

Corporate Human Resource Management policies and the employment of older workers

Germany and Britain compared

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ABSTRACT

Due to increasing life-expectancy and decreasing fertility rates, the average age is increasing in most industrialised countries. The old age-dependency ratio will significantly grow within the next years, putting a substantial burden on social security systems and pension funds. This development has been amplified by the recent trend towards early retirement in the 1980s and 1990s that was fostered by both governments and Human Resource Management (HRM) policies and practices in organizations (e.g. hiring, training, pay, promotions, and redundancies).

In recent years, national governments have started to introduce measures to counteract the negative effects of population ageing. In addition, research increasingly advises organisations to change their HRM approach from youth-centric to age-neutral. Nonetheless; it remains unclear whether organisations are effectively adapting their HRM strategies.

Against this background, our paper analyses the development of corporate HRM policies towards older workers in two distinct welfare and employment regimes, Germany and Britain. Both countries use alternative institutional approaches with regards to Industrial Relations, labour market policies and social security, and also substantially differ in the labour market participation rates of people aged 60 to 64. We will provide an overview of trends in national policies governing the employment situation of older workers, highlighting institutional similarities and differences that might influence organisational practices. Subsequently, we will use data from two national linked employer / employee datasets for Germany (IAB Betriebspanel) and Britain (WERS) to analyse the development of HRM policies in both countries since the 1990s and will discuss and to what extent they enhance or hinder the employment prospects of older individuals.

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INTRODUCTION

The age structure of the population in most industrialised nations is changing considerably. Demographic trends show that - due to the increasing life-expectancy and decreasing fertility rates - the average age will be constantly increasing over the course of the next 50 years. At the same time, individuals leave the labour market increasingly earlier and prior to reaching the national retirement age. These trends have negative implications on the sustainability of social security systems as well as on the availability of an adequately qualified labour force (Börsch-Supan, 2002). In order to counteract these trends, national governments have started to introduce policies to augment the labour market participation of older employees (OECD, 2006). These national policies, however, have been and are still being offset by corporate Human Resource Management (HRM) policies and practices. These are often youth-centric and discriminate directly or indirectly against older workers with regards to hiring, promotion as well as work place and working time design (Bellmann, Hilpert, Kistler, & Wahse, 2003a; CROW, 2004).

This study investigates HRM policies and practices with regards to older workers in Germany and the United Kingdom. These two European countries are of interest as they have both experienced a considerable drop in the labour market participation of older workers in the last decades. This development, however, has taken place in country-specific settings: Germany and the UK display different social, economic, political and cultural environments. The aim of this study is therefore to investigate whether and how corporate HRM policies and practices in Germany and the UK differ with regards to the integration of older workers. This is of special interest as it is often said that international trends regarding the increase of old age labour market participation will in the long run lead to a convergence of policies and practices across countries.

The theoretical framework of our study is informed by institutional theory (DiMaggio & Powell, 1983; Hall & Soskice, 2001; Whitley, 1999). This approach assumes that an organisation's national institutional environment influences corporate structures, processes and decisions. This institutional environment consists of political, economic, social and cultural subsystems. Divergent national institutional contexts are therefore expected to lead to a nation-specific alignment and development of HR measures in organisations. Furthermore, research postulates that corporate policies and practices within the same institutional context remain relatively homogenous due to isomorphism (DiMaggio & Powell, 1983; Orrù, Woolsey Biggart, & Hamilton, 1991).

At the same time, there exist convergence factors that influence corporate practices regardless of their national context. Convergence theory has influenced social science research in the 1950s and 1960s (Muller, 1999) and suggests that organisational practices will converge across national borders. Kerr et al. (1960) argue that the logic of industrialisation creates economic and technological imperatives that influence organisations in industrialised economies equally, regardless of their respective national context. "These imperatives mould the development of national institutional frameworks in industrialised societies towards a common pattern, or convergence, despite disparate politics, ideology and culture (McGaughey & De Cieri, 1999: 236). The validity and applicability of convergence theory as the sole explanation for the development of corporate policies and practices has been contested (Child & Kieser, 1979; Rose, 1985). However, undoubtedly, there exist international convergence factors that are relevant for our study. As Blossfeld, Buchholz and Hofäcker (2006) have shown, the increasing importance of information and communication technologies under globalisation has until the late 1990s generally triggered a cross-national tendency to "shed older workers" whose qualifications are becoming increasingly outdated (Buchholz, Hofäcker und Blossfeld, 2006). Since the last 10 years or so, however, a cross-national trend towards fostering the (re-) integration of older workers and a promotion of international „best practices“ can be observed (OECD, 2006).

Organisations are therefore exposed to contradictory influences that impact and shape corporate policies and practices. The aim of this study is to investigate which one of these influences is more pronounced in impacting corporate HR policies and practices with regards to the integration of older workers. Do convergence factors lead to a homogenisation of international HRM approaches or are there still pronounced differences between the HRM approaches in Germany and the UK? In order to investigate this, we will firstly identify convergence and divergence factors within the institutional environments in Germany and the UK that are deemed to influence corporate HRM policies and practices with regards to an ageing workforce. We will further analyse employer data sets to shed light on the approaches and developments of HR policies and practices in both countries. Finally, we will critically discuss and evaluate the

results of the data analysis in light of our findings on convergence and divergence factors.

INSTITUTIONAL CONTEXT: CONVERGENCE AND DIVERGENCE FACTORS

There exist global and regional convergence factors that influence the corporate management of older employees across national borders. Firstly, the process of globalisation which has been increasing since the 1970s has resulted in a tertiarisation of the economy in industrialised countries leading to a change in the labour market structure in both Germany and the UK. Correspondingly, the service sector gains influence while the primary and secondary sectors lose their former importance (Castells 1996). Secondly, the technological progress entails a change in the qualification profile in many occupational fields. Information and communication technology skills are therefore already required in many occupations (Castells 1996). Thirdly, many organisations implement international „best practice“ approaches in order to increase or maintain their global competitive advantage. These approaches are often adopted across borders without taking country-specific aspects into account (Clark, Gospel, & Montgomery, 1999; Pudelko, 2005). These trends have in the last three decades eroded the labor market basis of older workers and have weakened their labour force attachment, as they were increasingly regarded as a costly workforce with increasingly outdated qualifications. A fourth convergence factor is based on recent framework directives by the European Union (EU) with regards to increasing old-age labour market participation as well as to abandoning age discrimination. On the one hand, the Stockholm amendment to the 2000 Lisbon protocol of the European Council obliges EU member states to increase the labour market participation of those aged 55 to 64 to 50% until the year 2010 (EC, 2000, 2001). On the other, the employment directive (2009/78/EC) of the European Council stipulates the implementation of national antidiscrimination legislations until 2006 that are to outlaw discrimination in employment based on the applicant's or employee's age (Meenan, 2003).

As earlier studies (Ebbinghaus 2006, Blossfeld, Buchholz and Hofäcker 2006) suggest, there are also considerable differences in the institutional environments in Germany and the UK that influence the corporate management of older employees. The general influence of the state on corporate management, for example, is higher in a “coordinated market economy” such as Germany than in a “liberal market economy” such as the UK (Hall und Soskice 2001). Furthermore, industrial relations in the German labour market are highly regulated in comparison to other states. This is evident in the comparatively high dismissals protection that employees enjoy in Germany (Hofäcker and Pollnerová 2006). Older workers in Germany are especially protected against dismissals because of legal seniority regulations. However, this employment

protection simultaneously creates an inside-outsider structure in the labour market that favours older employees, but impedes a labour market re-entry for older unemployed people. Great Britain, on the other hand, grants its workers a less pronounced dismissals protection (Hofäcker & Pollnerová 2006). This leads to a lack of overall employment protection but facilitates the labour market re-entry in case of unemployment.

At the same time, the UK promotes an external labour market that allows for a relatively unhindered mobility between occupations. Germany, on the contrary, displays an occupation-specific internal labour market policy that largely restricts mobility between occupations and occupational fields. The German education system mirrors this labour market policy: education and vocational training in Germany is largely constricted to the early life course. Neither the education system nor employers facilitate occupational re-training in later life phases and do not emphasise life long learning as a means to update qualification profiles. The standardisation of occupations through officially acknowledged certificates forces employees to decide on the desired career path early on, without allowing many occupational alternatives in later life stages. The UK, on the other hand, promotes flexible educational and vocational path ways, where job-specific qualifications are largely gained and updated on-the-job (Blossfeld and Stockmann, 1999; Golsch, Haardt and Jenkins, 2006). In addition, the UK fosters a continuous on-the-job training culture as well as life long learning. This system enables employees to change occupational fields more flexibly, also in later life phases

There also exists a pronounced difference with regards to the involvement of employee representatives and labour unions in corporate HR management. The influence of employee representatives as well as their impact on corporate HRM is rather strong in Germany while it has become rather weak in the UK ever since the Thatcher era (Hollinshead, Nicholls, & Tailby, 2003). The strong labour union influence in Germany has led to the establishment of seniority pay, which increases pay relative to age and tenure. This is not the case in the UK: the wage curve relative to age does not show a significant wage increase for older workers (OECD, 2006).

In summary: older workers in Germany tend to be perceived as more cost intensive than their younger colleagues. In addition, older workers tend to lack up-to-date occupational skills because of the absence of life long learning opportunities and are mostly not able to change occupations in their later life because of a high occupational standardisation. At the same time, older employees enjoy a relatively high employment protection, which is based on the legal system as well as on the importance of employment relations. This largely regulated and only partially flexible labour market model has come under pressure in the last decades due to changes in the economy and the labour market structure. In reaction, the German government has largely implemented a “generational exchange” model in the past in order to account for the increasing discrepancies between the qualification and wage levels of older employees and

the demand for qualification and flexibility of the globalised labour market (Blossfeld and attractive labour market exit routes prior to reaching the national retirement age. German politics has therefore actively promoted early retirement and has thus created incentives for companies to increasingly externalise older workers as a socially acceptable means to shed labour. Once they lose their employment, the labour market mobility of older workers is largely restricted and a labour market re-entry is often not possible. Instead, research observes that unemployment in old age often turns into a pathway into early retirement (Buchholz 2006). In addition, the implementation of institutionalised early retirement routes has increasingly created the perception among employees that early retirement is a “legal and enforceable right”.

Older workers in Great Britain are relatively cost neutral in comparison to their younger counterparts. In fact, studies find a slight decline in average wages among older workers (OECD, 2006: 71). Skills and qualifications of older workers also tend to be more up-to-date than in Germany because of an emphasis on lifelong learning and on-the-job training, and therefore better match the qualifications that are demanded by the labour market. In addition, the labour market mobility of older workers is high because of a lack of labour market regulations. Labour market data analyses show promotions, demotions as well as employer and occupation changes. Unemployment at old age does not denote a subsequent economic inactivity. Instead, research observes labour market re-entries, partially after having reached the national retirement age (Golsch, Haardt and Jenkins 2006). British governments have therefore left the adaptation of older workers to economic and occupational changes to the free market and have thus only marginally influenced the labour market situation of older workers.¹ In addition, the British pension system provides only basic state pensions while emphasising the importance of private and occupational pension schemes. Individuals without a financially sufficient pension entitlement therefore have to remain in the labour force until reaching the national retirement age. Financially attractive early retirement pension schemes, as observed in Germany, barely exist in the UK.

Figure 1 displays the consequences of the different institutional environments in Germany and the UK with regards to the labour market participation of older workers. The graph shows that the labour market participation of men aged 55 to 64 declined in both countries between 1970 and 2000. The participation rate has only been stabilised between 2000 and 2003, however at a significantly lower level. The percentage of economically active men in Germany has been and remains lower than the percentage of the British comparison group. Furthermore, the percentage of economically active men aged 60 to 64 in Germany has sunk over proportionally between 1970 and 2003. The graph therefore depicts that the trend towards early retirement has been much stronger in the largely state-regulated German model than in the more flexible, market-oriented British model. The actual retirement age is thus considerably higher in the UK in comparison to Germany.

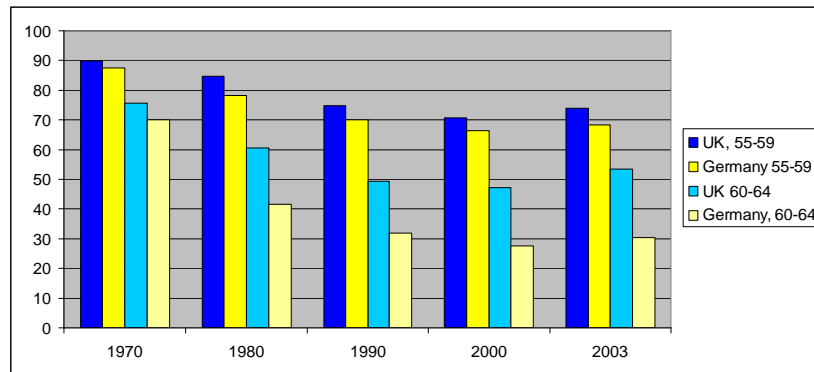


Figure 1: Labour market participation of men in the age groups 55-59 and 60-64 in Germany and the UK between 1970 and 2003

Source: OECD 2004.

CORPORATE HRM POLICIES AND PRACTICES TOWARDS OLDER WORKERS: GERMANY AND GREAT BRITAIN COMPARED

After having elaborated on institutional convergence and divergence factors, we will now compare and contrast corporate HRM policies and practices towards older employees in Germany and the UK by analysing national data sets. We will firstly discuss the perceptions of corporations towards older workers. After this rather abstract evaluation of attitudes, we will turn to actual corporate policies and practices. Our focus will be on hiring, training, pay as well as work place and working time design. In order to do this, we employ two national data sets. For Germany, we use the corporate survey (Betriebspanel) of the Institute for labour market and employment research (Institut für Arbeitsmarkt- und Berufsforschung, IAB). It is a national, representative, longitudinal survey that has been conducted annually since 1993. It includes 16,000 companies of all sizes and industries, and covers all relevant HRM topics.² In our research, we use the waves from 1999, 2000, 2002 and 2004, which explicitly broach the issue of corporate attitudes and HR practices towards older workers. The Workplace Employment Relations Survey (WERS) from 2004 is a national survey of people at work in the UK and will be employed to analyse British data. It is a national, representative and longitudinal survey that is conducted every six to eight years and includes approximately 2,300 workplaces. The survey includes employer as well as employee questionnaires. We will analyse the relevant variables by using descriptive means of analysis. The results will be presented in the following section.

Attitudes towards older workers

The WERS does not explicitly ask about attitudes and perceptions towards older workers. This is why we will use secondary literature to investigate attitudes of employers in Great Britain. Existing literature discovers the existence of stereotypes regarding the performance, integrability, competence level and skills of older workers. Loretto and White (2006) find positive stereotypes towards old age such as loyalty, reliability, stability and maturity. On the contrary, negative stereotypes include a lack of flexibility, resistance towards learning and change, out-dated qualifications and skills as well as a higher occurrence of health-related problems. While these stereotypes might be true in individual cases, they are overstated and erroneous if they are used to describe an entire group (Redman & Snape, 2002). The occurrence and distinctiveness of stereotypes, however, is moderated by individual and corporate characteristics. There is apparently a positive correlation between the increasing age of a British manager and the degree of his or her positive attitude towards the performance and adaptability of older workers (IPM, 1993). Furthermore, Chiu et al. (2001) show that female British managers tend to view the adaptability of older workers more favourably than do their male counterparts. The same study by Chiu et al (2001) finds that survey participants, who indicate a regular contact with older workers, tend to have a more positive view towards them than do managers with a less regular contact. Corporate characteristics appear to mediate attitudes towards older people as well. Lucas (1995) discovers that small organisations tend to have stronger negative stereotypes than larger companies. Furthermore, Chiu et al. (2001) finds that the existence of written "Equal Employment Opportunity" statements in organisations correlates with a more positive attitude towards old age.

German companies display a similar, rather positive, attitude towards their older workforce. Figure 2 shows descriptive results of the 2002 IAB survey regarding these attitudes. Survey participants were asked to state employee characteristics that they generally deem important, and to evaluate whether these characteristics are more prevalent among younger or among older workers. According to the data, German organisations regard characteristics such as tacit knowledge, high work morale, loyalty and strong quality awareness as strengths that are mainly prevalent among older workers. Interestingly, these competencies are simultaneously rated as overall important characteristics of employees in general (compare Figure 2 and Bellmann, Kistler and Wahse 2003). However, German organisations also perceive typical weaknesses of older workers such as the lack of ability and willingness to acquire new knowledge or skills, physical weaknesses as well as a lack of flexibility. Taken together, the German results, however, point towards a rather positive evaluation of older workers by German employers.

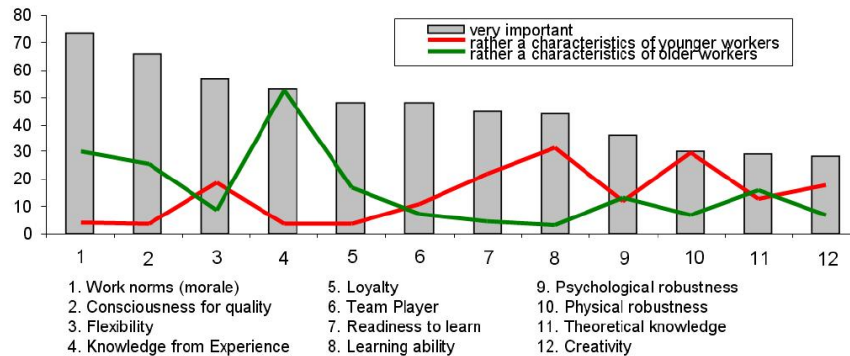


Figure 2: Importance of individual characteristics and the intensity of occurrence among younger and older employees

Source: IAB Betriebspanel 2002

Note:

Survey question: Please tell me for each characteristic whether it is very important, important or less important for the majority of jobs in your organisation / workplace. Please tell me now whether each characteristic is prevalent rather among younger or among older employees, or whether there are no differences.

Further data from the 2000 IAB survey shows that 77% of German managers regard older workers to be as efficient as younger workers. Only 20% postulate that older workers are less adaptable to new developments and a mere 7% mention that their organisations lay off older workers in order to avoid an “over ageing” of the organisation (own calculation). Organisations in the tertiary sector and smaller organisations thereby tend to have the most positive attitude towards old age. On the other hand, respondents from organisations in the secondary sector, in the construction industry and from public organisations tend to fear an increasing “over ageing” of their workforces. While especially organisations in the public sector do have a relatively old age structure and corresponding HR issues, companies in the former two sectors do not face a high concentration of older workers in their work forces. Negative attitudes and the fear of “over ageing” might thus be remainders of traditional negative stereotypes in sectors that experienced extended restructuring measures and early retirement tendencies (Buchholz 2006).

Considered together, results from Germany and the UK point towards a similar positive attitude towards the capabilities and the performance of older staff members in both countries, despite differences by industrial sector and organisational size. It is not clear, though, whether these positive attitudes are actually implemented in daily HRM decisions. This aspect will be investigated in the following sections.

**Corporate HRM policies and practices towards older workers (I):
Recruitment and promotions**

The analysis of the British WERS data shows that 84,7% of the participating organisations have implemented a written Equal Employment Opportunities (EEO) statement. Only 59,6% of these statements explicitly mention the characteristic “age”, while 78,3% elaborate on “disability”, 76,3% include “gender” and 76,2% incorporate the characteristic “race”. The factor “age” thus seems to be of relatively moderate importance for the corporate EEO agenda. A similar tendency can be observed with regards age and corporate recruitment activities. When asked about the most important factors in recruitment processes, firm representatives named “age” as the least important aspect. Factors such as job-specific skills, tacit knowledge, motivation, and qualification range among the top most important criteria. Therefore, even though “age” seems to be not on the EEO agenda, it appears to be not relevant when recruiting new employees. This finding allows for the assumption that in the UK, an explicit discrimination based on age is not probable. However, it is not clear from the data analysis whether older job applicants might be disadvantaged because of an outdated qualification profile or a lack of relevant job-specific skills in comparison to younger peers, and might therefore be implicitly discriminated against in corporate recruitment processes. The British approach to life long learning and on-the-job training, though, will theoretically allow older workers to update their skills regularly so that the degree of indirect discrimination based on qualification is probably only marginal.

Remarkably, only few British organisations (6,8% of all respondents) have implemented measures to facilitate or even actively invite job applications by older applicants. In addition, only 27% of all survey participants monitor the actual employee selection based on the characteristic “age”, while 38,7% of all organisations monitor selection based on “gender” and “ethnic background”. Also, just 22% review their recruitment and selection processes to determine direct and indirect age discrimination. Again, “age” ranges last after characteristics such as “gender” (29,2%). It can be generally observed, that anti-age discrimination measures are rather taken in larger organisations than in small and medium sized firms. In addition, public organisations are more active than private ones. This can probably be attributed to the fact that larger organisations are more likely to have implemented formal, strategic HRM procedures. Public organisations, on the other hand, might face a greater pressure by the government to implement “best practice” HRM approaches.

The British WERS data also contains variables that are concerned with age-specific promotion practices. It is remarkable that age-related factors do not play a significant role in the monitoring and review of corporate promotion activities. Only 10,8% of the survey organisations monitor actual promotions based on the characteristic “age”, while only 12,5% review their promotion processes in order to determine direct or indirect age discrimination. Again, the characteristic “age”

ranges last for both variables: Characteristics such as gender, ethnic background and disability appear to be more important in the monitoring and review of promotion activities. Furthermore, large companies and public organisations monitor and review promotion activities more often regarding potential age discrimination than smaller and private organisations. The data analysis with regards to recruitment and promotion activities suggests that the factor „age“ played a less important role in British HRM until the year 2004. It can be assumed, however, that the enactment of the anti age-discrimination legislation in 2006 might have changed this and might have increasingly put the characteristic “age” on the corporate EEO agenda.

In contrast, the analysis of the German data points towards the existence of considerable disadvantages of older workers in the workplace. This is apparently already the case in the application behaviour of older applicants. Correspondingly, 74,6% of corporate respondents in the 2004 IAB survey stated that the HRM department would not receive any applications from older applicants even if the corresponding job description had not contained an age limit (compare Table 1). Potentially discriminatory corporate recruitment practices in Germany might be the reason for the establishment of this selective application behaviour among older people.

Table 1: Corporate hiring behaviour towards older applicants and justification thereof

Filling of a job with an older employee (if there had been applications by older applicants)	45,9 %
Reasons for rejection	
The applicant's qualification / personality did not fit into the organisation	75%
Older Employees do not fit into the qualification structure of the organisation	14%
No hiring of individuals above the age of 50 years because of a concrete (negative) experience	4%
No hiring of individuals above the age of 50 years without a concrete (negative) experience	7%

Source: IAB Betriebspanel 2004.

Note:

Survey question: If you think about the last job position that you have filled: Did you receive any applications by people aged 50 years and above? If yes: Did you fill the position in question with a person aged 50 years and above? If no: Which were the reasons for rejecting the applicants aged 50 and above?

Results from the 2004 IAB survey wave show that, even when having also received applications by applicants aged 50 and above, organisations selected younger applicants in more than half of the cases (54,1%). The main reason for selecting younger people was the insufficient qualification profile of the older applicants in question (Table 1).³

Besides these rather individual reasons, about one eighth (14%) of all organisations reject older applicants because they fear organisational conflicts if the age structure becomes too heterogeneous. About one tenth of the respondents assume fundamental problems in hiring older employees. These include a limited ability to work under pressure and a limited work capacity as well as a lower flexibility. Approximately one third (30,4%) of the organisations in former Eastern Germany fear restricted possibilities in laying off older workers, while about one fifth (22,5%) of Western German employers mention higher social security costs as an impediment to hiring older workers (own calculation based on the 2004 IAB survey).

The actual recruitment behaviour of German companies therefore appears to be more reluctant and negative towards older workers than in the UK. Older applicants seem to have a comparative disadvantage in recruitment processes in comparison to their younger peers. This is even though employers' attitudes and perceptions towards older workers' competencies and performance was found to be generally positive (see discussion above). Factors such as the individual qualification of older workers as well as their ability and willingness to learn appear to be more important in actual HR decisions than they seem to be in the more abstract evaluation of employee characteristics as displayed in graph 2.

Interestingly, German organisations avoid explicit age discrimination by not including specific age limits or age-related barriers into job specifications. Only 3,6% of all employers state that a recent job advertisement had an explicit upper age limit (IAB 2004, own calculation). In addition, about one half of all employers mention that the employment of workers aged 50 and above would not be contingent on specific prerequisites or conditions. This second statement is supported more intensively in Western Germany (56,4%) than in the former Eastern part (44,6%) (IAB 2002, own calculation). However, even though German employers do not display direct age discrimination, the results of our study point towards indirect age discrimination based on the attribution of missing or insufficient individual competencies.

Corporate HRM policies and practices towards older workers (II): HRM measures in the workplace

The British 2004 WERS data set includes an employee survey in addition to the aforementioned employer questionnaire. Among others, the employee survey contains a variable that asks whether employees perceive that they would be able to change their current working time arrangements if it was necessary. Figure 3 displays this perception with regards to different flexible working time options. It

differentiates between employees aged 16 to 49 years and employees aged 50 and above.

The findings indicate that older British employees believe to have only slightly worse possibilities to adapt their working time arrangements to their needs than do their younger colleagues. In fact, older employees perceive better options with regards to job sharing. Worse options are perceived regarding a working hour increase as well as a general change of working time patterns. However, whether these differences exist in reality or whether they are solely based on more optimistic or pessimistic assumptions cannot be determined from the data set.

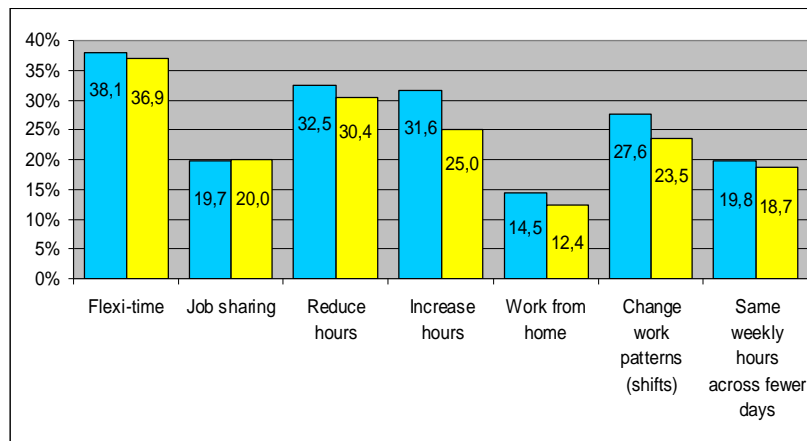


Figure 3: *The perceived availability of adapting working time arrangements to individual circumstances, age groups 16-49 and 50plus*

Source: 2004 WERS data

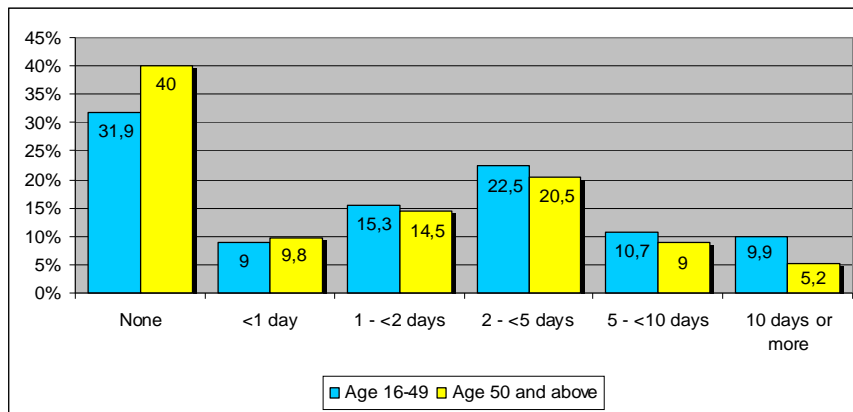
Note:

Survey question: If you personally needed any of the following arrangements, would they be available to you?

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The WERS employee survey also allows for the analysis of the participation in corporate training programmes according to age group. The survey asks for the actual amount of training days within the previous 12 months excluding the

compulsory health and safety training. Figure 4 gives an overview of employee participation according to age group and time spent in training programmes. The data in graph 4 indicates that older employees participate less often in training programmes than their younger colleagues. 40% of all older employees state that they had not at all taken part in corporate training sessions in the past 12 months, while only 31% of the younger comparison group made this claim. There is also a considerable difference between younger and older workers who participate in ten and more days of corporate training. 9,9% of the younger group had ten days and more, while only 5,2% of the older group participated in training programmes that together lasted ten days or more. There is a less pronounced difference between the age groups for training that lasted between less than a day and nine days. It has to be taken into account, however, that the survey variable only asks for training programmes in which an employee has actually taken part. It does not account for training that was offered by the employer but rejected by the employee.



Graph 4: Participation in corporate training programmes, in training days per year, differentiated according to age groups 16-49 and 50 plus

Source: 2004 WERS data.

Note:

Survey question: Apart from health and safety training, how much training have you had during the last 12 months, either paid for or organised by your employer? Please only include training where you have been given time off from your normal daily work duties to undertake the training.

The findings from the British employer and employee surveys paint a relatively positive picture concerning the corporate management of older employees in Great Britain. Both corporate training programmes and flexible working time arrangements appear to be generally available to older workers, even if to a slightly lesser extent in comparison to younger workers.

Table 2: Corporate attitudes towards older workers in Germany and justification thereof

Attitudes towards corporate HR practices for older employees (2000 IAB)	
It is sensible to implement and encourage age mixed work teams	82%
One should also include older workers in corporate training programmes	80%
Only if one assigns older workers to age-based tasks, one can profit from their strengths and can avoid problems.	52%
Actual implementation of measures to support older workers (2002 IAB)	
No measures for the older workforce	80,4%
Old-age part time working arrangement	11,3%
Integration of older workers in corporate training schemes	6,3%
Implementation of age mixed teams	6,1%
Reduction of the performance expectation	2,7%
Special design of the workplace	1,0%
Special training programmes for older workers	0,7%
Other measures	1,2%

Source: IAB Betriebspanel 2000, 2002

Notes:

Survey questions: 2000: I will read out different statements about older workers. Please tell me for each statement whether or not they apply to your organisation.

2002: Which one /ones of these measures in support of older workers exist in your organisation or work place?

Training programmes and integration measures are also supported by German managers. According to the 2000 IAB data, more than four fifth of all employers are in favour of age mixed teams and the explicit integration of older employees into corporate training measures. Table 2 shows that managers prefer these more integrative measures over age-specific measures that single out older employees as a “special-needs-group” requiring special working conditions and assistance. Table 2, however, depicts significant differences between the generally positive attitude towards older workers and actual corporate HRM practices. For instance, only 6,1% of the survey participants indicate that they actually implement age-mixed working teams in their organisation. A similar amount of employers mention that they in fact integrate older employees into general corporate training programmes and less than 1% of all employers offer specific training

programmes based on the needs of older workers (2002 IAB). These findings therefore support earlier studies that identified the low importance of corporate training measures in Germany (Eichhorst 2006, Eichhorst and Sproß 2005, Hofäcker and Pollnerová 2006, Kraatz, Rhein and Sproß 2006, OECD 1999).

The establishment of part time work arrangements remains the most significant measure in support of older workers. Approximately 10% of all employers have implemented this option. However, since the implementation of part time options has been actively promoted by the German government, this proportion appears to be surprisingly small. It is also interesting that only about 20% of the participating organisations have adopted specific measures to support older workers; 80,4% of the employers indicate that they offer no support to older employees at all.

Summary

The analysis of the British and German data as well as of the secondary literature has shown that British and German managers appear to have similar attitudes towards older workers and old age. The attitude towards performance and the ability to integrate is influenced by negative as well as positive stereotypes, whose intensity is mediated by sectoral, organisational and individual characteristics. Altogether, it can be observed that managerial attitudes towards older employees tend to be positive. This is even though the data does not provide means to determine whether this positive picture exists in reality or whether it is used as „positive rhetoric” to create the image of an inclusive organisation.

The differences, however, between age management in Germany and the UK are apparent in actually implemented HRM practices. These recruitment and employment practices feature nationally specific patterns, which, in turn, appear to mirror the respective institutional environments of the countries in question. In the UK we observe only a relatively limited degree of discrimination against older employees in both recruitment and employment practices. Older workers are able to adapt their working time patterns to individual circumstances and are only slightly disadvantaged within corporate training programmes in comparison to their younger colleagues. The corporate training programme participation rate of older workers, however, still significantly exceeds a respective participation rate in Germany.

These patterns of British corporate practices are in line with specific institutional frameworks in the UK. The British labour market is relatively independent of state regulations and labour union interventions. The lack of old age employment protection therefore reduces direct and indirect labour costs. In addition, the qualifications and skills of older workers tend to be up-to-date due to the concepts of lifelong learning and on-the-job training. Older workers in the UK therefore display significantly smaller qualification disadvantages in

comparison with older workers in other countries (Hofäcker, Buchholz and Blossfeld 2007).

Taken together, the British labour market framework enables (older) employees to be comparatively mobile in the national labour market. Even though dismissal protection is low, there hardly exist barriers to re-enter the labour market after having become unemployed. This also applies to older workers. At the same time, older individuals attempt to remain in employment as long as possible due to the relatively low state pension and the pronounced significance of occupational and private pension schemes. This British pension system hence favours long employment careers, and offers only few incentives for early retirement (Golsch, Haardt and Jenkins 2006).

The analysis of the German data offers a significantly different picture. Even though German employers seem to have a positive attitude towards their older employees, the analysis of the IAB survey suggests that employers still have reservations vis-à-vis their older workforce. The supposedly out-dated qualification and skill profile of older applicants pose the greatest barrier in recruitment processes. This perceived out-of-date qualification is oftentimes associated with a lack of willingness and ability to learn (graph 2). There are also reservations with regards to the flexibility as well as the ability to cope with physical stress and the ability to work under pressure. Other recruitment barriers are the wage level and the dismissal protection. All of these recruitment barriers result in inhibitions among older individuals to apply for posts in the first place. At the same time, organisations provide only little HR measures in support of older workers. This is evident from the analyses above. There is especially a lack of corporate training programmes targeting or at least effectively integrating older workers in comparison to the United Kingdom.

These generally negative findings with regards to the labour market situation of older workers mirror the still existing institutional deficits in the German educational system, labour market and social policy approach. The German educational system that still emphasises early life course education and does not offer means for life long learning, triggers the development of qualification deficits among older individuals. Additionally, this deficit is not compensated for in corporate settings. What is more, the strongly regulated employment relations system, the seniority wage structure and the pronounced dismissal protection further hamper employment prospects of older individuals in comparison to their younger peers. Older individuals therefore take more and more the position of outsiders in the German “insider-outsider” labour market system. Thirdly, the social security system and early retirement pathways offer financially attractive paths out of gainful employment even if an individual has not yet reached the national pension or retirement age. This incentive system might act as an additional reason why older individuals oftentimes do not apply for advertised job positions (Table 1).

DISCUSSION

The findings of the German and British comparative analysis hence show a differentiated picture. There exist negative stereotypes about the flexibility and adaptability of older workers in both countries. Similarly, managers in Germany and the UK acknowledge positive characteristics such as tacit knowledge, loyalty and work morale that are sometimes even evaluated as being more important than potential employment barriers. This positive assessment of older workers by (potential) employers is mostly in line with increasing government initiatives to augment the labour market participation rate of older individuals. The corporate reality, though, still shows deficits with regards to the integration of the older workforce, however to a strongly varying degree depending on the country under investigation. Older workers in the UK face only small employment barriers and are only slightly disadvantaged with regards to corporate training and flexible working time opportunities in comparison to younger colleagues. German older workers, on the other hand, are exposed to a variety of employment-related problems. They have a competitive disadvantage in recruitment processes and receive less corporate training and life long learning opportunities than their younger peers.

These national differences can be interpreted as consequences of the institutional environments in which they occur. The institutional environments therefore establish divergent contexts and conditions for the employment of older workers, which are reflected both in the HRM policies of companies as well as in the reactions of older workers towards them. Our findings thus show that national institutions and their orientation provide important input for the design of corporate HRM policies and practices. This is despite the growing importance and influence of convergence factors.

The flexible, only marginally regulated labour market as well as the low degree of occupational standardisation in the UK appear to provide adequate conditions for the labour market participation of older individuals. This is in contrast to the highly regulated market model in Germany. The promotion of life long learning and the decrease of age-specific compensation and dismissal protection might be potential options to reform the German labour market in favour of older workers. These public policy measures would possibly counteract or at least minimise the prevalent reservations of German employers towards older workers. It has to be considered, however, that age discrimination still exists in the UK and that to remain in the workforce is oftentimes an economic necessity and not necessarily an individual, economically-irrelevant decision. It will therefore be interesting to observe the effects of the 2006 anti age discrimination legislation in the UK in future research in order to determine whether age discrimination in employment can also be practically abolished.

NOTES

¹ The 2006 anti age discrimination legislation signifies a first active step by the government. Its effect will only be visible in the future.

² Bellmann (2002) provides a detailed overview of the data set.

³ The corresponding survey question provides difficulties in the interpretation as it summarises both a lack of qualification and a lack of personal fit in the same answer category. It is therefore not clear if older applicants have been rejected based on qualification or personality reasons.

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