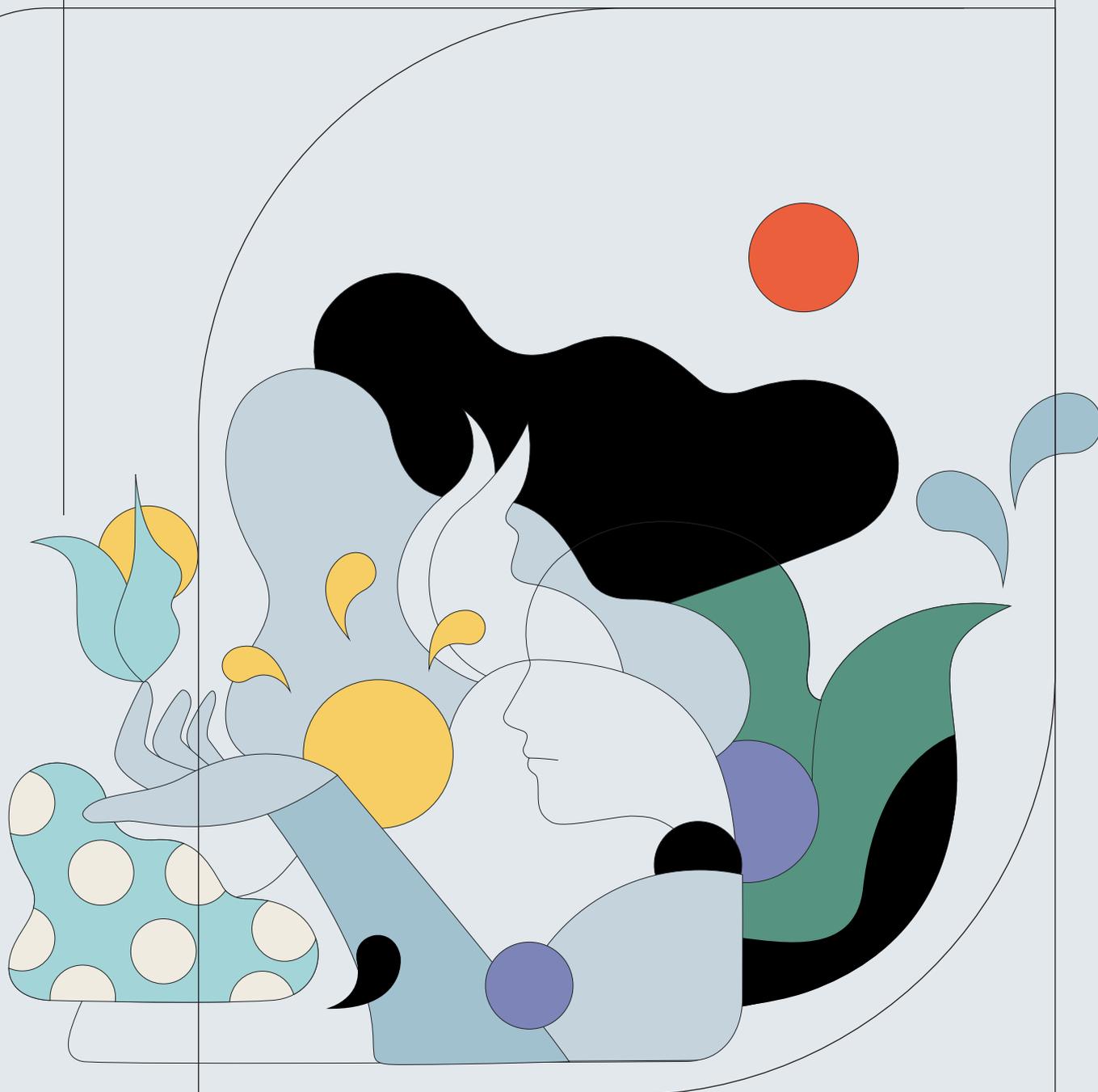




Country profile - Germany

Policies for longer working lives and two good practices

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CONTENTS

1	INTRODUCTION.....	2
2	BACKGROUND	2
2.1	Employment Changes	2
2.1.1	Overall Development of Employment	2
2.1.2	Re-Employment and Employability	5
2.1.3	Unemployment and Activation	9
2.1.4	Work after Retirement	12
2.1.5	Impact of Covid 19.....	12
3	POLICY OVERVIEW.....	13
3.1	Push, pull, jump, stuck and stay factors	13
3.2	Recent Policy Reforms	14
3.2.1	Benefits	14
3.2.2	Labour Market and Demographic Changes	16
3.3	Assessment: Factors that Hinder and Foster Job Retention	18
4	GOOD PRACTICES	20
4.1	Konzertierte Aktion Pflege	20
4.2	Collective Agreement and Demography	22
4.3	Summary	23

1 INTRODUCTION

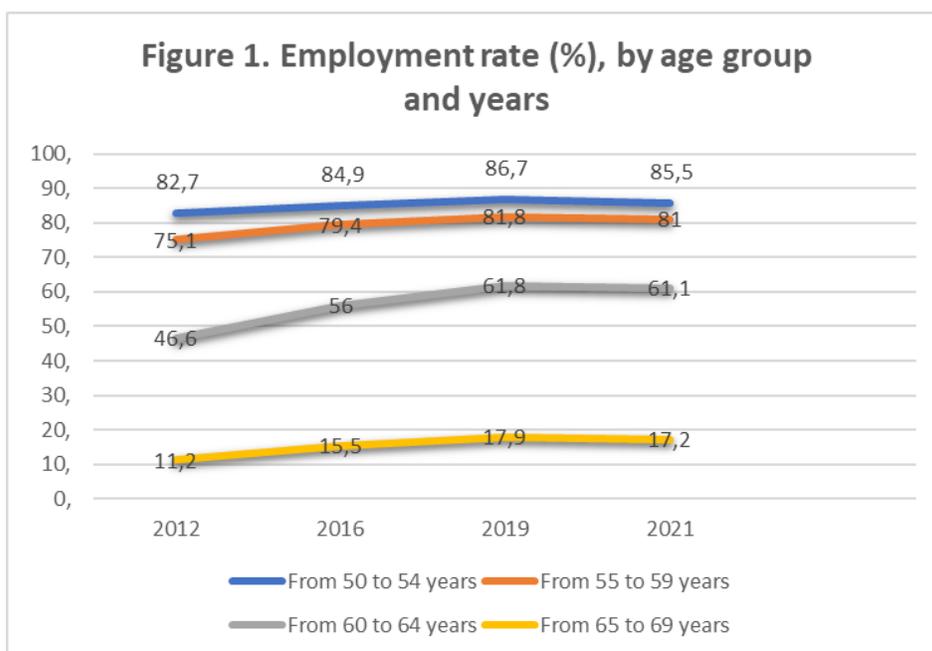
The German labour market experienced a sharp rise in employment of older workers before COVID-19 hit. The paper first presents evidence on employment of older groups in relation to overall employment, re-employment, unemployment and work after retirement. Then, it will describe recent policy reforms that hinder and foster job retention. Finally, it will address two projects that aim to extend working life of older workers in Germany.

2 BACKGROUND

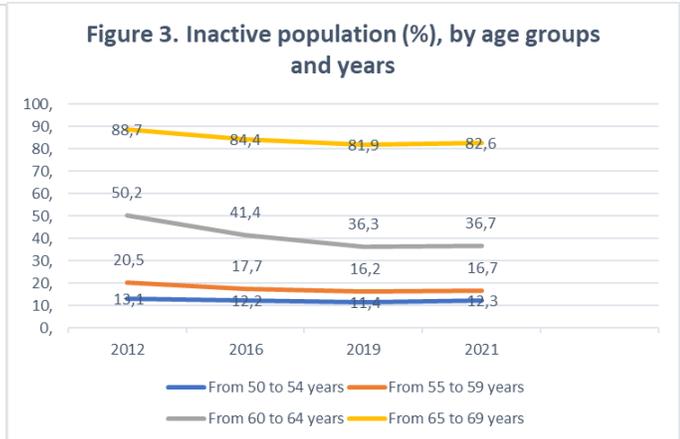
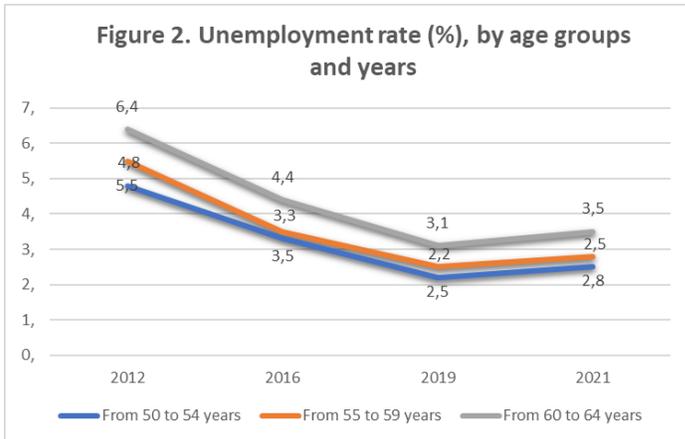
2.1 Employment Changes

2.1.1 Overall Development of Employment

Germany is quoted as one of the few countries with an amazing development in job retention of older age groups. In 2019, almost 9 out of 10 were in the workforce in the age group from 50 to 54, 8 out of 10 in the age group from 55 to 59 and 6 out of 10 in the age group of 60 to 64 (Figure 1). Figures from 2021, however, indicate a slight trend reversal due to the negative impact of COVID-19 on employment levels in all age groups. The share of the non-active population (i.e. neither working nor unemployed) and unemployed shrank in all age groups between 2012 and 2019 (Figures 2 and 3).



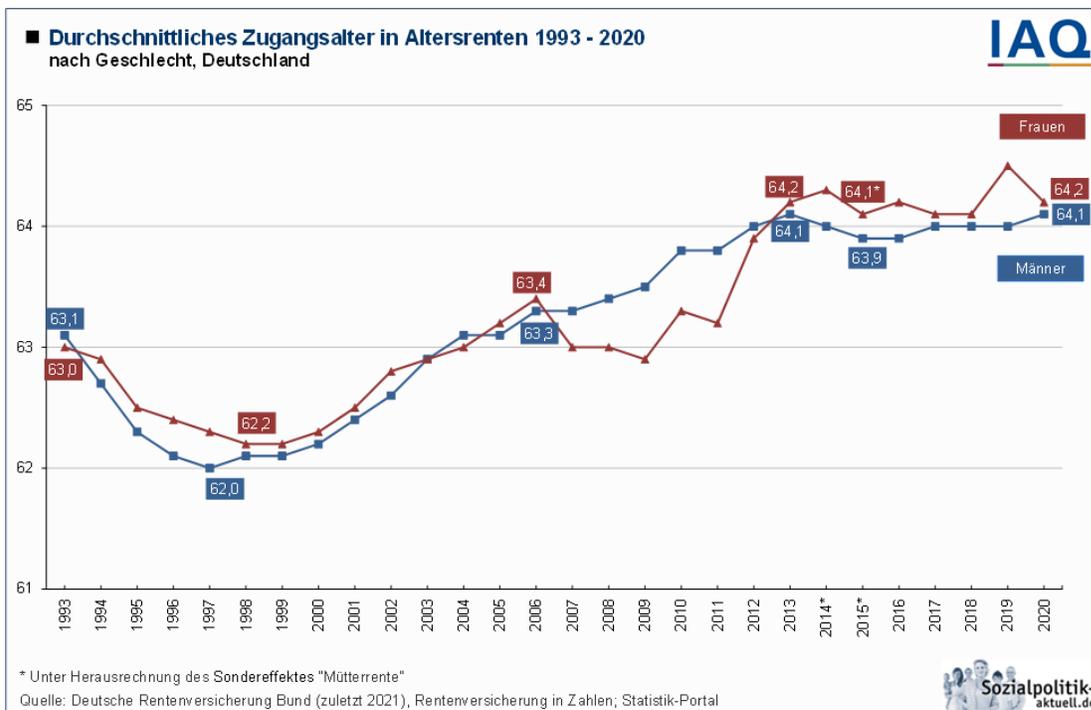
Source: Eurostat



Source: Eurostat

The average entry age to retirement rose for both genders considerably after a low in the mid-nineties and in 2020, men and women worked on average up to the age of 64 (Figure 4). Only in 2014, the introduction of a long-term insured retirement option led to stagnation of the development. However, not all are employed when they enter retirement. In 2020, only 45.8% of men and 44.7% of women entered retirement straight from employment (Figure 5).

Figure 4. Average Entry Age to Retirement over Time for Men and Women (Frauen=women, Männer, men)



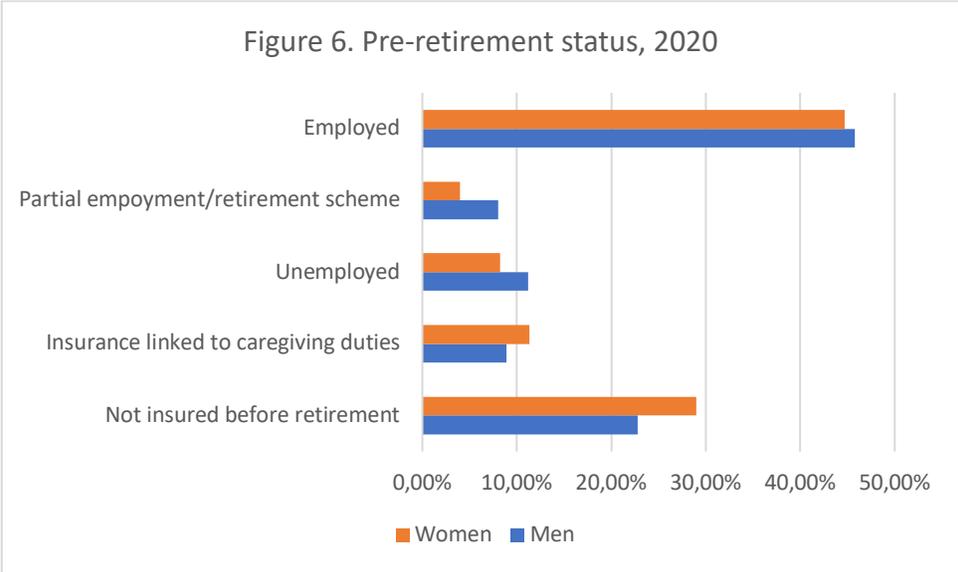
Source: Sozialpolitik-aktuell.de (16.02.2022)

Nevertheless, the share of women and men entering retirement straight from work increased by 20 percentage points between 2000 and 2020. Only one quarter of men and women retired straight from work in 2000, with an all-time low in 2006.



Source: Sozialpolitik-aktuell.de (16.02.2022), figure by author

In 2020, 22% of men and 29% of women were not insured before they retired, while 9% of men and 11% of women had another active insurance linked to caregiving duties (Figure 6). Furthermore, 11% of men and 8% of women were unemployed. Eight per cent of men and 4% of women were previously employed in a partial retirement/employment scheme.

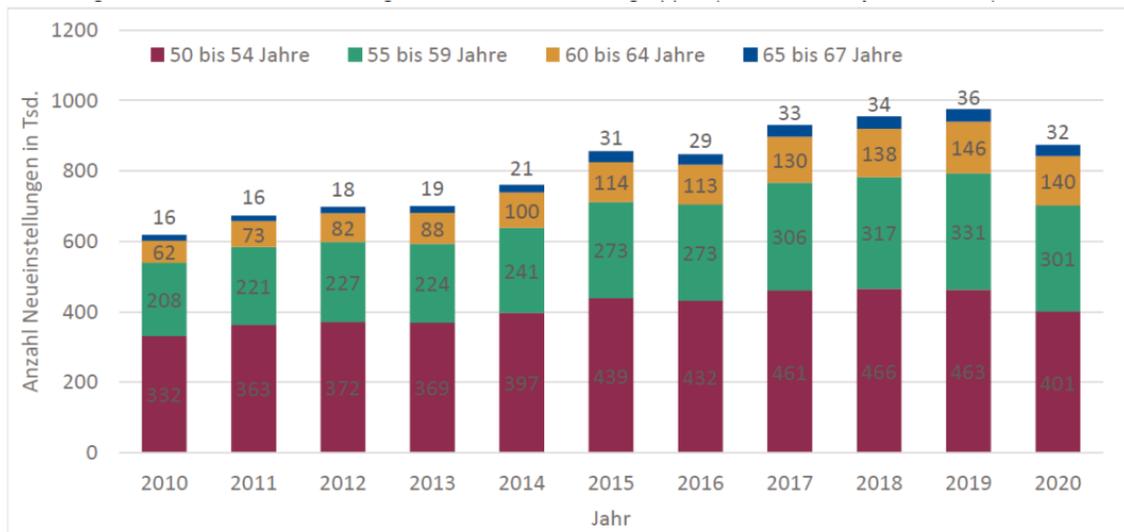


Source: Sozialpolitik-aktuell.de (16.02.2022), figure by author

2.1.2 Re-Employment and Employability

So what is the effect of age when switching jobs or finding a new job after periods of unemployment? Whereas the absolute number of new employments hardly changed for the age group 50 to 54 years old between 2010 and 2020, the number of new employments for those between 55 to 59 increased steadily (Figure 7). However, new jobs for older groups remain scarce (Figure 8). Overall, because of the higher employment rates of older workers, the number of new employments in all age groups remains at the same level in relation to their overall employment participation.

Figure 7. New Employment in Age Groups over Time

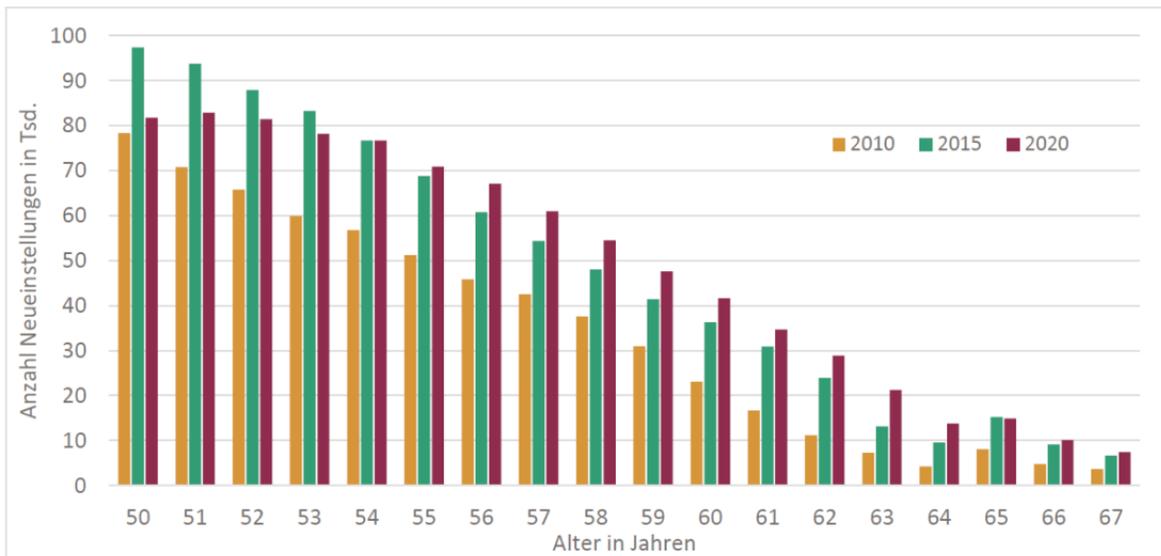


Quelle: Statistik der Bundesagentur für Arbeit, Sonderauswertung 2021, eigene Darstellung. Anmerkung *) Für das Jahr 2020 lagen zum Zeitpunkt der Auswertung noch keine Werte für das gesamte Jahr vor. Um jedoch das Jahr vergleichend berücksichtigen zu können, wurden nur die Daten des ersten Halbjahres für alle Jahre einbezogen.

Source: Drescher and Brussig (2021), in thousand

Given each year, the development indicates a stagnation due to COVID-19 in 2020 (Figure 8). However, older groups could retain or slightly increase the number of new employments compared with 2015.

Figure 8. New Employment in Age per Year over Time

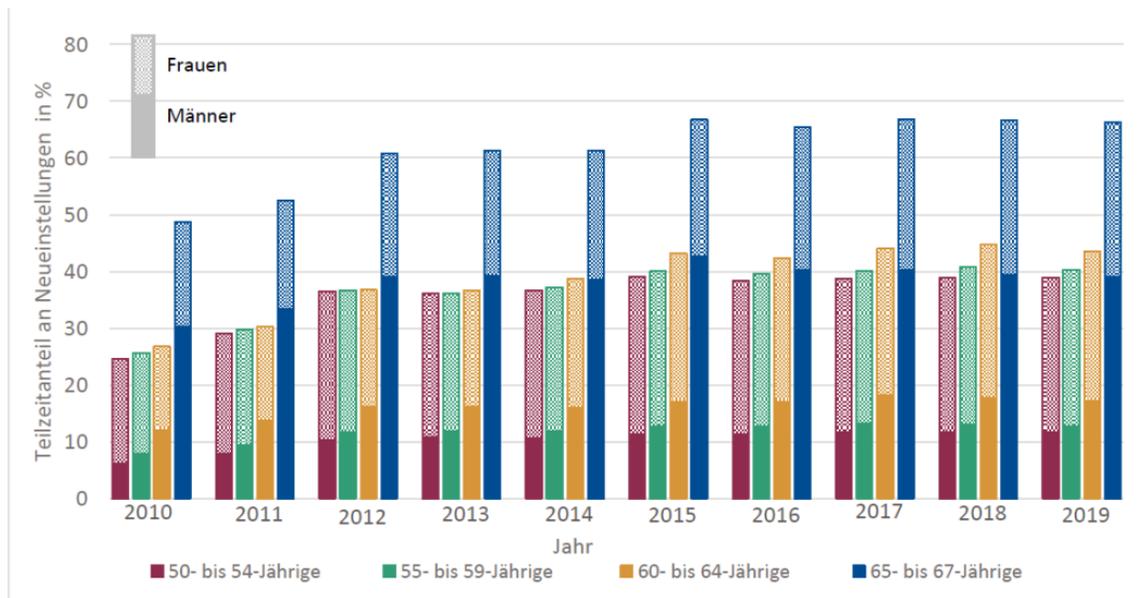


Quelle: Statistik der Bundesagentur für Arbeit, Sonderauswertung 2021, eigene Darstellung. Anmerkung *) Für das Jahr 2020 lagen zum Zeitpunkt der Auswertung noch keine Werte für das gesamte Jahr vor. Um jedoch das Jahr vergleichend berücksichtigen zu können, wurden nur die Daten des ersten Halbjahres für alle Jahre einbezogen.

Source: Drescher and Brussig (2021), in thousand

In regard to full or part-time employment, the new employments are often part-time. In the age groups up to 64-year-olds, mainly women take up those part-time positions (Figure 9). In the age group of 65 to 67 years old, the share of part-time employment jumps to almost 70%, and more men than women take up such positions.

Figure 9. New Employment - Share of Part Time



Source: Drescher and Brussig (2021)

Men and women differ in terms of job stability. Older women have a higher job stability in contrast to middle-aged women (re-entry after child), whereas older men are in more insecure labour market positions (a physical strain of manual labour). Taken age, it considerably lowers the re-entry into the labour market for women above 45 and men above 35 once receiving benefits. Because of the high labour market segmentation, specific sectors likewise offer higher job stability, but it takes longer for recipients to regain such positions (Dengler *et al.*, 2021).

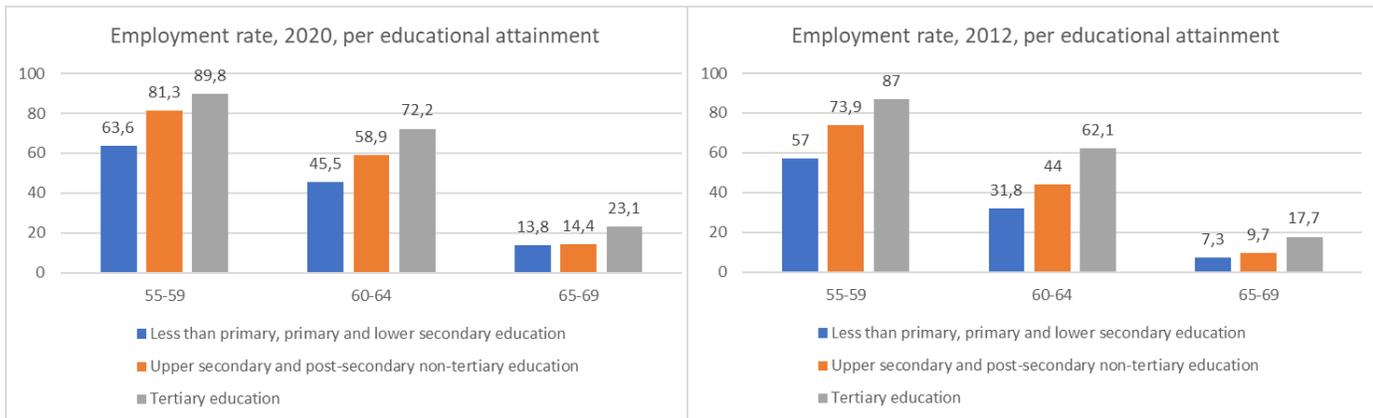
Taking into account the age, specific indicators mark higher risks of unemployment and early retirement. Tisch (2015) reports the “healthy” job-seeker effect. Those that experience poor health do not look for a job. Additionally, in the group of older unemployed factors that reduce employability often accumulate. Next to poor health, these factors include mobility and flexibility in job search, personal and financial situation, unemployment of partner or no partner and lower social capital regarding job search. These factors indicate the aspect of multidimensionality, which at the individual level can lead to diminished prospects for re-employment.

In case of unemployed above 44 years old, 30% had not applied for a job in the last four weeks in 2020. Those less like to gain employment include above 54-year-olds, having attained a lower skills level, reporting a disability, poor health or mental problems, and having longer unemployment spells (Nivorozhkin and Nivorozhkin, 2021).

A qualitative study that focused on the circumstances of older unemployed immigrants with low qualifications indicated that the experience of discrimination related to age hinders the reintegration into employment and likewise reduces self-esteem: Here, a focus on healthy lifestyles and economic resources likewise could contribute to better prospects of active ageing beyond labour market re-entry (Crăciun *et al.*, 2019).

Given the overall development in Germany, two factors are in favour of longer retention of employees in employment. On the one hand, those groups closer to retirement are far better trained and educated than those groups that are now retired. Higher qualifications and education is a key explanatory factor to stay longer in employment for men and women (Geyer *et al.*, 2018, Walwei, 2018, Walwei and Deller, 2021). Those with higher education and medium qualification attain high employment rates up to 60 years old (see Figure 10).

Figure 10. Employment Rate according to Qualification and Age

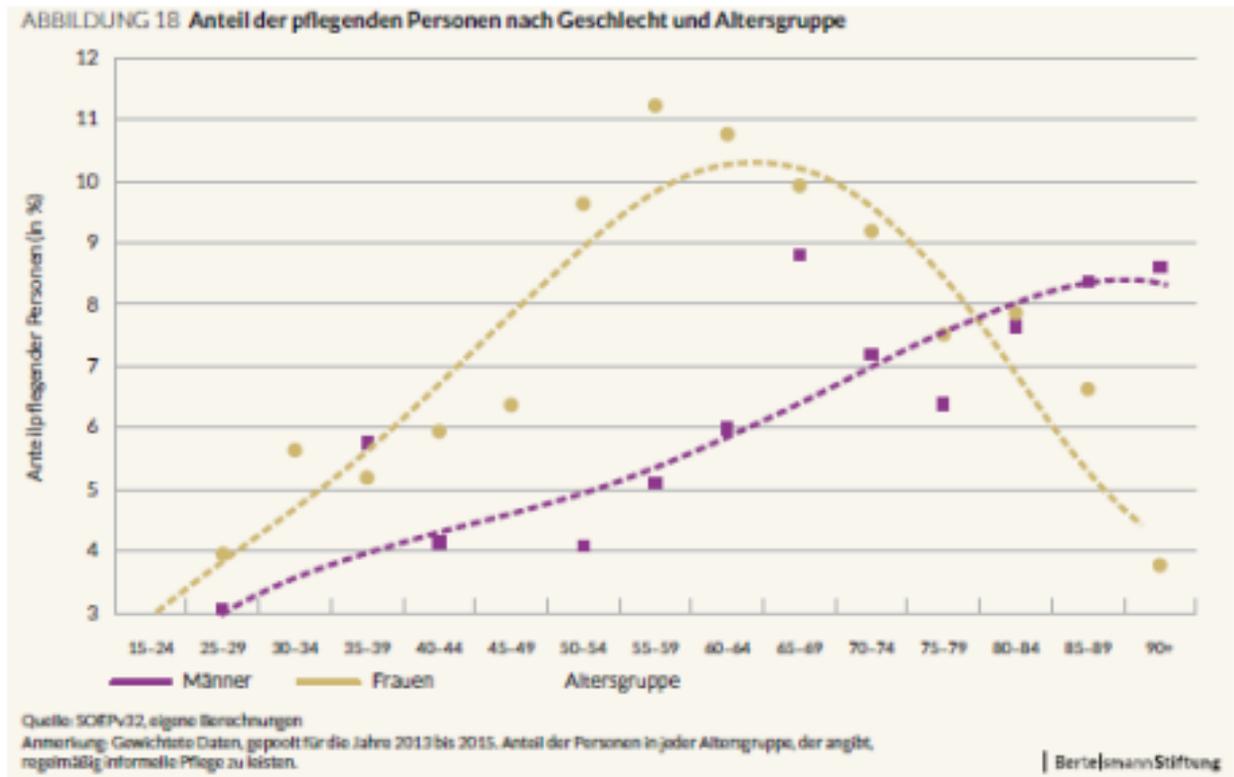


Source: Eurostat

Because of decreasing work accidents and overall better health, health-related issues slowly cease to drive early retirement (Geyer *et al.*, 2018, Walwei, 2018). Nevertheless, low-qualified workers and blue-collar groups with low socio-economic status face a low expectation of healthy life expectancy. Overall, the population has an average healthy life expectancy of 66 years (EU healthy life years), making it unlikely to drive a larger share of the population to work beyond that age.

Another factor runs against the higher (full-time) employment rate of women closer to retirement. The German long-term care scheme only provides partial public support with a long-term care insurance and social services (Bäcker, 2020). Mainly female close relatives informally carry out care work to a larger degree (Figure 11). Approximately one-tenth of 50 to 69-year-old women regularly take care of someone informally (Geyer *et al.*, 2018).

Figure 11. Informal Care Work, Age and Gender of Carers (Männer = men, purple, Frauen=women, yellow)

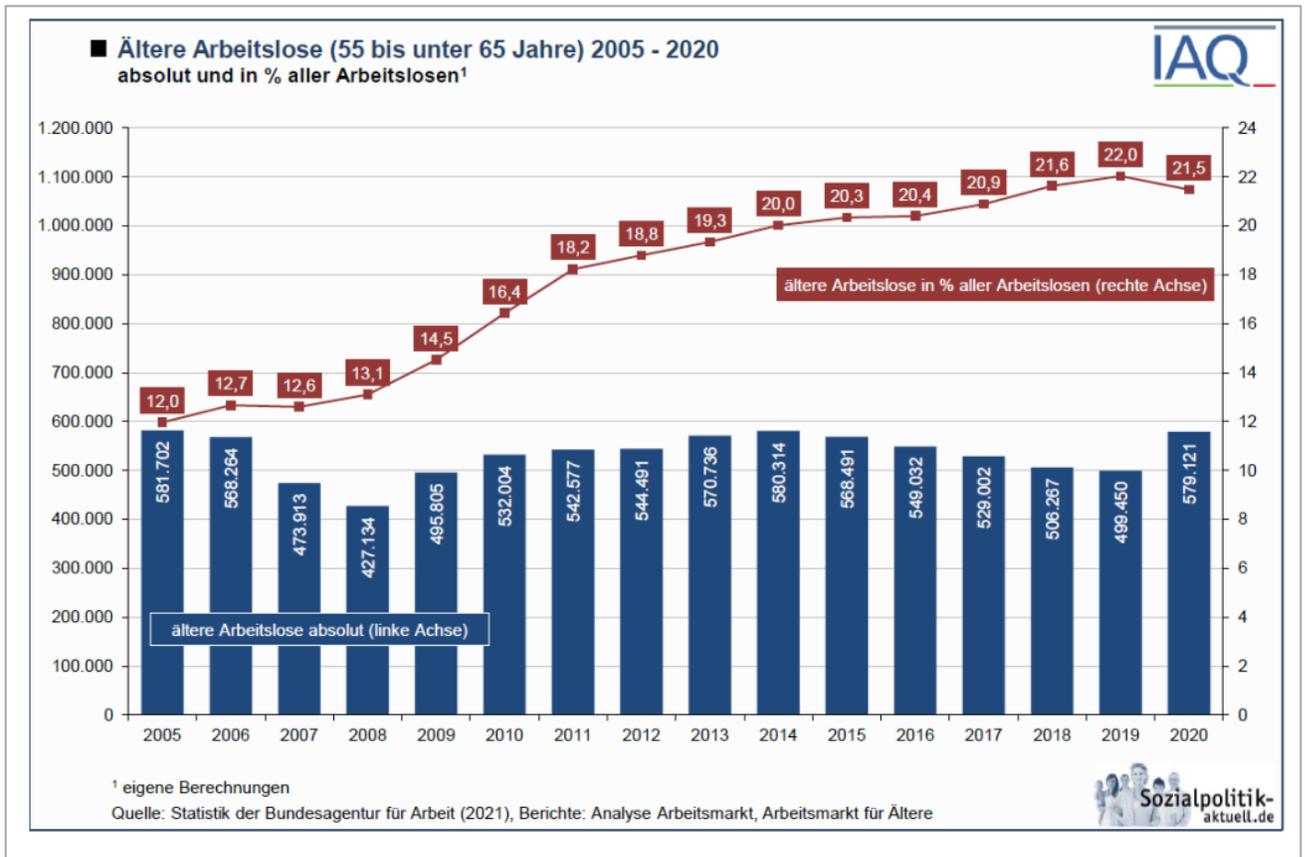


Source: Geyer et al. (2018)

2.1.3 Unemployment and Activation

Because of the higher employment rates and the lower possibilities to enter early retirement or disability-related benefits, the unemployment of older age groups increased in relative terms of all unemployed between 2005 and 2020. However, the absolute number of older unemployed remained quite the same until the COVID-19 epidemic (Figure 12).

Figure 12. Older Unemployed, in Relative and Absolute Terms over Time

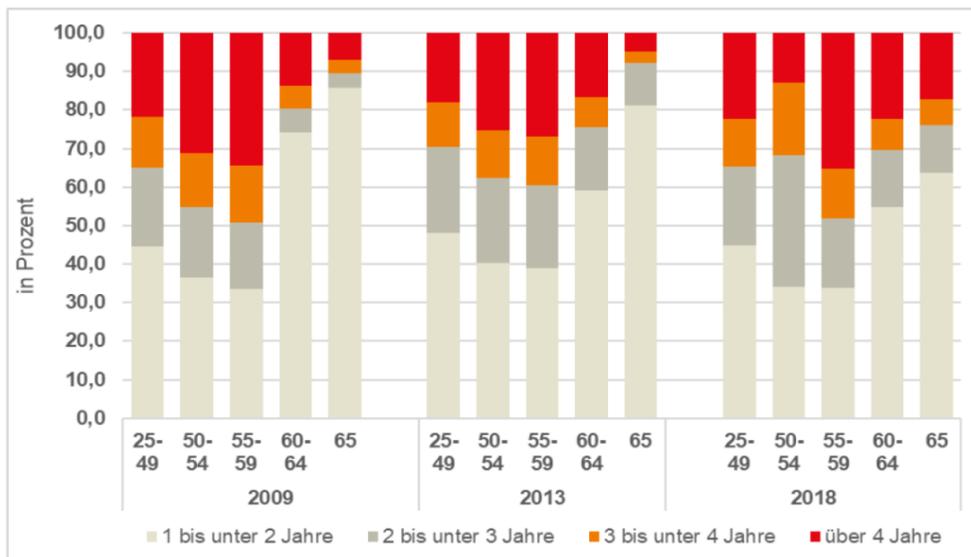


Source: Sozialpolitik-aktuell.de (16.02.2022), Absolute figures in red and relative in blue.

German legislation distinguishes between long-term means-tested unemployment beneficiaries and short-term social insurance-based unemployment beneficiaries. In absolute terms, one can explain the growth of recipients in both groups, because people cannot enter retirement and disability benefits that easily. Older unemployed are, to a larger extent, long-term unemployed on means-tested benefits.

Comparing age groups, the group of long-term unemployed was larger in 2018 in the older age groups than in 2009 (Figure 13). In 2009, those above 60 years were unemployed for up to two years. Now, they, to a larger extent, face long-term unemployment of more than two years. However, the share of long-term unemployment in the age group above 55 to 59 has not shrunk substantially, here more than a third faces unemployment of more than four years.

Figure 13. Duration of Unemployment in Age Groups over Time.



Quelle: BA-Sonderauswertung, eigene Berechnung und Darstellung

Source: Kaboth and Brussig (2020)

The job centre is still allowed to force means-tested unemployment assistance recipients to apply for retirement when they turn 63. This so-called “compulsory” retirement (*Zwangsverrentung*) leads to lifelong lower pension payments. Not all recipients can be forced to take up early retirement, as certain legal limitations are set. Nevertheless, it is argued that a substantive share of long-term unemployed has to apply each year or lose out on long-term unemployment benefits (Aust *et al.*, 2018).

Another aspect enforces “hidden” unemployment as well: the so-called “*Sonderregelung*” (Exemption rule) in Germany. Above 58 old long-term unemployed do not have to search for a job actively and are therefore “delisted” as unemployed in the statistics, if they have not had a job offer for a year (first regulated in § 428 SGBIII now in § 53a Abs 2 SGB II). Approximately 140,000 persons are therefore ‘hidden’ unemployed in the group of 60 to 64 years old. As a consequence, two-thirds of older long-term unemployed are taken out of the unemployment statistics and do not have to search for job.

Those unemployed that remain unemployed face little chances for active labour market intervention. The likelihood of entering a qualification programme differs between age groups and older unemployed are less likely to join a qualification programme. The differences are quite staggering for both groups, unemployment insurance recipients and long-term unemployed. Short-term unemployed above 60 years old hardly gain access to activation, whereas in case of long-term unemployed the differences are not that big between 55 and 60 years old.

Overall, the chances to find employment within a year, despite searching for a job are rather low for older workers. A high share of the long-term unemployed are either discouraged to find employment or are not any more obliged to search for a job (Nivorozhkin and Nivorozhkin, 2021).

2.1.4 Work after Retirement

The high part-time employment rate of retirees is specific to the German scheme. Two aspects have to be mentioned here. For self-employed, contributions to pension insurance are for many voluntary, only certain groups have to contribute. As a consequence, for some self-employed retirement is not an option, because of low pension benefits. All other pensioners, before and after their statutory retirement age, can continue to work and, depending on their age, may earn quite substantial income before deductions from their pensions. Overall, 1.58 million earn an income beside receiving pension payment in 2020 and one million work above their statutory retirement age.¹

One-third of female retirees and three-tenths of male retirees work or would like to work regularly up to three years after retirement, but only one quarter did so in 2020. Most of those had higher income beforehand and were in active employment before they retired. Additionally, they were in good health and did not have a partner in the household. Specifically, women with low income (less than 1,000 Euro a month) were more likely to work or would like to take up an employment. Overall, social and financial reasons indicate that women and men would like to continue work on a smaller basis after retirement (Anger *et al.*, 2018).

Overall, larger shares of retirees want to work – on average a little bit more than two working days a week. The motives vary, some because of financial reasons, some because of the status, contacts and enjoyment as well as staying active and engaged are important drivers for different groups (Hess *et al.*, 2021).

2.1.5 Impact of COVID-19

Two aspects are important with regard to how older workers were affected by the COVID-19 epidemic. On the one hand, older workers turned up at lower rates as unemployed compared to younger groups. This is because of the generous support of short-time work and the higher job security of older groups. Especially, people employed in so-called mini jobs – below the social security threshold – were made redundant during COVID—19. Older employees on mini jobs or self-employed experienced income losses due to a lack of support schemes. However, the fear of illness and infection may lower employee's and employer's preferences to re-enter employment or to hire someone at risk of serious illness (Walwei, 2021). On the other hand, pension entitlements for those 55 to 64 will only be marginally affected, because most older employees have been well supported because of the furlough scheme (Geyer, 2021).

¹ <https://statistik-rente.de/drv/extern/blickpunkt/>, 21/02/2022

3 POLICY OVERVIEW

3.1 Push, pull, jump, stuck and stay factors

Given the multiple aspects that impact job retention, we first set out to summarize the main factors that indicated the overall shift in German policies. Overall in the mid-1990s, policy changes indicated an introduction of stay factors in combination with still existing push, pull and jump factors (Naegele and Hess, 2020).

Push factors indicate policies that foster an involuntary early exit from working life. Individual factors mainly concern health-related issues, which often stem from strenuous jobs, but can also relate to changes in skills that result in a skill gap. Workplace-related factors indicate a policy that results in layoffs or firings of older workers, in case of low employment protection. Labour market-related factors include low re-employment of older unemployed workers due to discriminatory practices in employment services or actual lack of qualification (Jensen *et al.*, 2020, Jensen, 2021, Jensen and Øverbye, 2013).

Pull factors describe a voluntary exit from employment. On the one hand, this can be based on the individual's cost-and-benefit analysis, as early retirement gives a good deal in pension benefits. On the other hand, it can be based on social norms, which indicate that early exit is societally accepted and one is even expected to retire early on (Jensen *et al.*, 2020, Jensen, 2021, Jensen and Øverbye, 2013).

Jump factors regard aspects outside the work realm. These factors concern the individual's life course and his/her expectation to do something differently, to follow his/her partner in retirement or to care for someone. (Jensen *et al.*, 2020, Jensen and Øverbye, 2013).

In contrast, stay, stuck, need and retain factors explain prolonged working lives. These factors have regained explanatory power over the past two decades, guiding policy reforms and even changing individual preferences.

“*Stuck*” or “*need*” define factors that describe circumstances where someone, because of economic or social consequences, remains in the labour market. Inadequate benefits or low savings can lead to prolonged working lives to cover costs for housing, living or kids. Single people and people with few social contacts outside the workplace may fear solitude and isolation once they retire (Jensen, 2021, Naegele and Hess, 2020).

“*Stay*” or “*maintain*” factors, in contrast, indicate a prolonged working life, because it is experienced as rewarding and stimulating. Such a working environment, the job itself and remuneration limits these factors to individuals in a higher educational and economic position and, thus, are mainly explanatory for privileged groups (Jensen *et al.*, 2020, Jensen, 2020).

The German miracle of “job retention” has been ongoing for some years. First, long-lasting reforms will be described that keep older age groups in employment. Then an assessment of the positive and negative impact on job retention and equality will be given.

3.2 Recent Policy Reforms

Overall, the development indicates an overall shift in Germany. Public opinion, larger, medium and smaller companies, employees, social partners and social security institutions and the state proceeded from early retirement to job retention and work prolongation over the past three decades.

3.2.1 Benefits

3.2.1.1 Unemployment Scheme

In 2005, the abolishment of long-term social insurance-based unemployment benefits led to an end of the bridging scheme of unemployment benefits towards the pension scheme. The introduction of a means-test long-term unemployment benefit led to an income loss for long-term unemployed and stricter job search requirements. At first, elderly could only get the insurance-based unemployment benefit for 18 months (down from 32 months). In 2008, older unemployed could again obtain unemployment insurance benefits for up to 24 months, which prolongs stepwise from the age of 50 onwards (Walwei, 2018).

A specific wage supplement for older workers taking up low-income jobs in comparison to their previous jobs was phased out in 2013, but there is a regular supplement for long-term unemployment to incentivise the take-up of low-paid jobs (OECD, 2018).

Overall, the budget for activation programmes of the job centres has increased considerably over time (OECD, 2018). To ease the burden for the long-term unemployed, a specific activation programme was introduced for older workers (Perspective 50 Plus – Employment Pacts for Older Workers in the Regions) in 2005. The regional job centres tended to the needs of older job seekers with extra counselling and specific programmes (Brussig and Knuth, 2010). However, the specific programmes were phased out and were not replaced in 2015. Older long-term unemployed, as all age groups, now participate in a specific programme INGA (*Interne ganzheitliche Integrationsberatung* – Internal Holistic Counselling) of the job centre. In reality, the group above 60 years old is not activated but parked for longer periods. Additionally, specific long-term recipients can still face compulsory retirement, if they are entitled to a pension at 63 years, and others are exempted from job search (see above). Those below 60 years old still obtain counselling and other activation programmes on a regular basis (Kaboth and Brussig, 2020, Walwei, 2018).

The coalition government plans to reform long-term unemployment benefits. The so-called “*Bürgergeld*” aims to avoid stigmatization and support social participation. Recipients should attain the right to participate in full-time education and training programmes without job search requirements. As a paradigm shift, training and education are put at the same level as job search and re-employment as a goal for long-term unemployed. An additional payment of 150 Euros a month should incentivise long-term unemployed to choose qualification and training programmes (SPD *et al.*, 2021).

3.2.1.2 Pension Schemes

The first steps of decreasing entitlements were introduced in 1992, where benefits in case of early retirement were actuarially cut. A decade later, the eligibility criteria for disability benefits were tightened and access to an old-age pension because of long-term unemployment was phased out in mid-2005. Both reforms hit blue-collar workers and those with little chances to find re-employment (Bäcker, 2020, Hess *et al.*, 2020). The statutory retirement age of women was increased from 60 to 65 years between 2000 and 2004 (Walwei, 2018). Consequently, any early retirement exit routes have been closed or people face a step reduction of their benefits.

Statutory Retirement Age: 67

The statutory retirement age rises stepwise from 63 to 67 years from 2012 until 2029. Earlier retirement leads to steep deductions, which affects long-term unemployed (compulsory retirement) and low-income groups harder than high-income and higher-skilled groups (Hess *et al.*, 2020, Stiemke and Hess, 2020).

To limit the step deduction and avoid long-term impoverishment of larger shares of the population, a so-called *Grundrente* (basic pension) has been introduced in 2021, which provides a top-up payment for low-income long-term employed pensioners.

Long-term Insured: From 63 to 65 to 63

Those who started work early can either retire at the age of 63 or 65. For those with 35 qualifying years and other periods, the exit can be earlier. For those with 45 qualifying years, the labour market exit can be at the age of 63 without deductions. Those with 45 qualifying years are mainly skilled non-academic workers, while unskilled workers can hardly access the scheme because of longer periods of unemployment and sickness (Hess *et al.*, 2020, Walwei, 2018). Here, no specific clause for people in hazardous or arduous work is included, except of seafarers and miners as a minority group (OECD, 2018).

Disability Pension

The retirement age for disability pension rose to 65 in 2012. Most of the recipients enter disability pension before reaching the statutory retirement age, which can lead to a 10.8% reduction. To level the income gap, specific additional “fictions” supplement periods are added to avoid hardships (Hess *et al.*, 2020).

Partial Retirement

Partial retirement exists as a voluntary agreement between employees and employer, however, collective agreements or agreements can improve the status of employees. Regularly, partial retirement starts six years before the statutory retirement age. Employers have to contribute higher payments to the pension insurance than working hours require and cover smaller part of the income gap. However, the state stopped to support partial retirement in 2009, which lowered the entry into that scheme. Mostly white-collar workers used that scheme. Working full-time and then taking en bloc leave before retirement. The phasing out of the scheme increased the retirement age (Hess *et al.*, 2020, Walwei, 2018).

Flexirente: Flexible Retirement with Employment Income

In 2017, policy reforms introduced the possibility of earning an additional income of 6,300 EUR while in retirement without losing pension benefits before reaching statutory retirement age. In case of an income above 6,300 EUR, 40% will be deducted. Distinctive for the years 2019 to 2022 is that the earning threshold has increased considerably to 46,060 EUR because of the Covid-19 epidemic. After the statutory retirement age, pensioners can work as much as they want, without losing retirement benefits.

Specific forms of retirement promotion include part-time retirement and retirement while still contributing to the pension insurance. Both enable pensioners to increase their pension payments in the future. Furthermore, those above 50 years old can opt for higher pension payments and early exit with 63 years old without deduction. Additionally, mini jobs do not bear a high tax lot (flat rate of 2%), which can help retirees to gain an additional income of up to 450 EUR a month.

These policies are targeted to reduce the expected skill gaps in many sectors with a higher share of the older labour force.

3.2.1.3 Extension of Care Services

Since 2013, the increasing participation of women in the workforce is supported by an entitlement to childcare facilities for children from the age of one. Moreover, child care benefits are only paid for up to 14 months on a regular basis and are income-related (Bäcker, 2020).

In case of elder care, the introduction of a long-term care insurance only partially covers the costs of long-term care arrangements. Here, mainly women are still expected to fill the gap informally in elderly care. However, the benefits in cash and kind have increased considerably in 2021 (Bäcker, 2020).² Likewise, the coalition government wants to introduce a voluntary care insurance upgrade in the next years (SPD *et al.*, 2021).

Employees are entitled to 10 working days of leave in case of acute care need (during Covid-19, 20 days). In larger companies, employees can apply for full or part-time care leave of up to six months (15 employees) or 24 months (25 employees).

3.2.2 Labour Market and Demographic Changes

Overall, the German labour market has experienced almost two decades of growth. The increase in employment of older workers is attributed to an overall economic demand (Hess *et al.*, 2020, Konle-Seidl, 2017, Walwei and Deller, 2021).

Within this period, the economic boom resulted in a political debate about the future lack of skilled labour force that may lead to an economic downturn. This lack of skilled labour force

² <https://www.bundesgesundheitsministerium.de/presse/pressemitteilungen/neuregelungen-gesundheit-und-pflege-2022.html>, 21/2/2022

goes beyond the traditional industrial sector and also includes the service sector economy. Here, the increase of female (part-time) employment is remarkable. Women tend to exit the labour market later for a shorter period due to child care (Hess *et al.*, 2020, Konle-Seidl, 2017).

The Coalition government problematizes the projected gap of skilled workforce. It aims to raise female labour participation, employment conditions that enable workers to stay in employment until retirement age and educational and training programmes, which improve skills and qualifications of all age groups in respect of technological innovation. Likewise, the immigration scheme should be eased for skilled labourers (SPD *et al.*, 2021).

3.2.2.1 Policies aimed at Employers and Social Partners

Age discrimination is illegal in Germany in line with European anti-discrimination directives. Job postings are not allowed to be age discriminatory, a practice that has prevailed in the public sector for civil servants.

Overall, awareness campaigns raise the issue of age management in companies and certain good practices and support schemes are provided for in different networks.³ Here, policies focus on small and medium enterprises and support the exchange of good practices since 2002 at the national level.

3.2.2.1.1 Employment Conditions and Collective Agreements

INQA, *Initiative Neue Qualität Arbeit* (Initiative New Quality Work) in collaboration with social partners, introduced specific tools for adjusting work responsibilities and work time at the company level. In addition, it gives support to human resource management to prevent skill shortage due to retirement. Further projects enhance the implementation at the company level.⁴

INQA also collaborates with the *Bundesanstalt für Arbeitsschutz und –medizin* (Federal Organisation for Worker’s Protection and Health), which issued early on good practices on issues of collective agreements, wage bargaining and work time arrangement in relation to job retention.⁵

Overall, workers in companies covered by a collective agreement tend to experience more stable employment patterns in older age.

³ www.inqa.de 21/2/2022,

⁴ <https://www.unternehmens-wert-mensch.de/startseite/>

⁵ https://inqa.de/SharedDocs/downloads/webshop/erfolg-mit-flexiblen-arbeitszeitmodellen?__blob=publicationFile,
https://www.inqa.de/SharedDocs/downloads/webshop/betriebs-und-tarifpolitik.pdf;jsessionid=7193A4F1B9E1C48C33180E2B38E81E08.delivery2-replication?__blob=publicationFile&v=1,
https://www.baua.de/DE/Angebote/Publikationen/Praxis/Arbeitsgestaltung.pdf?__blob=publicationFile&v=9, 22/02/2022

3.2.2.1.2 Training and Education

In Germany, the public employment service promotes training and education for low-skilled workers. It used to be restricted to those above 45 years old, but it now takes up a more preventative approach for employees and unemployed alike. The job centre pays all the expenses related to the training for the enterprises and supports with payment of unemployment benefits and social security contributions. The instrument was expanded to enhance participation in qualification programmes during Covid-19 short work arrangements.⁶

Additionally, INQA promoted good practices to transfer digitalisation and artificial intelligence to small and medium-sized companies.

In the coalition programme, aspects of further training and education are highlighted (see also unemployment benefits). People should attain the right to a second higher education during their life course. Short-time work should be expanded to enable enterprises to support employees that attain additional qualifications. Here, at the company level, so-called *Transformationskollektivverträge* (transformative collective agreements) should enable enterprises facing restructuring to qualify the workforce for new tasks (SPD *et al.*, 2021).

3.2.2.1.3 Prevention and Rehabilitation

INQA and *Bundesanstalt für Arbeitsschutz und –medizin* (Federal Organisation for Worker's Protection and Health) have promoted policies at the company level to introduce policies that aim to prevent early retirement and introduce policies that aim at behaviour change. More specifically, Germany introduced a law that introduced a specific plan for returning to work after longer periods of sickness. These policies have to be implemented on a larger scale at the company level, providing step-by-step part-time re-integration.

However, a gap between individual work capacity, re-employment policies and social security exists. Especially, occupations that are known to lower work capacity in older workers do not allow workers to exit towards retirement anymore without steep deductions, likewise re-employments are highly unlikely for older groups with low skills and impairments. Consequently, these individuals are left in a limbo between low unemployment benefits and low pension benefits (Brussig, 2018).

In the coalition programme, the budget for rehabilitation and prevention policies should increase. At the workplace, health policies should be implemented. All above 45 years old should access a health check, if the pilot supports that as evidence-based practice (SPD *et al.*, 2021).

3.3 Assessment: Factors that Hinder and Foster Job Retention

In Germany, political elites and public opinion alike consider job retention and working up to the statutory retirement age for men and women to be a necessity nowadays. Institutionally,

⁶ <https://www.arbeitsagentur.de/unternehmen/finanziell/foerderung-von-weiterbildung>, 22/2/2022

after initial reforms of the pension scheme, policies in other areas were proliferated to reduce push and pull factors and to introduce stay and maintain factors.

Here, demographic changes change the attitudes towards female work participation and expanding the labour market fostered a more inclusive labour market for older workers. As a coordinated market economy, policies that foster job retention were also emphasized in collective agreements and at the company level, supported by national structures. Furthermore, educational and training programmes were expanded and included people on unemployment benefits.

Two points, however, indicate growing inequalities. On the one hand, neither the labour market nor pension schemes sufficiently shelter low-skilled workers and older workers with health issues. Here, push and pull factors were reduced and stuck factors prevail. In reality, people are left in a limbo, as neither re-employment is feasible or pensions are attainable and adequate. High-skilled workers in good health, conversely, stay longer in the labour market and attain higher wages and higher pension benefits. Additionally, the flexible retirement scheme marks additional income after retirement with low taxes. Here, market inequalities are exacerbated with the benefit and tax scheme.

On the other hand, older female workers still take up care work. Here, the ongoing and planned expansion of elder care systems does not cover sufficiently the care needs and support older women to enter or remain in the labour market to a higher degree.

So, for people nearing retirement age, it highly depends on whether one's health and occupation allow continuation of employment up to old age. Recent reforms highlight a strategic shift towards social investment in early and middle age. Life course policies aim to lower the risk of younger cohorts to prevent unemployment and early retirement in older age.

4 GOOD PRACTICES

The German government switched its strategy from focusing on older groups of vulnerable workers to “mainstreaming” old-age policies. As mentioned above, the main pillars of training and education have been opened up for larger groups of employees. WeGebAU from the German Public Employment Service has been redeveloped as a more general re-education programme open to all unemployed, employees and companies facing structural challenges (*Qualifizierungschancengesetz*). Likewise, INQA now regards different aspects of discrimination and opened up for problems related to COVID-19 and artificial intelligence. Here, tripartism is still central. But the programme now targets all diversity-related aspects and widens their policies from “altersgerecht” to “alternsgerecht”. Physical and mental health problems should be largely avoided due to building up workplaces that lead to less strenuous circumstances.

Because of age mainstreaming, it is hard to focus on policies targeted at older employees only. As examples of good practice, we will draw on changes that started out with the “*Konzertierte Aktion Pflege*”, which regards improved employment conditions in the health care sector, and on policies in the realm of a collective agreement. Both policies stretch to larger populations and bear potential for policies in other countries.

4.1 Konzertierte Aktion Pflege

In 2018, the German government started to revamp care professions in Germany, as low wages and strenuous working conditions had led to an increased lack of trained personnel in the care sector. Rampant work intensification and general ageing of the workforce likewise exposed vulnerabilities even before COVID- 19.⁷

Overall, the project targets five different areas: (1) In education and training: the programme aims to increase the number of trainees and the quality of education; (2) human resources, health and work safety measures aim to maintain the workforce for longer spells; (3) in innovative services and digitalisation, the goal is to develop innovate and more efficient services; (4) specifically, the action aims to recruit workers from abroad and develop careers for refugees and immigrants in the care sector and (5) In wages and remuneration, national minimum requirements will be developed.

A tripartite working group (number 2) targets the working conditions of care workers. Here, health and safety measures should increase. On the one hand, employees should gain access to services that aim to reduce mental stress, but also challenge existing of the position with high-stress exposure. On the other hand, employers should restructure their human resources and manage and plan with lower stress levels for workers. Additionally,

⁷ <https://www.bundesgesundheitsministerium.de/konzertierte-aktion-pflege> (21/3/2022)

lower workloads are aimed at challenging existing patient-staff ration and aim for more employees, better training and higher wages.⁸

As the care sector already experiences a lack of qualified personnel, the policies aim to retain employees for longer periods. Given the tripartite nature of the process, we focus in-depth on the information policies of the accident insurance of non-state organisations in the health and care sector (*Berufsgenossenschaft für Gesundheitsdienst und Wohlfahrtspflege*) as part of the overall process.

Work protection, risk assessment, prevention and workplace health promotion are the mainstays of this process. The mandatory process for employers covers all main levers of change. It is compulsory for all employers to assess the risks of employees in different positions and lower the risks ongoing. Specific online tools for in- and outpatient workplaces help employers to assess and change the workplaces accordingly.⁹ Work protection also includes policies to uphold job retention for older workers and reduces work-related strains early on.¹⁰ In the care sector, employee's health is promoted in all areas. Again, employers have to initiate the process with the regional health insurance and assess instruments for the specific organisation.¹¹ Moreover, there are policies against violence that target on aggression from patients and their relatives and on mobbing and other forms of conflicts from co-workers and bosses. More specifically, training and psychologists can help to avoid conflicts and assist employees after attacks.¹²

Overall, employers are reminded that health and safety policies depend on an open and participatory process, which allows employees to feel included and supported in the workplace. All organisations should assess regularly the health and safety policies at place and seek the support of either health insurance, accident insurance or other bodies.¹³

As the project only started in 2018 and the specific work groups are still in progress, only preliminary results are present. The overall outcome of longer and sustainable careers in the care sector still has to be monitored. Still, the projects target women and immigrants. These

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https://www.bundesgesundheitsministerium.de/fileadmin/Dateien/3_Downloads/K/Konzertierte_Aktion_Pflege/KAP_Aufgaben_und_Besetzung_Arbeitsgruppe_2_ergaenzt.pdf;

<https://www.bundesgesundheitsministerium.de/presse/pressemitteilungen/2019/2-quartal/konzertierte-aktion-pflege.html> (21/3/2022)

⁹ <https://www.bgw-online.de/resource/blob/8608/c7e21adfa878142881dc8d800d9a8a38/kap-gefaehrdungsbeurteilung-1-data.pdf>

¹⁰ <https://www.bgw-online.de/bgw-online-de/themen/sicher-mit-system/arbeitsschutz-mit-system/bgw-orga-check-plus/grundsaeetze-und-ziele-fuer-die-organisation-von-sicherheit-und-18400>

¹¹ <https://www.bgw-online.de/resource/blob/8614/4a40e1876be98f2b4ec4cee421dc5917/kap-unterstuetzungsangebote-2-data.pdf>

¹² <https://www.bgw-online.de/resource/blob/8610/0748988eb2acd738bd609eba8165d2b3/kap-gewalt-aggression-3-data.pdf>

¹³ <https://www.bgw-online.de/resource/blob/8606/2136d27f988a1a9d20c083a15a6efcae/kap-bgm-4-data.pdf>

groups should gain better education, improved working conditions, stable careers and good wages in the end.

4.2 Collective Agreement and Demography

One mainstay of INQA are collective agreements. Collective agreements have two aspects that are of major interest to policies. On the one hand, trade unions and employer's associations have to agree on collective agreements. In that respect, the direct influence of the state is limited to legal regulations. On the other hand, collective agreements are not negotiated on the company level and on the state level but are situated at the meso level.

The first so-called demography collective agreements were negotiated in the iron and steel sector. Aspects of early retirement and employment of younger workers were still agreed on by the collective partners. However, companies agreed on a demography check, health checks, age-checked working conditions and improvement of employability (Stiemke *et al.*, 2020). Other sectors followed like chemistry and pharma and metal and electronics (INQA, 2011).

Specifically, sectors with a larger share of older workers who are well trained started early on to retain older workers and employ strategies to maintain an age-diverse workforce to secure knowledge distribution. However, these sectors often have larger companies and larger profits. Within these collective agreements, older long-term employees with job strain related to working time are entitled to a part-time retirement scheme, despite the overall abolishment of it. Nevertheless, important subjects like qualifications of older workers, reduction of straining working conditions and overall health policies are still missing in many companies (INQA, 2011). Employers and employees get to know the specifics of demographic changes. They accept that they have to find a solution at the company level, as well. Collective agreements allow for diverse instruments at the shop level and can initiate change management (Stiemke *et al.*, 2020).

Sectors with low profits and a more age-diverse employment structure are hesitant to take up that issue in collective agreements (INQA, 2011). However, certain companies face the problem that they simply cannot adapt enough workplaces for older workers and have to find ways to employ younger people and make redundant older workers. Of course, at the collective or company level, overall social inequalities between a group of employees cannot be targeted and structural problems at the macro level cannot be solved (Stiemke *et al.*, 2020).

Contemporary demography collective agreements also indicate that the early problems of collective agreements are still rampant. The demography agreement of the German Railways (2020), as a more recent example, also points out the specifics of collective agreements, which support already better-off groups. Next to the so-called Matthew effects, the collective agreement, however, allows older workers to part-time retirement, flexible time accounts and working conditions that enable job retention. It qualifies older workers for training and

qualification programmes. Additionally, older workers have to take up requalification and job offers within the company.¹⁴

So far the outcome of demography collective agreements has not been evaluated. Nevertheless, it enables to set up specific goals for companies or sectors. Small changes – agreed by employers and employees – may have far-reaching impact, however, it depends on the consensus of both groups.

4.3 Summary

The Konzertierte Aktion Pflege and demography-based collective agreements aim to retain older workers in employment. Both instruments target different workers (male and female), but in sectors that fear the demographic structure of their workforce and their inability to attract younger employees in the next years.

Here, problem pressure leads to a greater reform impetus. Specifically, the care sector has been neglected and reform attempts that targeted wages and working conditions were crushed to reduce costs. In the long run, the spiralling of work pressures and low wages lead to an exodus of workers and politics addresses the care gap on all levels nowadays.

Collective agreements that relate to demographic changes in the workforce are now a popular mean in sectors where employees still have bargaining power. Here, policies that address job retention can materialize at the meso level, but it cannot address overall social inequality at the labour market and specific unwillingness in some companies and sectors.

¹⁴ <https://www.evg-online.org/dafuer-kaempfen-wir/tarifpolitik/tarifvertraege-aktuell/ab-2017/demografie-tarifvertrag/>

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