

# **Creative Age Management Strategies for SMEs in the Baltic Sea Region**

**Annex 1: Country Studies GERMANY** 

Alexander Frevel







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More information about the project and its results is available at: <a href="https://www.best-agers-project.eu">www.best-agers-project.eu</a>



# **Federal Republic of Germany**



http://www.google.de/imgres?imgurl=http://landkarten.konsulate.de/landkarten/gmmap.gif&imgrefurl=http://landkarten.konsulate.de/landkarten/gmmap.gif&imgrefurl=http://landkarten.konsulate.de/landkarten/landkarte\_von\_deutschland.php&h=354&w=330&sz=15&tbnid=Xp97GMIFNgbQhM: &tbnh=121&tbnw=113&prev=/search%3Fq%3Dlandkarte%2Bdeutschland%26tbm%3Disch%26tbo%3Du&zoom=1&q=landkarte+deutschland&hl=de&usg=\_\_tiz5g-vfWRgoiCuRVGelc4LDAPM=&sa=X&ei=4vJgTpfrHYTG-QaUjekr&ved=0CCIQ9QEwBw

# **Socio-Demographic Situation** (Selected Indicators)

Indicators	Germany	Europe (EU-27)
Area	357,021 sq. km	4,324,782 sq. km
Population (2007)	82,400,996	495,400,000
Population density (pop. per sq. km)	231 inhabitants per sq. km	115 Inhabitants per sq. km
Capital	Berlin	
Form of Government	Federal Republic	
Number of Children per Woman	1.34	1.52
Average Age	44.9	40.3 not EU27, but the average of the ten participating countries

www.ipicture.de; 19.04.2012

European Commission: The 2009 Ageing Report, Eurostat: http://epp.eurostat.ec.europa.eu



The population of Germany is shrinking steadily, currently at about -0.3 %; the birth rates are lower than the mortality rates.

The proportion of young people in the population is very low, slightly over 13 %. Although the proportion of the working age is still moderate (66 %), the rate of persons aged 65 and over is at the level of 20 %, which is the highest value in comparison with the countries of the Baltic Sea Region. In the projections by 2050, the Germany's rate of young people will decrease significantly once again and will place the country in the second lowest position with 12.1 % behind Poland. The proportion of the labour force potential will decrease in the next 40 years by 10 percentage points, and at the same time it is expected that the proportions of older people will include almost one third of the population – the highest proportion among the countries compared in this study.

The birth rate of 1.34 children/woman has been rising in the recent years, to about 1.4 – however, it still remains far below the replacement level of the society. Only Poland is lower with 1.27.

The baby boomer generation was the one in the late 1950s and early 1960s; the highest value was recorded in 1964. The so-called "Pillen-Knick" (a sudden drop in birth-rates) was very strong and has almost resulted in halving of the birth rate. The baby boomer generation will still have 10 to 20 years of the working age. After that, but it is already noticeable, there will be a serious shortage of young employees in the companies.

Participation Rate	Germany	Europe (EU 27)
Participation Rate 15 – 64 (2008) males	82.1	77.8
Participation Rate 15 – 64 (2008) females	70.2	63.4
Old age dependency ratio (2008)	30	25
Old age dependency ratio (2050)	56	50

European Commission - DG for Economic and Social Affairs: The 2009 Ageing Report: economic and budgetary projections for the EU-27 Member States (2008-2060), Luxembourg 2009

The participation rate (15-64-year-olds) of the male labour force is higher than the average of the EU countries. Also the labour participation of women is well above the average with 70.2 % and can almost keep up with the Scandinavian countries.



Elderly Participation and Retirement	Germany	Europe (EU 27)
Participation rate 55-64 (2008) males	66.0	57.3
Participation rate 55-64 (2008) females	48.8	38.2
Legal retirement age planned changes	65; by 2029 gradual increase to 67 years of age	
Actual retirement age (2009)	62.3	61.4

European Commission - DG for Economic and Social Affairs: The 2009 Ageing Report: economic and budgetary projections for the EU-27 Member States (2008-2060), Luxembourg 2009 Focus-Online, Hutterer, M.: Franzosen arbeiten nur bis 59, 12/08/2010; ref: EU-Commission, Eurostat, Missoc, Ageing Report, dpa

Also the employment rate of people aged over 54 has risen significantly in the recent years and is about 10 percentage points above the EU average. Due to the projected demographic structure, a longer working life was considered at the beginning of the last decade. The pension reform applicable since 2005 provides inter alia that from 2012 the retirement age for a pension without reductions will be increased to 67 years of age. The change begins with the birth year of 1947, in which case people should work one month longer for a full pension. The birth year of 1964 is then the first year of the new retirement age of 67.

Since the current retirement age is still less than 65 years, and recently the proportion of those who decide for the early retirement with reductions has increased, there is a heated debate in Germany about the usefulness of this reform.

Indicator for Work-Life Balance	Germany	Europe (EU 27)
Working hours fit well or very well with family or social obligations (2005)	85.5	79.4
Working hours fit well or very well with family or social obligations (2010)	82.4	81.5
work affects the health negatively (2005)	23.7	35.4
work affects the health negatively (2010)	21.9	25.0
(very) satisfied with the working conditions (2005)	89.2	82.3
(very) satisfied with the working conditions (2010)	88.3	82.3

European Foundation for the improvement of living and working conditions, Fourth European Working Conditions Survey (EWCS), Dublin 2008; First Findings2010: http://www.eurofound.europa.eu/surveys/smt/ewcs/results.htm



The compatibility of working hours and family obligations is good in the opinion of the employees, even if the value fell by 3 percentage points to 82.4 % in the last survey.

More than 75 % of employees are of the opinion that work does not have a negative impact on health, and therefore, almost 90% are satisfied or very satisfied with their working conditions.

Indicators for working conditions	Germany	Europe (EU 27)
can carry out the current profession with 60 years (2005)	73.6	58.3
can carry out the current profession with 60 years (2010)	71.9	58.7

European Foundation for the improvement of living and working conditions, Fourth European Working Conditions Survey (EWCS), Dublin 2008; First Findings2010: http://www.eurofound.europa.eu/surveys/smt/ewcs/results.htm

In the question concerning of whether it is possible for the people to perform their work even at 60 years of age, Germany is at the top among the countries participating in this study and well above the EU average.

Indicators for lifelong learning and participation in vocational trainings	Germany	Europe (EU 27)
European Lifelong Learning Index (ELLI) (2010)	47.77	52.06 [average of the eight participating countries from BSR; EU23: 44,8,]
participated in the last 12 months at employer-payed trainings (2005)	25.3	26.1
participated in the last 12 months at employer-payed trainings (2010)	36.8	33.7

European Foundation for the improvement of living and working conditions, Fourth European Working Conditions Survey (EWCS), Dublin 2008; First Findings2010: http://www.eurofound.europa.eu/surveys/smt/ewcs/results.htm European Lifelong Learning Indicators; Bertelsmann-Stiftung, www.elli.org

Considering the economic strengths of Germany, it is surprising that the efforts to promote lifelong-learning have a value below the average. With nearly 48 index points in the international ELLI comparison of 23 EU countries, Germany ranks 10th, and therefore it is located in the European midfield.

"The need for action and catching up concerns especially the area of "Learning how to acquire knowledge" (rank 14 of 24), also in the formal education sector. Potential for improvement exists beyond both occupational learning ("Learning to act," rank 13 of 27) — especially in company training — but also in the other two learning dimensions



"Learning to live together" (rank 12 of 25) and "Learning to create life" (rank 10 of 27)." (p. 39)

"In terms of its economic power, almost no other country invests as little public money in formal education as Germany. With the investment volume of only 4.3 percent of the gross national product (GNP) in 2006, Germany ranked only 24th among the 27 EU countries." (p. 43)

"It turns out that in Germany the company training as a whole and the vocational training of women and older workers in particular, is still given too little attention." (p. 50)

ELLI – European Lifelong Learning Indicators. Where is Germany in Terms of Life-long Learning? ELLI-Index Europa 2010, Bertelsmann Foundation, Gütersloh 2011

#### **General Overview**

# **Demographic Situation**

In the comparison of the demographic indicators in the Baltic Sea area, Germany is in a situation of opposites.

On the one hand,

- in the coming decades (until 2050), the population and the number of employed persons will decrease significantly,
- the old-age dependency ratio has increased dramatically (form 30 to 56 %!)
- and the proportion of the working age population has increased by 10 percentage points from 66 to 56, whereas the percentage of persons over 65 years of age will increase by 12 percentage points from 20 to almost 32 %.

On the other hand,

- people in Germany have an above average life expectancy
- and a disproportionately high employment rate.

The study on the demographic transition began in Germany in the 1980s with the reference to research that, given the expected decline/fall in the birth rate, a significant decrease in in the population should be expected. The associated diverse impacts were identified so frequently that the Bundestag decided to set up an Enquiry Commission. It began working in 1992 and worked for over three terms until 2002. The task of the Commission was to prepare and review the numbers of the population for the Bundestag, and check the resulting societal, economic, and social impacts on all generations. It was supposed determine the anticipated need for action and give recommendations for the policy decisions. This contract was supplemented with the submission of the final report (German Bundestag 2002). It presents the demographic development in Germany (birth rates, reasons for the



decline in birth rates, regional differences, mortality trends, migration, etc.). The second part analyses the impacts on the economy and employment.

Various initiatives, programmes and projects were launched already at the processing phase. In the recent years, the study on the solutions has been intensified to include the relevant policy and action fields. The Federal Statistical Office provides updates on the data structure.

Currently, the results of the 12th coordinated population projections<sup>1</sup> have the projection horizon of 2060.

The number of births will continue to decline. The low birth rate means that the number of potential mothers is getting smaller. The number of deaths will increase, despite the increasing life expectancy, since the strong age groups will grow into old age. The number of deaths will exceed the number of births even more. The growing birth deficits cannot be compensated for by the net immigration. The population in Germany, which has already been declining since 2003, will therefore continue to decline. If the current demographic trends are continued, the population of about 82 million at the end of 2008 will decrease to about 65 (in the case of the net immigration of 100,000 people annually) or 70 million (net immigration of 200,000 people annually) in the year 2060.

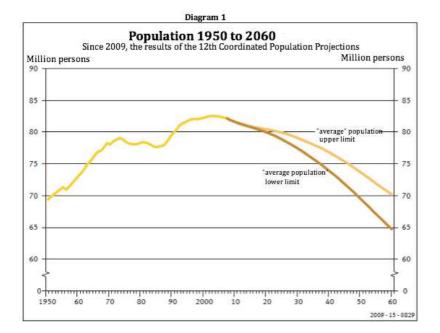
Similarly to the total population, also the population in the working age (here: from 20 to 65 years of age) is ageing and will eventually shrink significantly. Today, nearly 50 million people are in this age group. Their number will decline significantly after 2020 and in 2035 will reach about 39 to 41 million. In 2060, there will be about 36 million people in the working age (–27 %), if the balance of supply and departures will amount to about 200,000 people annually. If the net immigration rate is only half as high, in 2060 the pool of potential employees will be even smaller: almost 33 million or –34 % in comparison with 2008.

The decrease in the number of 20 to 65-year-olds in total is associated with a shift towards the older people in the working age. Currently 20 % of people in the production age belong to the group of 20 to 30-year-olds, 49 % to the middle-aged group of 30 to 50 years of age and 31% to the elderly with 50 to 65 years of age. A particularly dramatic change in the age structure is expected in the German economy between 2017 and 2024.

During this period, the labour force potential in each case was up to 40 % of 30 to under 50-year-olds to over 65-year-olds.

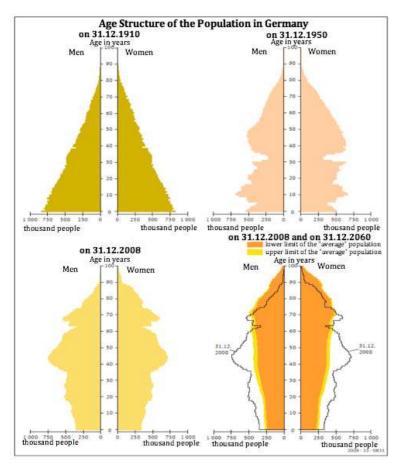
The population in the working age will continue to face more and more senior citizens in the future. In 2008 for 100 persons in the working age (20 to 65 years of age) there were 34 elderly persons (65 or more years of age). By the end of 2030s, the so-called dependency ratio will increase very rapidly, by over 80 %. In the year 2060, according to the level of immigration, there will be 63 or 67 potential pension benefit recipients for every 100 persons in the working age. Also with increasing the retirement age, the dependency ratio for 67-year-olds and older people will be significantly higher in 2060, than is the elderly dependency ratio for 65-year-olds and older people." (StaBA, p. 5 f.)

<sup>&</sup>lt;sup>1</sup> Population of Germany until 2060. 12th Coordinated Population Forecasts. Brochure at a press conference of the Federal Statistical Office on 18. November 2009. Wiesbaden [StaBA 2009]



StaBA 2009: 12

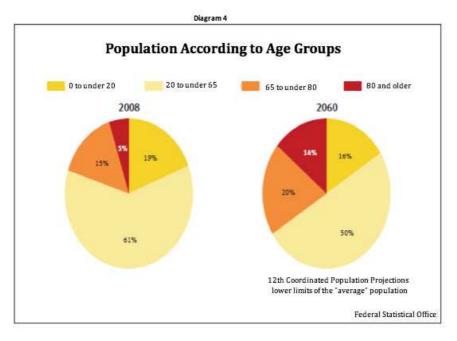
A striking illustration of the structure development is shown in the following chart with the comparison of the age structure in the years 1910, 1950, 2008 and 2060.



StaBA 2009: 15



The distribution according to the age groups shows the drastic change with the loss of younger people and a strong increase in the elderly population.



StaBA 2009: 16

# **Governmental Policy, Strategies and Actions**

#### **Pension and Retirement Age**

The public pension system is the core of the social security system in Germany. About 80 % of the economically active population are members of the public pension scheme. The state system includes about 52 million insured persons, of which about 35 million are active, and has an annual budget of about EUR 240 billion.<sup>2</sup>

Since 2002, the state pension system is supplemented by the state-sponsored oldage pension financed from the budget. It should compensate for the long-planned cuts in the pension levels and help to ensure that the standard of living of the elderly can be approximated to the standard of people in the working life. The development of a voluntary company or private pension system will be accompanied by the state funding.

The prerequisite for the receipt of pension is to achieve a minimum number of insurance periods. The regular pension payment begins with 65 years of age. Those who want to take advantage of it earlier must expect deductions.

Since the actual retirement age is currently 60.7 years (old-age pension 63.5 years of age, reduced earning capacity pension 50.4 years of age), the proportion of older workers will be increased and the early retirement will be slowed down. Since 2009,

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<sup>&</sup>lt;sup>2</sup> DRV 2011



there has been no statutory provision concerning partial retirement; however in some branches there are still collective agreements.

Already in 1997, with effect from 2001, the so-called demographic factor was included in the calculation of pensions to compensate for the continuously longer retirement periods through stretching the life pension.

With the pension reform in 2007, it was decided that in the case of people born after 1947, the retirement age should gradually be raised to 67 years of age. The persons born after 1967 are affected completely by this reform. The pensions are adjusted annually to the development of net wages. Through the so-called sustainability factor used in the calculation of pension amounts, the pension increases should be reduced; the contribution rate should be kept stable, despite the demographic changes and increasing life expectancy. By the year 2030, the gross pension rate will be reduced from the current 48 % to 42 % through the sustainability factor.

### Social System: Occupational Safety and Health Promotion

The German system for safety and health at the workplace has a dual structure. It encompasses state (at the Federal and the Land level) safety and health provision and the autonomous accident insurance institutions. The state (at the Federal and the Land level) enacts legislation, and promulgates regulations and the rules of state boards. After examination of their needs, and with the approval of the Federal and Land governments, the accident insurance institutions release their own accident prevention rules.

Officials of the relevant state (in this case, the Land) supervisory authorities and the accident insurance institutions have oversight over businesses and provide advice.

The Joint German Health and Safety Strategy (GDA) was developed by the Federal and Land governments and the accident insurance institutions in order to maintain, improve, and develop the safety and health of people at work through an agreed and systematically applied safety and health policy. The parties to the GDA will coordinate their activities in the area of prevention at the workplace even more closely in the future, based on jointly agreed goals for safety and health at work.

The dual system for safety and health at work in Germany will remain, but collaboration between the supervisory services of the statutory accident insurance institutions and the safety and health authorities of the federal states with respect to providing advice to businesses and exercising their responsibilities for oversight will be further improved.

http://osha.europa.eu/en/oshnetwork/focal-points/germany

In Germany, ensuring safety and health and the related objectives of occupational safety and health have been considered in the wider context of shaping decent work conditions and, in this spirit, "good work" for some years. Already in 2001 – also as a German contribution to the Lisbon Strategy – a programme was launched to improve



the quality of work, the "Initiative New Quality of Work" (INQA). It is an alliance of organisations and institutions that are responsible for shaping the world of work in Germany and consider the promotion of a new quality of work to be an important common task. INQA's motto therefore is: "Acting together — with individual responsibility". INQA anchors a modern, new and holistic concept of safety and health at work in the public and promotes the practical implementation in enterprises. It aims at bringing in line people's interest in positive work conditions that are beneficial for health and personality with the economic interests of enterprises in increased innovation capacity and more growth. In the beginning, INQA's focus was on specific branches; i.e. it started with initiatives to improve working conditions in the sectors of construction, long-term care and health. Increasingly, other inter-sectoral issues, such as office work, stress at the workplace, lifelong learning etc. followed. Currently, INQA is focusing on the management of demographic change in the world of work and the promotion of an employee-oriented corporate culture.

(Further information at www.inqa.de)

#### **Labour Market**

Major efforts to extend the paid work with social security contributions through careful opening of regulations: protection against unfair dismissal for small enterprises; temporary employment; Hartz IV

Currently there are noticeably increasing shortages in the labour market: skilled workers are missing, training positions are not occupied.

"It is conditioned solely demographically that that the potential labour supply which is available to the German economy will decrease by 6.7 million people in the period from 2008 to 2025. However, it is expected that the participation rate of women, as well as the working lifetime will increase. Along with the average annual net immigration of 100,000 persons, the return rate is weakened to about 3.5 million.

- If these trends are continued after 2025, the labour supply in the projection period of 2008 to 2050 will decrease in total by 12 million people. With a twice as high immigration, the loss would still amount to 8.2 million of workers.
- At the same time, the number of young and middle-aged workers is significantly decreasing, whereas the number of elderly workers will still be increasing by 2020. Only when the baby boomer generation leaves the workforce, the number of older workers will also decrease.
- Since the projections already take into consideration the increasing participation rate, hardly any further staff resources can be expected. Even if it succeeds to get more elderly, women, foreigners to contribute to the working life, the economy and the society must adjust to a significantly smaller workforce potential."

(IAB 2011)



### **Examples of Labour Market Initiatives**

#### **WeGebAU** Education of Low-Skilled and Older Employees in Companies

The opportunities and risks in the labour market are largely determined by the qualifications. Low-skilled and elderly employees bear by far the largest market risk, their participation in training is still low.

Within the framework of the on-going programme initiated in 2006, employees who are low-skilled or over 45 years of age are supported through training. The support should constitute start-up funding especially in small and medium-sized enterprises. The eligible persons are those who are released from employment by their employer for the duration of the qualification measure under the continued payment of wages. Training costs are paid by the labour agencies; under certain conditions, the employer may be granted a remuneration subsidy.

The employees may be reimbursed for the necessary training costs. In addition, a grant for the necessary educational expenses (e.g. travel costs) may be provided.

The employees receive an education voucher for the promotion. This enables them to choose approved further training courses.

The **Initiative "50 Plus"** should accompany retirement by the age of 67 and provide better employment opportunities to the elderly. A combined wage is provided, which compensates for the wage difference when assuming a lower-paid job in a half during the first year and in 30 % in the second year. Pension contributions will be increased to 90 % of the previous value. In addition, wage subsidies for employers are applicable when an unemployed person is hired and employed for at least one year. The subsidy of 30 to 50 % of the labour costs will be paid between one and three years.

# Competition "Shaping Employment - Enterprises Show Responsibility"

EUROGATE is the Europe's leading shipping line container terminal and logistics group based in Northern Germany. In 2006, the company won a competition in recognition of its efforts, through team work and flexibility to create as many jobs as economically possible. Within six years, over 1,350 new jobs were created in Germany alone, of which more than 600 for long-term unemployed. A programme for qualification of young unemployed has been conducted since 2002. An intensive selection process is followed by a 3-month qualification measure, during which the candidates learn all the operations of the container terminal. The objective of this qualification measure is to train container bridge and carrier operators. Those who complete the qualification measure successfully, are granted permanent employment at EUROGATE.

Source: Ways out of Unemployment - EUROGATE - press releases, 3. February 2006 http://www.eurogate.de/live/eg\_news\_de/show.php3?id=133&nodeid=46&\_language=de; access on 22 August 2011



#### **The Dual Education System**

Vocational education in Germany is structured as a dual education system. The qualification in a company is completed with an on-job training in vocational schools. Depending on the profession, the education lasts between two and three and a half years.

The dual education system is different from the exclusively academic education system in many other countries in two ways:

The majority of training takes place not in schools but in production or company facilities of private enterprises and industry, in a craft business, in a practice in the case of free professions, or in public service.

The training measures are conducted both by the companies and (on a part-time basis) in vocational schools. The regulatory responsibilities for training are also divided: The training in the workplace is subject to federal laws, while vocational schools fall under the jurisdiction of the federal states.

#### **Funding Programmes; Research and Development**

Since 1990s, the Federal Ministry for Education and Research has funded intensive research on the management of the demographic change in the economy and in the society. At the congress "Age and Gainful Employment in the Future" (1992), the current state of knowledge was recognised and the need for research was indicated.

The following was developed within three funding periods

- Consequences of the demographic change for workplace innovative capacity:
   Future Report on Demographic Change
- Public relations and marketing strategy concerning the demographic change (www.demotrans.de)
- Innovative work design Future of Labour (case studies from various sectors; development of tools for the analysis and intervention in companies)

# Programme "Working – Learning – Developing Skills"

The Federal Ministry for Education and Research (BMBF) provides support of about EUR 20 million within the framework of the programme "Working - Learning - Developing Skills. Innovativeness in a modern world of work" for the research on "Innovation Capability and Demographic Change".

With three main topics, the research funding of the BMBF touches upon the following problems: Under the heading "Innovation Potentials through Changed Employment Histories" models for the combination of various life, learning and work situations are to be developed and assessed for their applicability in SMEs. Since the operational



guidance on demographic change means to exploit the employee potential, the measurement of innovation potential in two focal points is of particular importance. Demography-oriented methods for economic evaluation and cost-benefit comparisons between the traditional rejuvenation strategy and demographically-oriented business are sought after. The third focal point is based on the assumption that each region has to cope with different challenges in relation to demographic change. This involves the development and testing of models of new actor alliances.

Current research is conducted under the title "Ambient Assisted Living" (AAL). It encompasses concepts, products, and services which combine and improve the new technologies with the social environment, and with the objective to increase the quality of life for people in all stages of life. AAL can be translated best as "age-appropriate systems for healthy and independent life."

The VDI/VDE Innovation + Technik GmbH, Berlin (www.vdivde-it.de) has set up a thematic focus connected with the demographic change in the area of the "Society and Economy" (i.a. the topic of education and learning) and supports the Unit for "Demographic Change/Human-Machine Cooperation" in the Federal Ministry for Education and Research. It also functions as a secretariat for the European Joint Programming Initiative "More Years, Better Lives: The Potential and Challenges of Demographic Change."

**Idea Contest "Enterprise of the Future."** Employee-oriented personnel policy as a key to competitive companies in the future.

With the announcement of the competition "Enterprise of the Future" of 6 March 2012, the Federal Ministry of Labour and Social Affairs adjusted its key issues of creating a modern, forward-looking world of work anew. Against the background of the structural change in the economic and labour market, the increasingly fierce global competition and the demographic change, companies face the challenge to ensure their competitiveness and innovative capability and actively shape the structural change.

Enterprises are also increasingly being asked to create a healthy and stimulating work environment for their employees. It is about attractive, competence-enhancing, diverse, reliable and health-promoting working conditions, and thus possible connected activities within for personnel policy fields of action of an enterprise of the future: personnel management, equal opportunities and diversity, health, as well as knowledge and competence.

#### **National Networks**

#### INQA – Example of Successful Networking and Public Relations

More than 2,000 companies of all sized are organised into over 30 expert and corporate networks, and thus included in the INQA activities. The "INQA Good Practice Database" includes about 300 examples of corporate practice and covers a



range of topics from health to the corporate culture. Over 90 projects are conducted successfully in the Federal Republic with enterprises from different sectors. The gained knowledge was processed and made available to other companies.

### Example: Regional Activities / Business Development

The Bertelsmann Foundation has put together the data of all cities and municipalities with mote than 5,000 inhabitants in all federal states, during the development of a "Demographic Atlas." The essential data, projections and concepts, including interactive graphics and a demography report can be requested online for each municipality. In addition, demography reports with a projection period of until 2025 are available online.

In addition, there is an offer of demography workshops for managers in municipalities. The three modules: awareness, action plans, management of change processes.

On the website www.demographiekonkret.de many practical examples are available from municipalities and regions online.

# Strategies and Actions of Organisations

### Social Partners - Employers Associations and Trade Unions

The social partners have made the first agreements on common approaches to cope with demographic change. In the area of the metal industry, a collective agreement within the scope of steel was concluded already in 2006 and the chemical industry followed in 2008. Both are briefly described below.

Currently, the Federal Ministry of Labour supports a project in which exemplary social partnership agreements/collective agreements should be promoted within five service sectors (trade, public transport, care, education/nursery schools and road maintenance).

"In September 2006, the bargaining parties of the northwestern **German steel industry** agreed on a new package of collective agreements. ... Along with the new pay provisions, the parties also agreed on a new collective agreement on 'demographic change', which will run until 31 January 2009. After consultation with the works council, each employer will be obliged to carry out a review at company level of the age profile of its workforce in connection with an assessment of qualification levels, the need for further training, and working conditions. The results of this review, including annexes, will be given to the works council, and the parties will then enter into consultation about the implications of the review and the possible measures that need to be taken. Such measures, as outlined in the agreement, could include the following provisions:

- improving occupational health and safety;
- adapting working conditions to cater for ageing workers;



- · offering further training;
- reducing peak workloads;
- · adjusting working time schedules;
- using long-term working time accounts for earlier retirement;
- lowering the average age of the workforce by increasing the number of apprentices employed."

Source: eironline. European industrial relations observatory on-line. http://www.eurofound.europa.eu/eiro/2006/10/articles/de0610019i.htm; 20.04.2012

In April 2008 Employers' Association and the Trade Union in the chemical industry of Germany signed the Collective Agreement on "Work life and demography" (Tarifvertrag "Lebensarbeitszeit und Demografie" - TV DEMO), thus becoming one of the first industrial branches in Germany to conclude a collective agreement that tackled the consequences and challenges of demographic change and provided the companies with custom-built tools.

The branch has about 1.900 companies with 550.000 employees organised in the association.

The main objectives of the bargaining process: developing a sustainable staffing policy and support for the extension of working life.

The agreement contains regulations, that each company is obliged to analyse the demographic characteristics (structural data of age, competence/skills and functions). A (internal) fund for demographic challenge is build up. Each company pays €300 for each employee (not top level executive staff), beginning in 2010; annual increase in relation to pay increase of prior year. The Social Partners on company level (management and works council) decide on the use. Five different modules are possible:

- Long-term (time) accounts
- Part time work for elderly employees (company)
- Partial pension programme (state)
- Disability insurance (special offer for the chemical industry)
- Pension plans

Source: Wolfgang Goos, BAVC (Federal Employer's Association for Chemistry) Prague, 9 March 2012; pdf

#### **Social and Health Insurance**

The health insurance funds and the social security funds are participating in the common task of directing their service offers to changes resulting from the demographic change and supporting companies and organisations through networks and projects. This is done by raising the awareness of corporate actors, qualification of skilled personnel and also reaches to the direct consultation in the workplace. The three examples below illustrate the range of activities.



#### "GeniAL - Generation Management in the Workplace"

The extension of consulting services of the information and consulting centres of the German Pension Fund

The model project "GeniAL - Generation Management in the Workplace" should be understood within the context of approaches of an enabling state, which will act in a supportive way in developing regional strategies addressing demographic change.

The GeniAL Practice test addresses the questions of demographic transformation processes in small and medium-sized enterprises (SMEs) which do not have broad personal economic resources. Apart from the (regional) demographic relationships and business-related information on ageing of the workforce, the free-of-charge advice for employers includes also suggestions concerning the action approaches and appropriate analysis instruments. With the use of the awareness effect, companies are stimulated to implement the company workplace design measures such as an age-appropriate organisation of work or health-promoting workplace design. The project GeniAL provides support primarily by the regional network with, for example, the health insurance funds and professional associations, chambers and local employment agencies, as well as the representatives from the industry associations.

# German Network for Workplace Health Promotion (DNBGF).

The DNBGF goes back to the initiative of the European Network for Workplace Health Promotion ENWHP and is supported by the Federal Ministry of Labour and Social Affairs BMAS and the Federal Ministry for Health BMG. An administrative office was set up for the work of the DNBGF, which is supported by the BKK Federal Association, the German Social Accident insurance (DGUV), the AOK Federal Association and the Association of the Health Insurance Funds e.V. (vdek) within the framework of the joint Initiative for Health and Work (iga). Against the background of a still too low development of workplace health promotion dissemination in Germany, the cooperation between all the national actors should be improved.

The exchange of experience and development of specific solution will take place primarily in various forums:

- large enterprises
- SMEs small and medium-sized enterprises
- public service
- healthcare and welfare services
- education and upbringing
- labour market integration and health promotion



### The SME Competence Network (AOK Health Consulting)

The members of the cross-country network of SME competences have been working together since 2005 to promote the health of their employees and increase the employment engagement. The network has set itself the task of

- improving leadership, cooperation and working environment,
- promoting efficiency and commitment of employees,
- increasing labour productivity,
- increasing the effectiveness of occupational health and safety,
- reducing absenteeism and accident rate
- and achieving positive effects on costs.

#### Chambers of commerce, crafts etc.

Also the Chambers of Commerce and Industry, as well as the German crafts are actively participating in projects in order to raise the awareness of the enterprises they supervise concerning this topic and develop practical solutions with them. The project of the Chamber of Commerce in Bremen is mentioned as an example.

**Zu**kunftsfaktor **M**ensch [Future Factor: Human] – demographic changes in the crafts The Chamber of Crafts in Bremen, the "Northwest Demography Network" and the university of Vechta jointly carried out the project "ZuM Crafts", funded by the INQA (2009-2011).

The central pillars of this project are: operational consulting, sector-related training and the creation of networks for professional and disciplinary exchange of experience.

The developed solutions include:

- Raising awareness of the demographic change, and, consequently, the establishment of medium- and long-term personnel planning
- Dealing with increasing demand for skilled workers through public relations as well as theming within the framework of a broader sector-specific training offer
- Maintaining performance and motivation of the existing, ageing workforce through company-specific analyses and raising awareness among the business owners
- Provision of resources for personnel and organisational development through the networking of businesses and other stakeholders

http://www.hwk-bremen.de; 20.04.2012;

http://www.inqa.de/DE/Mitmachen-Die-Initiative/Foerderprojekte/Projektdatenbank/zukunftsfaktor-mensch.html



#### Others, NGOs

# The Demographic Network (ddn)

The ddn was founded in March 2006 at the initiative of the Ministry of Labour and Social Affairs (BMAS) and the Initiative New Quality of Work (INQA). The more than 300 members come from companies of all sizes, as well as associations, consulting companies, academic institutions and communities.

The ddn has set out to make the demographic transition a top priority. In "ten golden rules" the ddn enterprises undertake to conduct a non-discriminatory, age-neutral personnel policy, a balanced age structure of the workforce, a holistic health promotion and knowledge transfer between generations.

The core of the Network are 10 specialised work or subject areas within which new knowledge is co-developed and the existing know-how is exchanged. The focus are topics such as health, work organisation, qualification and training or leadership and corporate structure.

Currently there are working groups for the following topics:

- Health
- Work organisation and design
- Qualification, training and learning
- Leadership and corporate culture
- Personnel and recruitment policies
- Municipalities and economy for generations
- Regionalisation
- Tariff structure
- Strategic workforce planning
- Securing the future and pensions

Additionally, 17 regional ddn networks have been established to make the results from the working groups accessible to small and medium-sized enterprises on-site. The members of the ddn represent the philosophy that new creative ideas emerge through the exchange with other actors. Therefore, they understand the ddn as an explicit and open network in which new companies are always welcome. The ddn is intended as a joint learning, comparison and innovation process which should prepare enterprises and institutions optimally for the demographic change.

http://demographie-netzwerk.de

Another example of the very wide range of "landscape" of the support activities for companies and organisation is the association **Demografie-Experten** e.V. It is a nationwide network of consultants and trainers, which was established in 2006 by the Initiative Neue Qualität der Arbeit (INQA, [Initiative of New Work Quality]). The starting point were the first qualification projects for demography consultants in two federal states. The association maintains a database with a list of all advisory members.



# **Companies**

In the INQA Database "Good Practices" there are currently more than 300 examples of successful operational solutions. A selection of these solutions has been presented in the brochure "Enterprises Learn from Enterprises."

The following examples will serve as a stimulation for further research.

# Elderly Employees in Customer Service Karl-Heinz Plumbing and Heating Systems GmbH – Age- and Competence-Oriented Careers

#### **Organisational background**

The company, established in 1926, is specialised in the installation of sanitary equipment and heating systems including solar power systems and 'smart house' components. Efkemann employs a total of 27 professional craftsmen plus three female office workers. The average age of the assembly and installation staff is just under 36 years, while that of the customer support staff is 41 years. The three master craftspeople are aged between 40 and 56 years.

The company relies on continuity in relation to its human resources policy. It aims at long-term employment, from apprenticeship to the retirement stage. This aim is supported through proper career planning of the employee's working life, beginning with an apprenticeship. The trainees are taken on as regular employees at the end of their apprenticeship, and gradually become familiar with more complex tasks through continuous advanced training.

#### The original initiative

Efkemann has pursued an age and competence-oriented approach to career development, aimed at keeping workers employed in the company for as long as possible. In this context, the fields of new building construction, remodelling of existing buildings, and customer support are considered as separate qualification stages, providing opportunities for employees to move up the career ladder. The qualification requirements become more stringent from one stage to the next, and the knowledge and experience acquired in the preceding business area form the basis of the experience required for the next stage. Customer support demands the most comprehensive skills derived from experience. Tasks in this area are exclusively assigned to the older, most experienced employees. Moreover, there is less physical strain involved for these older workers in customer support than in the installation of new equipment.

In addition, a qualification concept was developed to preserve the knowledge of employees due to retire within the company (knowledge transfer), and to develop further knowledge.

#### **Good practice today**

An important business area for Efkemann is that of customer support. A total of five service technicians look after more than 1,000 heating systems in the greater Duisburg area. Part of the company's corporate philosophy is a high standard of service as well as social and professional skills in customer support. Moreover, a number of factors have brought about fundamental structural changes in the plumbing and heating service industry, including: the increasingly fast development and proliferation of highly complex and innovative



technologies, more stringent legal requirements, more knowledgeable and discriminating consumers and changing customer demands, and the introduction of new work planning and corporate organisation concepts.

Along with all these developments, the qualification requirements for customer support technicians have also changed. Employees working in this area must be able to identify defects on site and to carry out repairs by themselves. The comprehensive skills necessary for such tasks can only be acquired through many years of experience and on-the-job training. Moreover, because of their intensive customer contacts, service technicians need a high standard of social skills. Younger employees are generally not able to meet such high demands, since they often lack the experience and practical know-how, as well as the necessary social skills. By contrast, older employees are well qualified for such tasks in both areas, so they are predominantly assigned to customer support roles. Younger employees

Efkemann's strategic, future-oriented human resources policy shows how a long working life up to a well-advanced age can be achieved, through preventive measures, and a combination of corporate career-planning elements with the practical implementation of qualification measures in life-long learning. Owing to the low staff turnover (during the last 10 years only two employees have left the company), it is possible for management to plan and organise the careers of its employees throughout their working lives, from apprenticeship through to the retirement stage. The advanced retirement age of the three employees who have recently retired, shows that this preventive strategy is an extremely successful method for keeping older workers in employment.

Source: www.efkemann.de; http://www.eurofound.europa.eu/areas/populationandsociety/cases/de016.htm

# From the Roof down to the Office: The roofing company A. Plenkers allows for agebased employment of its employees through an enhanced task structure

In order to elicit the knowledge of the qualified employees, the activities of the older journeyman roofers have been made lighter and more versatile. According to the motto "From the roof down to the office," the journeymen increasingly take over the planning tasks and customer service in the roofing business of North Rhine-Westphalia.

The roofing trade places high demands on the physical fitness of employees. Therefore, it is important to reduce the age-critical burdens (burden on the back and joints, injury and crash risk, weather impact) so that the employees could perform this profession until the retirement. At the A. Plenkers roofing company, the objective of the implemented measures was the long-term planning of the in-house career and retaining qualified employees.

An activity analysis has been conducted with the involvement of all employees, and worked out in cooperation within a workshop measure to maintain the ability to work.

The following measures proved to be useful:

- the use of lifting aids
- preparation of checklists for construction site planning
- qualification of employees by the owner in the area of computerised order processing
- transfer of responsibility and the extension of the work task

#### **Results**

effective design of work processes / work organisation



- increasing job satisfaction
- improving working conditions through the reduction of the existing burdens (e.g. through the use of lifting aids and means of transport)
- qualification of employees

#### **Success Factors**

- sustained ability to work
- low staff turnover
- motivation of employees

#### **Inhibiting Factors**

• initial reluctance of employees towards IT systems

http://www.inqa.de/DE/Lernen-Gute-Praxis/Top-100-Gute-Unternehmenspraxis/Chancengleichheit-Diversity/Anton-Plenkers-Vom-Dach-herunter-ins-Buero.html

Packebusch, L. & Weber, B. (2002). With Qualified Staff to Success. Retaining and Attracting Personnel - A Practical Guide. Mönchengladbach: IAP Publishing House of the Lower Rhein University of Applied Sciences.

#### Motivated Design: Huhtamaki Involves its Employees in the Workplace Design

Whether delicacies or salads, coffee specialties, soft drinks or ice cream - colourful plastic packagings make the products attractive and boost sales. Huhtamaki manufactures these packages with 60 employees in four shifts. The production workers are faced with i.a. uniform work processes, sustained attention, night shifts, hard physical and timed work, significant time pressure, as well as lifting and carrying.

Especially against the background of demographic change, the Finnish company based in Germany is keen to make the workplaces age-appropriate and to maintain the work ability. A preliminary analysis conducted by a consulting company showed that within the next ten years, about 30 % of the production employees will leave the company due to their age, including mainly machine operators with a high level of know-how.

The strategy of the company provided for the existing personnel development in order to extend the succession planning and also provide an adjustment regulation for trainees.

Another important step was the improvement of the existing work design. Working groups were created of executives, works council, and the management. They organised a dialogue with employees about the proper workplace design. Group discussions with employees were conducted within the four groups. The discussions about problems, solutions and design proposals for the parties unleashed creative energies. Motivation and acceptance of the found solutions were improved significantly through the direct involvement of the employees. The results of the project have been and are still being documented and evaluated. At the beginning of the project, the working groups concentrated on selected jobs. Meanwhile, the method is applied throughout the company and is now a part of the annual risk assessment.

On the basis of the conversations with the staff within the pilot area, the found solutions are communicated regarding their feasibility and are a part of the implementation.

#### Results

- reducing the risk of accidents
- optimisation of movement and work services
- better space conditions



increasing job satisfaction and motivation of employees

#### **Success Factors**

- support from corporate bodies
- transparency and communication with employees
- involvement of all employees in finding ideas and problem solving
- continuous feedback on the implementation of the proposals and the reasons for non-implementation

#### **Inhibiting Factors**

 Responsiveness of employees in shift work: time for group discussions during shifts is hard to find

#### For More Information

The pilot project was conducted within the framework of the project funded by the INQA "Demographically Solid Personnel Policy in the Chemical Industry – 50plus in the implementation", information is published regularly on the homepage of the Project and within the framework of the information events organised by the social partners, IG BCE and BAVC.

http://www.inqa.de/DE/Lernen-Gute-Praxis/Top-100-Gute-Unternehmenspraxis/Gesundheit/Huhtamaki-Mitgestalten-motiviert.html

#### **Work Ability Coaching in Health Care**

The individual work ability coaching conducts on a voluntary basis a subjective strain analysis with each employee. The Work Ability Index is determined, which shows how good the balance is between the individual capacities (physical, psychological/mental, social) of the persons and the given work requirements. Personal support intentions and company support funding is determined in the dialogue. The anonymous evaluation concerns the clusters of operational measures.

A programme Labour Management Coaching<sup>®</sup> was introduced in the company change measures and within the framework of the research and development projects.

# **Work Ability in Outpatient Care**

Repeat examinations (2003, 2005, 2007, 2009) in five outpatient care services in Rhineland-Palatinate show that the labour management situation in the recent years has become more difficult. The funding objectives and requirements are focused mainly on the design areas of working conditions and health. The evaluation shows that two years after the implemented interventions in the company, about two-thirds of the individual and company incentives have been implemented and are more effective.



# **AgeManagement in Caring Professions**

In 2009, the consultation processes on age management were carried out within the framework of the Interreg Project in ten healthcare facilities (a hospital, a nursing home, outpatient services) in Bayern and Upper Austria. 259 employees and 40 managers were involves.

# **Health in Nursing Companies**

Currently, a large support programme "Tailwind – for Workers in the Social Economy" is conducted. The German Red Cross, National Association of Schleswig-Holstein, participates in it with the project "Health in the Health Care," in order to retain employees in the care professions. In two rounds, about 300 care workers from 10 companies are involved in the corporate change processes through labour management coaching.

Federal Institute for Occupational Safety and Health / Initiative New Quality of Work (ed.): Labour management coaching. The guide for application in companies. Second revised edition, Dortmund/Berlin 2012



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#### **Web Addresses**

www.inga.de