 The labour market situation of older people

Demographic trends

In Germany it is predicted that in 2010, there will be more workers aged 50 or over than 30 or under. Also the size of the workforce is shrinking and it is predicted that labour shortages after 2010 will not be offset by immigration and greater participation among women (Frerichs and Naegele 1996, 1998). However, Frerichs and Naegele (1996) argue that these demographic trends will not apply equally to men and women and will affect parts of the German economy differently:

- 70 per cent of workers aged over 50 were working in SMEs in 1991
- Older workers are over-represented in manufacturing and under-represented in the service sector
- Participation rates among older women are increasing, which means that the ageing labour force will increasingly be a female one.

Employment rates

Among men in the 55-64 age group, employment/population ratios show a decline over the last 20 years: from 63.2 per cent in 1979 to 48.9 per cent by 1998. The pattern among women in the same age group is different, with slight growth in the 1990s (OECD Employment Outlook 1996, 1999).

Future skill needs

The demands on the workforce in terms of skill levels are changing. It is predicted that by 2010 three-quarters of employees will require initial or advanced vocational qualifications. Low skill jobs are likely to fall to less than 10 per cent of those available, limiting the opportunities for older and disabled people in such roles. This according to Frerichs and Naegele means that there is an immediate need to invest in the skills of workers in the 40-50 age group. However, they state that 'the implementation of current training initiatives is inherently age selective'.

Unemployment rates

According to Kohli, Teipen, Schmähl, and Viebrok (1999) unemployment among male workers aged 55-64 increased from a rate of 9.9 per cent in 1990 to 13.4 per cent in 1997. However, over the same period the rate of unemployment among those aged 25-54 increased more rapidly: from 4.7 to 8.0 per cent. Among women in the 55-64 age group, unemployment declined from a rate of 15.2 per cent in 1990 to 13.5 per cent in both 1994 and 1995 before rising to 14.7 per cent in 1996 and 16.5 per cent in 1997. A similar pattern is observed among women in the 25-54 age group although rates are lower. There was some convergence in unemployment rates between these two age groups of women in the mid-1990s. However, the rate for women in the older age group surged ahead in the second half of the 1990s.

Although they represent a relatively small proportion of the newly unemployed, workers in the 45-64 age group are over-represented among the long-term unemployed. Frerichs and Naegele (1996) report that, between 1984 and 1992, the proportion of the long-term unemployed who were aged 45 or over rose from approximately two-fifths to two-thirds and that few older workers return to stable employment.

The situation in the labour markets of eastern and western Germany are very different as a result of the major restructuring of the former following reunification. In the former East Germany among older workers, employment rates are lower, unemployment rates are higher and long-term unemployment rates are higher (Frerichs and Naegele 1996). This is despite greater use of labour market programmes in the east of Germany and an over-representation of older workers on such programmes.

According to Kohli et al (1999) the pre and post-retirement labour markets are very different. In the latter, routine and low skill jobs are available. For these jobs older workers will be competing with students, although their employment prospects are good if they are willing to accept the hours and conditions on offer. Self-employment often continues into 'retirement'. Kohli et al report that in one survey, 7.2 per cent of firms re-employed workers on part-time contracts following their retirement.

6.3 Social welfare and pension arrangements

Germany has a mandatory pay-as-you go pension scheme which covers most employees. Levels of benefits depend upon average relative earnings and the number of contribution years. Benefits are increased in line with changes in average earnings. Statutory pensions are the most important source of income in old age (Alber 1993; Schmähl, Rainer and Oswald 1996). These are supplemented by occupational schemes for the private and public sectors (Alber 1993).

There are a number of routes out of the labour market for older workers. Until 1996 policy towards older workers was largely based on their exclusion from the labour market (Frerichs and Naegele 1998; Kohli et al 1999). A consensus on the use of early retirement as a tool for reducing unemployment lasted for almost two decades (Frerichs 1999). However, a new consensus against early retirement may be emerging as a result of a recognition that the population is ageing and Germany's social welfare system is under pressure because of fewer contributions to the pension system and people spending longer in retirement.

Kohli et al (1999) stated that a full old-age pension was available from the age of 60 for people with severe disabilities, women who had been employed for the majority of the preceding 20 years and to the long-term unemployed. Also, with enough years of contributions a full old age pension could be drawn at the age of 63. Entitlement to a full pension was automatic at the age of 65. However, the Pension Reform act of 1992 and employment legislation which was enacted in 1997 have made early exit more costly, penalising workers who take their pension early. Regarding the unemployment pension, this will still be available from the age of 60 but will be subject to an actuarial reduction. For every month the person retires earlier than the age of 65 reductions in benefits of 0.3 per cent will be imposed. Also, instead of it being possible to obtain a full retirement pension at the age 63 it will now be possible to retire at the age of 62 but with the same actuarial reduction. Reductions can be

offset by additional voluntary contributions into the state pension scheme, which it is anticipated might be paid from severance payments. The old age pension at 60 for people with severe disabilities is still available. The previous Christian Democrat administration decided to abolish this pension but the new administration postponed this change. From 2000 the pension age for women will be raised in stages from 60 to 65 (Frerichs 1999, 2000).

However, according to Frerichs and Naegele (1998) rather than improving the employment prospects of older workers, increasing the age of retirement without considering the heterogeneity of this group, without increasing the number of job opportunities and without improving working conditions may actually worsen their position in the labour market.

During the 1990s an important early exit pathway was the old age pension for the unemployed. This pathway has also been called the '59 regulation' because individuals were only eligible to claim a pension if they had been unemployed for at least one year. However, because unemployment benefits were granted to older people for up to 32 months it was in fact possible to step on to this pathway at the age of 57 years and four months (Kohli et al 1999). From 1993 employers were obliged to reimburse part of the unemployment benefit for each long service employee aged 58 or over whose employment they terminated. However, instances of reimbursement have been few. This has been put down to fact that firms could be exempted from making repayments on a number of grounds. Also, firms wishing to circumvent the regulation could simply target workers under the age of 58. Thus as a means of providing employment protection for older workers this regulation had little effect (Frerichs 1995).

Additionally, during the 1984-1988 period the Pre-Retirement Act enabled a 58 year old worker to leave a firm and receive compensation from the firm (with a Federal Labour Office subsidy of up to 35 per cent) until

the earliest date they were eligible to claim an old age pension. In eastern Germany special measures were introduced as industry restructured in the 1990s. Under the terms of one scheme which was in operation between 1990 and 1992 unemployed people aged 55 or over were eligible to claim a special pre-retirement benefit for up to five years, which amounted to 65 per cent of their last income (Kohli et al 1999). While the number of people in regular employment in the east of Germany fell by 2.3 million between 1990 and 1993 the official number of unemployed was only 1.2 million. This was largely due to the extensive use of pre-retirement measures (Schmähl et al 1996).

The Pre-Retirement Act was withdrawn in 1989 and replaced by the 'Part-time Work in Old Age Act', which was the first attempt to establish a phased retirement system. Employers who negotiated a part-time work agreement with an employee could receive a subsidy from the Federal Labour Office provided that:

- The employee reduced their working hours by half but continued to work at least 18 hours per week on average
- The employer supplemented pay by 20 per cent
- The employee made up the difference in pension contributions between current earnings and 90 per cent of previous earnings
- The vacant post was filled by an unemployed person.

The scheme was abandoned after poor take up. The 1992 Pension Reform Act enabled individuals who were eligible to receive an old age pension to continue to work and earn up to a certain amount while claiming part of their pension. However, this scheme too had little impact. In 1992 and 1993 only 846 men and 1,067 women took a partial pension. It has been suggested that this is because a full pension with marginal employment would yield an income comparable to that achievable with a partial pension under this scheme (Schmähl et al 1996).

This was followed in 1996 by a new 'Part-time Work in Old Age Act'. This model was more attractive than the previous model. The unemployment insurance fund subsidises 20 per cent of the wages of the individual. This top-up amount is not taxable and social security contributions continue to be paid. While they work half time, the employee receives 70 per cent of full-time net wages and 90 per cent of their pension contributions are paid by the Federal Labour Office. In 1998 the rules were modified to extend the period of part-time work from five to 10 years from the age of 55 to 65. The employee must not work fewer than 18 hours per week. It is a condition of this scheme that the part-time jobs which become available are filled by trainees or unemployed people. According to Frerichs (2000), under this legislation collective agreements covering 25 sectors and companies covering approximately 10 million employees have been negotiated. However, this leaves 25 millions individuals not covered by agreements on partial retirement (Frerichs 1999).

Four main options for partial retirement have been negotiated in collective agreements (Frerichs 1999). The first two start at the age of 60 and there is therefore no need for compensation because of pension reductions. By contrast to the situation which existed before 1996 the age of early exit has been raised significantly from 57.5 to 62.5. The part-time option offers individuals the opportunity to reduce working hours over the whole five year period while the 'block' option gives the option of continuing to work full time and fully retiring after 2.5 years at the age of 62.5. Options three and four start at the age of 55 and therefore involve compensation for pension reductions. Collective agreements differ significantly regarding the amount of compensation that is paid by the organisation. Some have provision for no or full compensation while most have provision to compensate half of the pension reduction. The 'block' option allows the individual to work full-time for 2.5 years and retire at the age of 57.5. The part-time option enables the individual to work part-time between the ages of 55 and 60 and to fully retire at the age of 60.

6.4 Impacts on labour market and retirement behaviour

According to Börsch-Supan (1992) (see also Antolin and Scarpetta 1998; and Gruber and Wise 1999a) distortions caused by the actuarially unfair design of the social security system have contributed to early exit in Germany, with strong incentives to exit as soon as possible. He shows that retirement has been concentrated around the ages 60, 63 and 65 which as already noted, correspond to three routes out of the labour market for different groups of older workers. By contrast, retirement between these ages and beyond the age of 65 was rare.

Kohli et al (1999) report that labour force participation rates among men aged 55-64 declined during the 1990s - from 57.7 per cent in 1990 to 54.6 per cent by 1997. Among women in the 55-64 age group participation rates rose continuously from 26.4 per cent in 1990 to 33.0 per cent in 1997. More detailed figures for the first half of the 1990s suggest that among men aged 55-60, by 1996 the decline in activity rates had stopped. In 1991 the rate stood at 79.7 per cent, declining to 74.2 in 1992 but increasing again to reach 76.4 per cent by 1996. However, among the 60-65 age group the decline continued between 1991 and 1996.

Turning to the situation for women, more detailed figures for married and unmarried women taken separately show that participation rates among the former are much lower. For example, in 1996 the rate was 48.7 per cent among those in the 55-60 age group who were married compared to 70.6 among unmarried women, which is similar to the rate among men. However, married women are catching up. The participation rate of married women in this age group increased by 9.3 per cent between 1991 and 1996 but only rose by four per cent among unmarried women.

Comparing unmarried women in the 60-65 age group with men of the same age shows that unmarried women's participation rates are much lower (16.6 per cent and 29.3 per cent respectively in 1996). However, the participation rate of unmarried women in this age group is higher than that of married women - 10.5 per cent in the case of the latter in 1996.

According to Kohli et al (1999) the mean age of exit from the labour force in the years 1985-1992 for men was 61.4 years (median 61) and for women 60.8 years (median 61). Comparing firms of different sizes, data for the period 1985-1992 show that the mean age of retirement among men was lowest among firms with more than 2000 employees (61.1 years) and those with fewer than 20 employees (61.2 years). On the other hand, the median age of retirement among firms with fewer than 20 employees, at 60 years, was lower than among employers of more than 20 people, where the median age was 61 years. A different pattern emerged for women. The lowest mean age of retirement among employees was observed among firms with 200-2000 employees (59.2 years) and those with more than 2000 employees (59.4 years). The lowest median age of retirement was observed among firms with 200-2000 employees - 60 years - compared to 61 years among other sizes of firm.

Also Kohli et al (1999) state that older workers in the west of Germany have much greater choice and control over their exit from the labour force than workers in the east. In addition, the level of financial compensation is much higher in the west of the country.

Data provided by Kohli et al (1999) for the period 1990-1997 show that, among women in the west of Germany, the regular old age pension at the age of 65 remained the most important pathway out of the labour market, although its importance declined considerably. In 1990 almost half of women retired via the regular pension at the age of 65. However, by 1997 this number had declined

to less than two-fifths. Teipen (personal communication) suggests that the large number of women in the west of the country remaining in employment until the age of 65 may be explained by older cohorts of women spending much of their adult lives as homemakers and not having enough years of contributions to be eligible for an early pension. They entered the labour market when their children left home.

Over the same period the number of women in the west of Germany who exited via early retirement at age 60 for those with sufficient contributions grew from 29.1 per cent to 35.8 per cent. In fact all early old-age pension pathways saw growth over this period.

In the west of the country the next most common route out of the labour market was the disability pension, with 17.3 per cent of women exiting via this route in 1997. The rate of exit via this route remained fairly constant between 1990 and 1997.

By contrast, in the east of Germany early retirement at age 60 for those with sufficient contributions was the norm over this period, with over two thirds exiting via this route in 1997. The disability route out of the labour market was also important, with almost a quarter of women exiting with a disability or invalidity pension in 1997.

Men's use of exit pathways have been different. In the west of Germany there was a marked increase in men exiting via the unemployment route at the age of 60 over the period - up from 13.7 per cent in 1990 to 27.6 per cent in 1997. However, there was a dramatic increase in the use of this route among men in the east - up from 18.2 per cent in 1993 to 59.4 per cent in 1997. In the west of the country approximately a fifth of men retired at the age of 65 with an old age pension over this period. However, in the east very few exited via this route - 5.4 per cent in 1997. Also, in the west of Germany there was a decline in the use of disability and invalidity pensions

over the period - from 36.0 per cent in 1990 to 30.0 in 1997. By contrast, in the east use of this route declined from 20.7 per cent in 1993 to 13.1 per cent in 1995, but then accelerated again reaching 25.6 per cent by 1997. Another commonly used route in the west of Germany was that for those aged 63 with sufficient contributions, although use of this route declined slightly over the period - from 19.6 per cent in 1990 to 15.0 per cent in 1997. Use of this route also declined in the east of the country - from 12.7 per cent in 1993 to 7.8 per cent by 1997.

Frerichs (1999) states that hopes for partial pensions were high. Federal Government estimates put the number of participating individuals at 420,000 between 1996 and 2004 when the law would expire. Reliable statistics on take-up are unavailable. However, it is estimated that there were only 33,000 participants by the end of 1998. Additionally, the 'block' model would appear to be used much more heavily than the part-time option. Thus it would appear that, in effect, one form of early retirement has been replaced by another and the gradual reduction in working time which proponents of gradual retirement put forward as one of its main benefits has not been realised in the German model.

According to Frerichs (1999) and Naegele (1999) there are several reasons why partial retirement has not yet had a significant impact in Germany. These are:

i. Labour market reasons such as a need for a reduction in staff

Employers do not consider the part-time employment of older workers as an adequate tool for workforce reduction. Trade unions attempting to protect the jobs of younger workers will press for the implementation of early retirement schemes. Also, during a period when Germany is experiencing high levels of unemployment it is difficult for gradual retirement to succeed when there is no demand for older workers (Frerichs and Naegele 1998; Frerichs 1999).

ii. An expectation of increased costs

Employers believe that partial and flexible working time arrangements will increase costs.

iii. Practical problems

There is a perception that there will be organisational problems such as in the division of jobs and the adjustment of shift systems. Schmähl et al (1996) suggest that earnings limits which apply to partial pension benefits mean that any changes to the hourly wage may require a re-calculation of working hours and a possible re-adjustment of work schedules on the part of the employer. Bäcker and Naegele (1996) also point to the obligation for employers to recruit unemployed people as another potential barrier to the successful implementation of gradual retirement.

iv. Fear of stigmatisation among older workers at the end of their career

Its isolated use at the end of career may encourage scepticism concerning its value among employees and there may be a fear of stigmatisation.

v. Negative view concerning part-time employment in Germany

Part-time employment is associated with lower level and stressful jobs and jobs which are considered to be the preserve of women. This cultural barrier makes the encouragement of wider use of part-time employment problematic.

One further issue concerning how pension reforms have impacted on retirement behaviour is worth mentioning. At the same time as partial pensions were being introduced mandatory retirement was also abolished, which invalidated stipulations in collective agreements that work contracts ended at the age of 65. However, an unintended consequence of this was that there was abuse of the system with older people obtaining pay-offs from employers to leave firms. Subsequently, mandatory retirement was reinstated (Schmähl et al 1996).

6.5 Role of HR policies in influencing the labour force participation of older workers

According to Frerichs (2000) trade unions have long demanded active labour market policies which target older workers. For example, the German Federation of Trade Unions has argued that, in the case of older workers losing their jobs, official employment services should intervene earlier and more intensively to minimise the risk of long-term unemployment. Trade unions are also arguing that workforce ageing will require improvements to working conditions. On the other hand, the German Federation of Trade Unions does not have a strategy on the employment of older workers. Additionally, trade unions in some sectors, such as the metal industry, are arguing for the right for their members to retire at the age of 60. Also, on the ground, recent pressure to reduce staff levels has meant that local works councils have negotiated agreements with employers which result in the exit of older workers, as this is seen as a more socially acceptable response (Frerichs and Naegele 1996).

Turning to barriers to entering employment, the supposed overprotection of older workers in terms of regulations concerning unfair dismissal and perceptions concerning higher salary levels are cited as key factors limiting their prospects of finding work. However, Frerichs and Naegele point out that special protection from dismissal for older workers with a long service record, which only applies after an individual has been with a firm for 15-20 years should have no bearing on the decision whether or not to recruit an individual of any age. Schmähl et al (1996) suggest that, with the growth of early retirement, the age at which a worker is considered 'old' has reduced, which has reduced employment opportunities for this age group. They also report evidence that the barriers facing older workers are not just limited to recruitment. In vocational training also there is evidence that employers hold negative stereotypes about the trainability of older workers and that older workers themselves are not motivated to undertake training. There is also evidence that an important barrier facing older workers is a perceived lack of appropriate skills (Frerichs and Naegele 1998).

Finally, it should also be noted that the trend towards early exit cannot solely be attributed to poor labour market conditions. A lowering of employment rates among older workers has also occurred in sectors which have seen growth such as the service sector, suggesting that early exit has emerged as a primary means of controlling the size and structure of workforces and for enabling product and process innovation in firms (Frerichs and Naegele 1996).

6.6 Older individuals' orientations to work and retirement

While take up of partial pensions has been minimal, findings from one survey would have predicted greater enthusiasm among workers. Schmähl et al (1996) report findings from the German Socio-economic Panel survey which found that over one third of men and two-fifths of women said they would take a part-time job if they were compensated with a partial pension. However, when asked when they would like their gradual retirement to start and end the average start age was 57.5 and the average end age was 60.5. Men actually expected to retire around the age of 61.5, while for women the expected age of retirement was 60. Thus the orientation of workers was towards earlier rather than later exit.

According to Schmähl et al, these findings demonstrate that the expectations of these older people were strongly influenced by existing arrangements. They suggest that one reason why the reality of the take up of partial pensions did not match these findings was that the actual scheme in Germany was not as generous as the hypothetical scheme used in the survey. Another important observation is that these findings highlight the desire of individuals to retire as early as possible. Schmähl et al state that this particularly applies to blue-collar workers. They report further research which found that three-fifths of people aged 55 or over favoured early retirement. Poor health and low job satisfaction appeared to be key reasons for the early retirement decision in another study. On the other hand, this study also found that among those still working at pension age, a lack of money was given as a reason for doing so by the majority of respondents.

Other research cited by Frerichs and Naegele (1996) suggests that significant numbers of older workers retain some attachment to the labour market. This study surveyed long-term unemployed people in the age range 45-65 and found that two-fifths were actively job-seeking. Among those aged 55-59, 14.9 per cent of men and 13.5 per cent of women had applied for a job in the three months prior to the survey.

Several studies have examined factors associated with retirement behaviour. Factors affecting the use of the disability and unemployment exit pathways have been examined by Riphahn (1997) using data collected by the German Socio-Economic Panel survey between 1984 and 1991 from men aged 45-62. She tested the hypothesis that disability and unemployment were substitute pathways to early exit. In all 480 men were studied and the factors predicting their transition to disability, unemployment and non-employment were examined. The study found that the presence of a disability was a positive predictor of a move on to a disability benefit but the opposite association was observed for the move on to unemployment benefit. On the other hand, the unemployment rate was associated with a move on to unemployment benefit but showed no relationship with a move into disability retirement.

In another study Siddiqui (1997a b) examined the relationship between health and retirement behaviour among a sample of men drawn from the German Socio-Economic Panel survey. This study found that health status predicted retirement behaviour. Men reporting a disability were four times as likely to retire early than men reporting that they were in good health. Another finding of the study was that immigrant workers were likely to retire earlier. There was no evidence to support the hypothesis that poorer labour market conditions were associated with an increased likelihood of early retirement. Finally, a simulation of the impact of the 1992 Pension Reform Act on retirement behaviour indicated that this would increase the average age of retirement by 1.3 years (see also Börsch-Supan 1992).

Börsch-Supan (1992) reports analysis of Socio-Economic Panel Data for 1984 which found that female heads of household tended to retire earlier, while in households which included children, heads of household retired later. Finally, findings of another study indicated that women with a higher level of education or in monotonous jobs were at greater risk of early retirement. Among men, shift work and low job satisfaction were associated with a greater risk of early retirement (Biefang, Potthoff, Bellach and Buschmann-Steinhage 1998).

6.7 Role of labour market policies and collective agreements in extending/contracting working life

Frerichs (2000) states that more active labour market policies have emerged since the election of the Social Democrat Government in 1998. However, no new policies have emerged for older workers and the main emphasis of employment policy has been on tackling youth unemployment. In fact, Frerichs and Naegele (1996) go as far as to argue that employment policy is out of step with policies aimed at encouraging a longer working life in order to maintain the viability of the pension system. In the absence of policies aimed at increasing their employability older workers may simply resort to finding alternative routes into early retirement.

The main measure aimed at improving the employability of older workers has been a wage subsidy offered to firms which recruited job-seekers aged 50 or over and who had been unemployed for a minimum of 1.5 years. The subsidy could amount to between 70 and 75 per cent of standard wages. The payment period could last for up to eight years (Frerichs and Naegele 1998). However, according to Frerichs (1995) the scheme had a limited impact. For example, in 1994 subsidies were granted to only 30,000 individuals when there were 500,000 long-term unemployed older workers. Frerichs and Naegele identify three reasons for this:

- i. The point at which the intervention took place was too late. They argue that by waiting until the older worker was long-term unemployed additional barriers such as a loss of skills and motivation had appeared.
- ii. The scheme was not embedded in a more general concept of tackling age barriers in organisations.
- iii. Unemployment is the result of a lack of jobs, not a lack of interest in hiring new workers, and wage subsidies are not an effective tool for job creation.

Older workers are under-represented in other labour market programmes for unemployed people. For example, under a Federal programme for tackling long-


term unemployment, firms recruiting workers received a subsidy for one year. Despite being a special target group, older workers were under-represented (Frerichs 1995).

However, an employment programme called 'Production labour market promotion' was launched in the east of Germany in 1993 and in the west in 1994. Under this scheme job creation was subsidised for up to three years or, if the person was aged 50 or over, four years. Older workers were well represented on the scheme, making up almost a quarter (23 per cent) of participants (Frerichs 1995).

Additionally, older workers are underrepresented in training schemes administered by the Federal Labour Office. Participation rates decline for workers beyond the age of 40 and those aged 55 or over are significantly under-represented on training programmes. According to Frerichs and Naegele (1998) this is partly because a clause in the employment promotion law requires that, in order to be offered a place on a public training programme, there must be the prospect of another job after the training is completed, and this discourages the placement of older workers. Another reason is that few training programmes are suited to the needs of older workers.

Additionally, the law on labour relations in the workplace stipulates that, with regard to the provision of vocational training, consideration must be given to the needs of older employees. Nevertheless, older workers are under-represented in workplace vocational training (Frerichs and Naegele 1998).

Nevertheless there is growing awareness of the issue of age and employment among policy makers. A recent report of the Enquiry into Demographic Change, which was set up by the Federal parliament makes specific reference to the need to maintain the employability of



older workers through lifelong learning, flexible working and health promotion. A further report, from the Federal Government funded research programme - 'The Future of Gainful Employment - Challenges of Demographic Changes' - provides recommendations for the social partners and older workers themselves on working conditions, maintaining employability and age-aware personnel policies.

Also, the Federal Employers' Association is in the process of preparing a revised edition of their guidance for employers - 'Older workers: a practical guideline for employers'. These guidelines aim to reduce discrimination against older workers and provide examples of best practice in age management.

In October 1999 the Federal Employment Agency launched an awareness raising campaign on the employment of older workers. The campaign points out the value in employing older workers and describes measures to improve their employability.

However, Frerichs (2000) points out that, so far, take-up of and interest in these measures has been somewhat limited. Moreover, these initiatives do not cover all areas of employability and according to Frerichs, are not very detailed.

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