Increasing Employment of Older Workers through Lifelong Learning

Statements and Comments

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1. Overall employment situation of older workers in Germany - An overview

In Germany, older workers are usually understood as workers aged 50+, sometimes even as 45+, since recently very often also as 55+. When using the term ‘older worker’ in my paper I usually refer to the age of 50+.

To understand the situation of older workers in Germany today, five relevant trends and facts have to be mentioned. They refer (1) to demographic challenges in terms of declining and ageing of the workforce, (2) unfavourable overall working conditions for older workers, (3) promising perspectives for future employment chances, (4) changes in the official retirement policies in order to meet the demographic challenges and financial pressure on the social security systems and (5) new approaches in the legal labour-market policy in order to better re-integrate older unemployed. Apart from explicit labour-market initiatives (see below) there is no special policy approach on the Federal level aiming at promoting life long learning for older workers (employed and unemployed) in Germany.

1.1 Demographic change and labour force participation

The demographic challenge facing Germany is that, over the next 20 – 25 years, the average age of the working population will increase and the number of people of working age will decline. This is due to secular demographic trends, out of which low birth rates and a growing further life expectancy are the most important. Continuing migration will not stop this process, the trend only will be weakened. At the same time, also in Germany the baby-boomer generation will soon exit worklife (after 2015). In consequence, not only a decrease in labour force potential is likely, but also a growing proportion of older workers within the active population in working age. In other words: Both, Germany’s population as well as Germany’s workforce is ageing in a mid-perspective. This will take place substantially after 2020. What concerns the period between 2001 and 2020, it is estimated that the population size will remain stable, but by 2050 it will have declined by approximately seven million people.
In consequence, in Germany the following overarching trends are likely – primarily after 2015/20:

- Declining labour supply;
- Ageing workforce;
- Rise of old-age dependency ratios;
- In consequence, rising pressure on social security systems, which in Germany mostly are organised along the pay-as-you-go-principle.

Consequently, since the late 1990ies most policy makers and labour market experts in Germany see a need

- for a paradigm-shift in older-worker policies and early-retirement practice;
- to arrange for postponing factual retirement ages and for staying longer in working life;
- to provide both sufficient employment opportunities as well as suitable working conditions for an overall ageing workforce;
- to invest in the employability of an ageing workforce.

As one of the results, many labour market experts in Germany regard both declining labour supply and ageing of the workforce as being favourable for the employment prospects of future cohorts of older workers – given the fact that workforce is both declining and ageing and thus many companies are more or less ‘obliged’ to be productive with older workers longer than it was usual in the past.
1.2 Unfavourable working conditions for older workers

However, demographic challenges as well as positive assumptions concerning future employment prospects are both confronted by the following major trends, which – in their cumulative effects – must be regarded as strong impediments for a fundamental shift of paradigm in the hitherto prevailing older-workers and early retirement practice in Germany:

- Stagnating labour demand, particularly in the manufacturing sector, which still is reflected in high unemployment rates in many lines of businesses and regions (e.g. ‘new Länder’), which furthermore – are far above average among older workers.

- Comparatively low employment rates within the group of older workers, which are even worse within the group of older women and/or older unqualified workers and – with the lowest employment rates – among the older migrant population.

- Still far spread ‘pro-early-retirement-consciousness’ – due to nearly three decades of early exit practices in Germany, which recently (and partly is still today in some lines of business) was based on a broad consensus among all partners involved and particularly among older workers themselves (‘great coalition of interests’).

- Changing overall labour market conditions, strongly linked to the growing globalisation of competition by which many German companies are confronted - with negative impacts on the employment opportunities of older workers higher than average (e.g. rising endeavours of companies to reduce personal costs, increased work intensity, decreased job-security, lean-management and just in-time approaches, flexibilisation of work, destandardisation of employment contracts).

- In consequence, empirical evidence for both a decrease in the perceived quality of work particularly among older workers as well as a rising criticism of working conditions among older workers especially what concerns their psychic dimensions.

- Empirical evidence for a rise in in-corporate age-discrimination (e.g. in recruiting and internal promoting practice, far-spread negative old-age-stereotypes within younger staff -members and key-persons, negative prejudices in terms of the productivity and the personnel-costs of older workers, low participation rates in in-corporate further education, low judgement of the know-how of older-workers, far-spread in-corporate de-qualification practice (‘specialisation trap’).
In consequence, there was a sharp decline in the labour force participation rates for older workers until recently.

### Table 1: Labour force participation rates by age group, Germany (1975 - 2004) (%)

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<thead>
<tr>
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<td>Men</td>
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<tr>
<td>50 – 54</td>
<td>93.1</td>
<td>93.3</td>
<td>93.3</td>
<td>93.2</td>
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<td>91.7</td>
<td>91.5</td>
<td>91.8</td>
<td>91.6</td>
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<tr>
<td>55 – 59</td>
<td>85.7</td>
<td>82.3</td>
<td>79.1</td>
<td>81.1</td>
<td>75.8</td>
<td>78.7</td>
<td>80.4</td>
<td>81.6</td>
<td>82.2</td>
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<tr>
<td>60 – 64</td>
<td>58.3</td>
<td>44.2</td>
<td>33.0</td>
<td>35.0</td>
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<td>31.4</td>
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<td>38.9</td>
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<td>65 and over</td>
<td>7.4</td>
<td>5.1</td>
<td>5.3</td>
<td>4.1</td>
<td>4.4</td>
<td>4.4</td>
<td>4.5</td>
<td>4.5</td>
<td>4.4</td>
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<tr>
<td>Women</td>
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<tr>
<td>50 – 54</td>
<td>47.4</td>
<td>47.1</td>
<td>50.2</td>
<td>57.8</td>
<td>69</td>
<td>72.6</td>
<td>74.9</td>
<td>76.4</td>
<td>77.3</td>
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<tr>
<td>55 – 59</td>
<td>38.4</td>
<td>38.7</td>
<td>37.8</td>
<td>43.8</td>
<td>49.7</td>
<td>58.1</td>
<td>60.1</td>
<td>61.5</td>
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<td>60 – 64</td>
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<tr>
<td>65 and over</td>
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<td>2</td>
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<td>1.5</td>
<td>1.8</td>
<td>1.8</td>
<td>1.8</td>
<td>1.8</td>
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Source: Statistisches Bundesamt: Micro-census, different volumes

Although the trend towards early retirement had begun already in the early 1970s, it became more pronounced in the 1980s and early 1990s. It was a result of overall low employment growth and, after the reunion of East and West Germany, early retirement served as the most popular tool for many years to adapt the labour market as the economy transformed. For men, the decline in labour force participation has begun already at the age of 55. For German women, the situation is quite different. They are affected by cohort effects which, in the course of time, have led to growth rates for older age groups (up to those aged 55 and 59 years). Therefore, one a continuous increase in their labour force participation rate is typical for years.

Since recently, an increase in the labour force participation rates can be observed for all older workers. This trend is still small for the years between 2000 and 2004, however is higher since 2005. This may be viewed as a first indication that raising the statutory retirement age and benefit adjustment in case of earlier retirement (see below) is affecting retirement behaviour. Furthermore, labour market participation in this period has been favoured due to the fact that cohorts of older workers were rather small. However, much of this increased labour market participation is caused by a growing number of so-called ‘minor’ jobs, that is low paid, restricted jobs or part-time jobs (the latter mainly taken by older women). If unemployment stays high older workers may face a prolonged period of unemployment before retiring.

### 1.3 Hope ‘at the end of the tunnel’?

On the other hand there are some other overarching trends that - at least in cautious terms – might lead to contrary and/or compensative effects what concerns both future employment prospects of older workers as well as activities investing more in the employability of an ageing workforce:

- Human capital as factor of production is judged as being of rising significance for those lines of business, which are directly affected by the global economic competition. This gives also rise to hope for better employment prospects at least for qualified older workers.

- This stands in line with an expected labour shortage particularly among the group of skilled workers in Germany at all age.
There is – although still reluctantly and not all across Germany - both a rising positive awareness as well as a rising positive judgement what concerns the skills of older workers, particular in terms of their extra-functional dimensions within their work ability (e.g. experiences, extrafunctional know-how, responsibility, meticulousness and consciousness, high quality-awareness, being higher communicative).

There is no empirical evidence for an inevitable (‘natural’) decline of productivity with rising age of the workforce. On the contrary, many labour experts plea for a new conceptualisation of productivity particularly with respect to older workers and to an ageing workforce.

Recent research on both the workability and the employability of an ageing workforce (e.g. Ilmarinen 2006) reveals that their development is life-course bound and thus principally open for further development also in the later stages of the life-course (e.g. by training, health promotion, motivational endeavours).

There has been a remarkable growth of the service sector which many experts regard as being in general favourable for future employment prospects of an ageing workforce. This is seen to be true particularly for those services that are person-/individual-oriented.

The rising consumer power of the older population in Germany which is seen as a core driving force for the ‘silver market’ in Germany might lead to a rethinking of the long tradition in German enterprises to produce and sell primarily with young staff.

1.4 Reinforcement by a shift of paradigm in the early-retirement policies and practices

Against the background of both workforce shrinking and ageing - mentioned earlier - as well as concerns about the sustainainability of the pension system in the future, a change of paradigm in the hitherto prevailing early-retirement policies and practices has taken place. Respective initiatives, first launched at the beginning of the 1990’s, have been reinforced. With pension reforms in 1992, 1996 and 1999, the legal retirement age for all as well as the legal retirement ages for specific types of old-age-incomes have been increased up to 65. In 2006 the new ‘great coalition’ agreed upon a further increasing of the legal retirement age up to 67, however in steps, beginning in 2012 and finished by 2029. Employees who still wish to retire earlier have to accept a 3.6% reduction from their pension per year that they retire early. This could amount up to 18% depending on circumstance.

In addition, a part-time retirement law was introduced in 1996 which still gives older workers the possibility to reduce their working time without substantial loss of income. However, research data reveal that in practice the option of part-time has been very often ‘misused’ because it served many companies as a new instrument of early retirement: almost 90% of the older workers entitled chose the so-called ‘block-model’ which puts older workers on an early full-time leave. However, this law is annonced to expire in 2009 in order to avoid its further disuse.

1.5 Shift of paradigm in Germany’s labour market policies for older workers

In addition to the pensions reforms, a specific labour market policy for older workers was introduced, with the prime target, to better integrated older unemployed. It startet with the Job-AQTIV-Law (2002). ‘AQTIV’ stands for a German acronym, which means: ‘Activate (A), Quality
Promotion of vocational training for older unemployed aged 50 and over;

- Unemployed persons aged 50 and over or employees threatened by unemployment shall, for a limited period of time, receive a monthly subsidy amounting to 50% of the difference with their last net remuneration;

- Employers shall be exempt from contributing to unemployment insurance (3.25% of the gross wage of the employee) if they hire an unemployed person aged 55 and over.

- Combined-wages for older unemployed in case of their re-integration into paid work.


2. **Interim comparison Iceland – Germany (1)**

1. Opposite to Germany Iceland has a high employment rate of older workers. Question is, whether this also mirrors the small labour supply.

2. Opposite to Germany Iceland did not know early-retirement policies. Opposite to Germany, a rather high legal retirement age is typical for Iceland which to a large degree might explain the differences in the employment rates of older workers between both countries.

3. Opposite to Germany, Icelandic workers have strong working ethics which also are typical for the older working population, an “early retirement consciousness” (as typical for Germany) is unknown.

4. In Germany, the special (negative) situation on the labour-markets in the ‘new Länder’ have to be taken into consideration.

5. In Germany employment prospects currently are only promising for older skilled workers, which are mainly male workers. Distinctly less promising are the employment chances for less skilled workers, women and older migrant workers.

6. In Germany, working even longer than 65 is predominantly done by self-employed.

7. In Germany, one of Iceland’s most significant prerequisite for integrating older workers, was missing during the last decade: economic growth rates which are so high that they create new jobs. In order to meet the EU-targets of Lisbon, Stockholm and Barcelone: to increase the employment rate of older workers (55 +) to 50% and to delay by five years the age at which older workers stop working), around 800,000 new jobs are demanded.
3. Lifelong Learning for older workers

3.1 Challenges and necessities

Lifelong learning is a concept which in Germany in practice is not developed although theoretically existing. This fact stands in a distinct contrast to the necessity of raising skill particularly among older workers – taking into account the anticipated significance of human capital also in Germany against the background of a globalised competition in which many German companies are currently involved. It may be assumed that the work factor will in future no longer simply be considered as a factor relating to costs and rationalisation, but primarily as a kind of ‘asset investment’. The fact that Germany’s future workforce has to reckon on an intensified increase in skill demands in the coming decades is the corresponding result of almost all projects dealing with the future working landscape of tomorrow. For example, according to official prognoses of the Federal Employment Service, approximately 72-73 percent of the active workforce will require initial vocational training or further training in the year 2010, whereas the proportion of jobs which do not require any formal training to be completed, will have fallen back to approximately 10%.

If these trend forecasts are accurate, and if one further assumes the demographic decreasing and ageing of workforces, society including companies can no longer simply put their trust in achieving the required adaptations in structure and qualifications by replacing older employees with younger (better skilled) employees. The currently prevailing practice of an age-selective and simultaneously age-discriminatory company qualification process (see below) could then possibly have a ‘boomerang’ effect, if future product and process innovations, or technology and rationalisation phases, have to be coped with using staff which is generally ageing and which has not been prepared for this in good time and in a reasonable manner. Therefore, in addition to a basic qualification system which should be as broad as possible, the institutionalisation of lifelong learning gains a role of central significance, both for the safeguarding of employment and also for retaining the innovative capability of companies. However, so far an institutionalised system of lifelong learning is completely missing Germany – although demanded by different expert groups for years.

German research usually distinguishes between five types of special (‘age specific’) skill risks which are of particular relevance for older workers. As a rule, they follow ‘career-pathways’ and furthermore have to be assessed in their cumulative effects:

1. Intergenerational formal skill deficits – in comparison to younger workers (which is proven by official statistics), which among others makes it more difficult to react to changes in the structure of skills demanded on the labour market;
2. Higher risk of being excluded from in-company training measures (‘Matthäus-effect’);
3. Lossing/devaluating of skills – e.g. due to overall changes in the skill structure, work-place organisation (general risk of de-qualification);
4. Lossing/devaluating of skills by in-corporate employment practice (‘specialisation trap’, ‘disuse-effects’) (company-/workplace-related risk of de-qualification);
5. Higher risk of de-motivation to learn in old age.

This mixture of ‘age-specific’ skill-risks does not only demand for updating formal skills among older workers but also for a special protection against both the vocational de-qualification and the de-motivation risk which raises with both age as well as with the duration of working in the same
vocation and/or of fulfilling the same tasks in a company or on a job. The necessary protection primarily aims – Among others - at offering ‘learning on the job’, job rotation or other in-company training offers directly linked to the job. In this context individual learning accounts have gained some significance, however, are not far spread. Furthermore, so far there are no data available revealing the rates of participation of older workers.

3.2 The German reality of Lifelong Learning

Although participating rates of German workers in formal vocational further training has tripled since the end of the 1970ies, older workers are distinctly underrepresented. The disparities between the rates of participation of younger workers and older workers are still high, although a gradual outleveling is anticipated for future cohorts; taking into account a currently much higher rate of participation of older workers compared to the late 1970ies. In 2003 17 % of the persons aged 50 – 64 reported about participating in further vocational measures compared to 29 % of persons aged between 19 and 34 (1979: 4 % vs. 16 %).

Even if analysing data reporting about the participation rates of the different age-groups in the sector of non-formal adult learning, the discrepancies are still high significant, although in general also in this non-formal sector the participation rates have increased since the end 1970ies. However, the distances between young and old are still high – although on a general higher level compared to the end 1970ies. The latter is - apart others - also due to the fact that learning in/for old age just recently has entered the agenda of educational policy in Germany – which can be seen as one of the interim results of the recent official acknowledgement and promotion of the EU-concept of ‘active ageing’ in Germany. However, within all age-groups the participation rates of those with lower educational status are low and vice versa.

Furthermore, it has to be taken into account, that the rates of participation – among all age-groups – are distinctly higher among those already formally higher educated – and vice versa. This also mirrors the well-known fact of social inequality in access to education, which in Germany is not only true for young cohorts entering the formal school-sector but also for older cohorts when it comes to participate in further vocational training in later stages in professional working life.

So far, in Germany there is no institutional linkage between working life on the one and organised further vocational training on the other side. Companies usually offer their own vocational training programs – usually in order to receive tailor-made skills for company-specific tasks. However, in doing this, German companies usually favour younger and furthermore already highly skilled workers, and thus excluding less skilled workers. This is also true for many part-time workers, both being unfavourable especially for women, migrant and older workers. Rates of participation of older workers, although – as shown – are slowly increasing, are still under average and they start declining shortly after the age of 45. This is the more striking, as in Germany about 50 % of all vocational training are initiated by companies. Opposite to this, interlinking the further vocational training needs of companies with existing non-company further education courses (e.g. public adult evening classes, study courses in universities) has only been very weakly developed in Germany. In consequence, vocational training in Germany is highly social-selective (’Matthäus-principle in vocational further training’).

Public opportunities, paid by the state, are – apart from special offers for unemployed - theoretically available in the form of the further training laws in some Federal states (for example,
North Rhine Westphalia and Lower Saxony), or are provided within employment promotion legislation (see below). However, further training legislation is not available across all Germany and is, moreover, highly selective in take-up rates in terms of age and social status.

On Federal level a law which would allow financing further education for all (e.g. following the Swedish model of granting scholarships also for adults) is missing. However, just recently two Federal commissions (Commission on Life-Long-Learning, 5th Federal Commission reporting on the situation of elderly persons) explicitly have been demanding a respective legislation. The Federal Ministry of Education and Science is currently working on a Federal initiative for ‘lifelong learning’. The report is expected to be published not before 2008. So far no details are known.

There are a few collective agreements which entitle also older workers with skill offers during the working time, e.g. in the Iron and Steel Industry of Baden-Württemberg, however, even collectively agreed entitlements are used by a small minority. As already mentioned earlier, primarily in bigger companies individual learning accounts are available – mainly based on collective agreements of company agreements – however no information is available what concerns them affecting older workers.

The reasons for the under-representation of both older persons as well of older workers in any form of adult learning, be it or non-formal or be it vocational, gives rise to many questions. Apart from the well-known argument of lower motivation two other arguments have to be taken into account. There are age-specific barriers also built up by the corresponding agencies and institutions offering further training and adult learning. In case of vocational training, in addition, lower pay-off-periods for both, employers and employees, have to taken into account. It waits to be seen whether the postponement of the official retirement age will lead to new incentives for both groups.

3.3. Further Vocational Training as part of active labour market policies in Germany

Special measures aiming at integration of older unemployed into the labour market are granted by the Federal Employment Service and encompass a broad range of short-, mid- and long-term training schemes via which individuals – among others - also can obtain occupational knowledge and skills. They can also offer opportunities for career advancement or job changes and provide vocational qualifications. The Federal Employment Service bears directly incurred costs of further training. These include course fees, subsistence allowances, and costs for accommodation and travel. However, the employment service regards these measures as only necessary in the case of ‘job-placement’, in other word, further vocational education for elderly is only funded in cases of ‘employment market expediency’, and this, under the present employment market conditions, is de facto not given for many interested elderly people because of a lack of employment perspectives.

Recent labour market reforms (Hartz I and II) have curtailed the length and amount of funding for individual training measures. This has resulted in a substantial reduction of entries into training measures, disproportionately affecting older workers. This is partly due to the fact that the only training measures that are funded are those that are able to integrate at least 70% of participants into the labour market, and that employment agencies do not actively pursue the integration of older unemployed people into public training programmes, particularly when high unemployment rates among older workers suggest a lack of job prospects.
Since 1998, so-called ‘testing and short-term training measures’ have been part of the employment promotion law. These training measures are meant to test the ability and willingness of job-seekers to work and allow for short-term training and probation periods. They are funded for a period of up to 8 weeks. All registered unemployed people are eligible, even if they do not receive unemployment benefits.

The effects of the respective measures for older workers are in all negative:

- The most important programme, which funds long-term training, is that in which older unemployed people participate the least. Participation rates recently have dropped from an already low level of around 8% to around 4%.

- Short-term training measures also show low and declining participations rates of older unemployed people, declining from 14% in 2001 to around 11% in 2004.

- Concerning individual measures, the older unemployed are still severely underrepresented in short- and long-term training measures and often actively excluded from them. Effects of age-specific training provisions are limited thus far.

Table 2: Selected Active Labour Market Programmes and Participation Rates of Older Workers

<table>
<thead>
<tr>
<th>Programme</th>
<th>Average number of participants per year, 2001 (000s)</th>
<th>Ratio of older unemployed, 50 and over (per cent)</th>
<th>Average number of participants per year, 2004 (000s)</th>
<th>Ratio of older unemployed, 50 and over (per cent)</th>
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</thead>
<tbody>
<tr>
<td>All age groups</td>
<td>345.0</td>
<td>8.0</td>
<td>184.5</td>
<td>3.9</td>
</tr>
<tr>
<td>Training (long)</td>
<td>51.3</td>
<td>14.0</td>
<td>94.7</td>
<td>10.9</td>
</tr>
<tr>
<td>Training (short)</td>
<td>166.5</td>
<td>36.6</td>
<td>85.7</td>
<td>33.1</td>
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<tr>
<td>Job creation</td>
<td>76.5</td>
<td>31.9</td>
<td>31.5</td>
<td>62.2</td>
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<td>SAMS</td>
<td>109.4</td>
<td>43.9</td>
<td>110.5</td>
<td>52.1</td>
</tr>
<tr>
<td>Wage subsidies</td>
<td>43.1</td>
<td>11.1</td>
<td>154.5</td>
<td>13.0</td>
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<tr>
<td>Self employment</td>
<td>109.4</td>
<td>43.9</td>
<td>110.5</td>
<td>52.1</td>
</tr>
</tbody>
</table>

Source: BA (2003, 2005)

High or low participation rates of older unemployed people within these respective measures do not demonstrate their effectiveness in terms of labour market integration. Using so-called ‘integration ratios’ to analyse outcomes and effects of specific labour market programmes, the following can be concluded (see table 3):

- In almost all cases, the integration ratio of older unemployed people is lower than for the unemployed in general.

- Both long-term and short-term training measures show only medium integration ratios (29.6% and 25.9% respectively).

- At first glance, the most successful programmes for unemployed people aged 50 and over, are wage subsidies with an integration ratio of above 60%. However, high deadweight effects need to be considered.

- Job-creation measures and structural adjustment measures in particular show similar integration ratios both for older unemployed and unemployed people in general. However, it
should be noted that such measures are only successful because of further support that a client can access.

3.4 ‘State of the art’ in terms of ‘age-specific’ recommendations

Yet generally speaking, it cannot be asserted that there is decreasing willingness on the part of elderly employees to participate in further training. Although motivational resistance grows with age and fears and qualms with regard to failure increase especially if the learning experience lies far back in the past and/or was inadequate in the first place, on the other hand the training prerequisites improve for each successive cohort through comparably more training experiences which in addition are more often job-related. In quite general terms, as proven by German research, it is valid to state that elderly employees can also become successfully further qualified, if:

- An appropriate amount of preparatory work has been carried out to increase the readiness for further training.
- Links have been made to current professional experiences reflexively.
- Concrete application opportunities for the new learning content are available ('task-orientated qualification', 'orientation to everyday use').
- Those concerned are actively involved via communicative learning structures.
- The organisation of further training courses is effected in a way which is tailored according to age (for example, suitable curricula, the correct composition of the learning group, taking into consideration the reduced learning speed, the use of illustrative media or that which is based on application and experience ('experience-orientated learning') instead of abstract procedures.
- The qualification measure is designed on the basis of the changed performance ability, although this is only possible in the case of cognitive and mental changes in performance. What can be done here is the achievement of a slowing down of performance reduction by giving particular attention to the performance components which are under threat.

The typical ‘career character’ of the age-specific skill-risk of elderly employees refers to the fact that in the future it will not be sufficient to apply compensatory measures for the belated balancing out of certain skill deficits of elderly employees; but rather to preventative concepts to avoid these deficits. This is the task of the concept of ‘lifelong learning’ in the sense of a ‘qualification system which covers all ages’, which – as mentioned repeatedly earlier – is yet neither developed nor institutionalised in Germany what concerns further adult training.

Lifelong learning which particularly is favouring an ageing workforce can best be realised strategically in the two central skill fields – skills needed at the workplace (‘company learning location’) and the organised, intentional vocational further training within appropriate institutions. In the process, practice shows that - with an appropriate arrangement of the employment organisation and work content – skill adjustment through work itself is given higher status. The risks of de-qualification can then fundamentally be combated effectively if the learning process can ‘return’ to the workplace. In order to avoid new company-/workplace related risks of de-
qualification, it must be ensured that workplace-related qualification is supplemented by organised further vocational training. Lifelong learning as a concept requires the participation of all company protagonists. It also requires both the ability and willingness to learn of all age and employee groups. In the process, the concept should also include, inter alia, the following:

- The planned proximity of learning and working in the overall vocational course of events (in the ideal case a working aid is also a learning aid at the same time.).

- The integration of learning processes within work organisation via working processes and aids which promote learning. In this connection, group work is considered to be an important form of work organisation which promotes learning.

- Systematic planning of learning processes via internal and inter-company mobility support and the swapping of jobs within the meaning of the 'career organisation'.

- Supplementation of job-related qualifications through organised further vocational training.

- A planned inter-change of working and learning phases through suitable working period models, in the ideal case as an integrated component of re-organisation of the lifelong period of work.

- An appropriate course of instruction for company management staff, who will have to implement this concept within companies.

- The establishment of learning aims, which must not only contain company- and job-related qualification, but also more extensive key qualifications.

Following the recommendations of the 5th Federal report on the situation of elderly persons in Germany concerning lifelong-learning (2006), the concept of lifelong learning in the sense of a system of qualification which covers all ages makes quite particular demands of companies. In the process, not only the bulk of small and medium-sized businesses - they employ the majority of elderly employees in Germany - would have to receive special support (through further training advisors, financial support, the organisation of extra-company further training, for example). The concept also applies to large businesses in order to overcome the practice of selective further vocational training. Given the ‘new’ framework conditions already mentioned and the short term nature of their ‘personnel planning’, companies cannot be expected to espouse this concept of their own accord. This in turn means new challenges for trade unions as well as new organisational tasks for the state, for example, within the framework of structural promotion programmes. In order to overcome existing age discrimination within further vocational training, public promotion should be expanded and organised in a differentiated way, and willingness to participate could be promoted by means of bonus payments or through preference rulings in the case of businesses releasing elderly employees for the purpose of further training.

3.5. “Good practice in vocational further training among companies in EU-15-Member States

Recently published research – among others conducted by the author of this paper and financed by the European Foundation for the Improvement of the Working and Living Conditions (Dublin) – has revealed that “good practice” in corporate age-management to a large degree affects further vocational training. The following results can be mentioned (Naegle & Walker, 2006):
Good practice in age management can be defined as measures which combat age barriers and/or promote age diversity. These measures may comprise both specific initiatives aimed at particular dimensions of age management and more general employment or HR policies that help to create an environment in which individual employees are able to achieve their potential without being disadvantaged by their age. The data show, that the particular example of good practice may be isolated, transient and co-exist with bad practice. Only rarely is it part of a comprehensive HR policy of age management. In other words, organisations do not pass a simple threshold or achieve a European kite mark for exemplifying good practice.

There are five main factors that trigger good practice within organisations and, in the private sector, all of them reflect the business needs of the companies concerned. In most cases the trigger of good practice is a combination of two or more of these factors. As well as being the spurs for action these organisational drivers also help to ensure a successful outcome in age management initiatives.

1) **Sustaining the Skill/Experience Base of the Work Force**

Good practice in age management is introduced to ensure that the organisation's skill needs are met as precisely as possible. This goal can be reached by making new appointments as well as by investing in the skills and qualifications of existing older employees. Partly as a result of previous negative experiences with age-based redundancies many companies have realised that the professional and social skills that older employees have acquired in their often long-lasting job tenure and/or broad industry experience represents a special company asset. New recruits and/or younger colleagues cannot fully replace these skills and experience and trying to do so will involve the companies potentially in high additional costs for the recruitment, vocational preparation or on-the-job training and education for the newly hired staff. The premature loss or non-replacement of skills such as accuracy, reliability and good communicative ability when dealing with customers and others, which distinguishes many older employees, often entails an economic risk for a company. As both practical experience and research demonstrate, older employees who are deployed in the right positions, given their individual skills prove to be highly productive. This is proven by the many successful examples of organisations with mixed-age groups or teams which successfully combine the specific skills and other attributes of different age groups in an optimal manner. Thus age management geared towards the promotion of the further employment of older workers is often regarded as an excellent instrument of intergenerational knowledge transfer.

(2) **Making Necessity a Virtue**

Good practice in age management may be spurred, secondly, by the need to involve older workers in organisational restructuring or development. This need may stem from the absence of younger workers with the necessary skills in the internal or external labour markets or because it is mandated by collective agreements. Thus employers may find themselves 'forced' into engaging with older employees, because there is no alternative, in a range of circumstances including the reorganisation or rationalisation of production or administrative processes and changes in market, demand or competition conditions. In all such cases, where organisations make special efforts to ensure that their older workers are
fit for the new challenges by introducing suitable age management measures, which also raise the employability of the workers concerned, there is a good chance that older employees will not only adapt competently to the new circumstances but also, in the private sector, with considerable economic benefit. Indeed, in some cases, it may be preferable to employ increasing numbers of older workers rather than younger ones. This is true, for example, in those sectors with an ageing customer base or in which the demand is for age-specific products or services. Here well age managed older employees can be the best placed to respond to consumer needs and expectations, for example in the health services sector or the retail trade.

(3) The Prevention or Reduction of Age-Specific Labour Costs

In many cases, thirdly, good practice in age management is triggered by the need to cut age-related additional expenditure and/or labour costs. If age-related increases in labour costs occur (e.g. higher sickness rates), for instance due to the high average age or an unbalanced age profile of the work force, it is always advisable, according to our research experience, to check whether or not targeted measures to promote the health, skills or motivation of older employees are ultimately more sensible economically than laying off older employees or pensioning them off prematurely. The fact that investments in the employability of older workers are justified economically can sometimes be shown easily by alternative calculations where, for instance, the costs of the (premature) retirement of older employees or of new appointments and their vocational training are off-set. Labour costs can also be lowered by making use of national support measures or other public employment programmes, e.g. in the case of new appointments or on-the-job training and education.

4) Reactions to New External Labour Market Conditions.

Fourthly, in a number of cases, the need for organisational age management is created by changes in the general conditions for hiring older workers. This contextual shift can take the form of legislative or regulatory changes, for example in retirement ages or pension laws, public and collectively agreed principles and explicit sensitisation and promotion programmes for older employees. For example companies in Austria and the Netherlands have reacted with age management to the prohibition of or to new obstacles for making use of early retirement programmes that reduced their labour costs - with the aim of promoting the further employment of older staff. In the UK examples of good practice can be seen as a result of forthcoming regulations against age discrimination and, in Greece, as an answer to a national diversity campaign. Many companies also make use of the financial advantages of special public programmes for the promotion of the employment of older workers or the reintegration of older unemployed persons. This especially applies to Finland and its 2002-2005 Programme for Ageing Workers. German companies have in the past reacted to special programmes for the humanisation of the working life or, latterly, to the demographic sensitisation of companies (demography initiative of the German Ministry for Education and Science). Other companies have begun with age management measures in the course of new collectively agreed provisions in favour of older employees taking effect, for example in Belgium and in Italy. However, experience also shows that isolated age awareness campaigns, on their own, cannot achieve much if they are not also linked to concrete ‘incentives’ for companies such as economic advantages or external regulations.
(5) Regional and/or Professional Labour Market Bottlenecks

Finally, good age management practice, especially in the cases of new appointments of older workers or investments in the employability of existing older workers, is always successful if there are bottlenecks in the regional or local labour markets for qualified personnel. This research shows that in the cases in which the companies banked on older applicants in making new appointments, these proved their worth very soon after their appointment. This is because of their special motivation, the trust that was placed in them and, last but not least, the existence of suitable company support and promotion measures. Where prognoses suggest a future (demographically-induced) lack of labour or of skilled workers, organisations should react in good time with preventive investments in the employability of their ageing and their older staff. Thus, should the occasion arise, they will be able themselves to satisfy their employment needs.

Good practice in corporate further vocational training of older workers means ensuring that older workers are not neglected in training and career development, that opportunities for learning are offered throughout working life, that training methods are appropriate to older workers, and that positive action is taken where necessary to compensate for discrimination in the past.

There is a wide range of good practice identifies in this field which also depends on the specific company context. Some examples are:

- No age limits in access to company-organised learning and training opportunities.
- Special motivation efforts, methodology and provision of support.
- Systematic evaluation.
- Specific company leave provisions.
- Analysis of the skills needs of the company, matching these with the available skills and individual educational status of older employees and utilising them in the methodology and contents of training.
- Continuous observance of the individual educational status.
- The conception of training opportunities as an integral part of career planning and not solely as job-specific, correlating training schemes to the life-course.
- The learning and development conducive arrangement of work organisation, e.g. within the framework of mixed-age teams and groups.
- Using older employees and their special qualifications both as facilitators of further education for older and younger employees, and as an organisational 'knowledge pool'.

The benefits that companies reported include:

- In-company training and further education of older employees contributes to raising the qualification level and innovation potential of the work force.
- An enhancement of the motivation of younger staff as their own career perspective is reflected in older employees and, at the same time, respect for the job performance of the individual employee is witnessed. This is especially true for measures which involve different age groups as the intergenerational knowledge transfer and exchange can be advanced.
- Positive effects on the quality of a company’s products and services.
- In many companies, the involvement of older employees is a guarantor of qualification maintenance, development and transfer within the company.
For the older employees themselves, their participation in on-the-job further education and training entails an increase in their employability, most notably in the dimensions of flexibility, vertical and horizontal mobility readiness and motivation.

Completing further education and training in earlier career phases raises the willingness to do so in later phases and thus overcomes participation barriers found among older age groups.

Some older workers can be successfully deployed as mentors and teaching staff for both younger colleagues and those of the same age. This particularly applies to the solution of succession problems, where, for instance, (older) job holders can familiarise (younger) job successors with their tasks.

The essential precondition for good practice and its benefits is the sensitisation of the persons in charge. Vocational education should be based on an exact knowledge of current as well as future company skill requirements and on the educational status and potential of all employees. Also 'competence databases' have proven their value. In small and medium-sized enterprises learning and training is also feasible but, often, specific external support is needed, e.g. professional educational consultants, research institutions, chambers of commerce and industry, chambers of crafts or the benchmarking of good practice. Which method is suitable in each case and what the precise organisation of education and training should look like (e.g. individualised provision, specific programmes only for older employees, age-neutral methodology, on-the-job training, training in special institutions), can only be answered against the background of a company's specific needs. Nonetheless, there are two universally valid recommendations: (1) Job rotation in conjunction with on-the-job training is an extremely effective instrument (not only for older employees); (2) Working time releases should be facilitated (e.g. the combination of company education sessions with special working time arrangements such as partial retirement).

4. **Interim comparison Iceland – Germany (2)**

Which lessons can Germany learn from the Icelandic-model of 'lifelong learning'?

The following answers can be given:

1. The permeability of the Icelandic system of formal education would particularly help those (not only ageing/older) workers with only few or even no formal qualification. The German school-system is ‘famous’ for its low degree of permeability (see results of the so-called ‘PISA-study’) – in principal hinders persons to participate in any programme of continuing education if the ‘entrance degree’ is not fulfilled.

2. Iceland – as in principle all Scandinavian countries - shows a remarkable ratio of participation of older persons in non-informal adult education. This is not at all true for Germany. Furthermore is of significance the fact, that from a comparative perspective the participation rate of persons with low educational backgrounds are distinctly higher than they are in Germany.

3. This is the more striking, as also Iceland has only a ‘sparse’ legislative framework and that also other ‘commitments’ are missing. However, about the corresponding reasons only speculations are possible. This, for sure, has to be seen against the background of both comparatively high employment rates of older workers as well as later retirement ages – both with favourable perspectives for a longer ‘pay-off-period’.
4. It is striking that in both countries currently the ministries of education are programmatically working on the issue of adult learning.

5. The fact that the state and the Icelandic municipalities are contributing financially to non-formal education is interesting and should be evaluated in terms of their outcomes, particularly among older workers and/or older persons.

6. The fact that in Iceland bigger companies have their own agencies of adult education, mirrors the rising importance and value of formal and informal adult education for enterprises. More information about the corresponding reasons and about structures of participation are needed in order to evaluate this approach.

7. In Germany, only a handful universities are prepared for ands engaged in adult learning, although many experts (and even some Länder-laws) identify adult training as one of their future core tasks (among others due to demographic reasons = declining number of students).

8. The Icelandic ‘Centres of lifelong learning’ are unknown in Germany. Their example could serve for future initiatives in this sector in this country, particularly what concerns multiple ownerships.

9. Educational organisations run by the labour unions are another ‘good example’ to take lessons from – particularly what concerns their structure of financing. This model might serve as a brilliant point of reference for corresponding initiatives of the social partners in Germany, particularly when aiming at raising skills of both (older) persons in work and (older) unemployed. The same applies to the Icelandic Education and Training Service Centre (FA).

10. In all, it looks like there is a broader social consensus favouring adult learning – inside and outside the labour world - among all relevant groups of actors in Iceland. How to create and to stabilise and finally also to pay for such a ‘common sense’ is the most interesting question when it comes to review the Icelandic situation.